



11/11

Global Environment Facility

Statement to the
Fourth Session of the Conference of the Parties to the
United Nations Framework Convention on Climate Change

by

Mohamed T. El-Ashry
CEO & Chairman
Global Environment Facility

Buenos Aires, Argentina
November 11, 1998

Madame President, Excellencies, Distinguished Delegates, Mr. Executive Secretary, Ladies and Gentlemen,

It is a great pleasure to address this distinguished gathering on behalf of the Global Environment Facility.

At the outset, allow me to express our sorrow for the thousands who lost their lives and the millions left homeless by the hurricane in Central America, particularly in Honduras and Nicaragua. The international community must join hands to assist in a big way these countries in coping with the devastation.

Madame President, this has been an important year for the GEF and the global environment agenda it supports. In March, despite budget constraints everywhere, the second GEF replenishment was agreed to at the target of US\$2.75 billion. These new resources will help us build upon the solid foundation of the last four years and allow for healthy annual growth in GEF financed activities of more than 15%. More importantly, the new replenishment will enable GEF to continue to promote global environmental goals and sustainable development, and in particular to play a significant part in supporting developing countries in the implementation of the Framework Convention on Climate Change and the Convention on Biological Diversity.

In April, representatives of 119 countries, including one Head of State and 40 Ministers, came together for the first GEF Assembly in New Delhi. The GEF's shareholders, who are represented in this room, adopted the New Delhi Statement of the Assembly. This statement stressed that GEF is a unique and successful example of international cooperation and that the need for the GEF is even greater as we enter the new millennium. It also spelled out a number of priorities in order for the GEF to "meet its deepening potential and fulfill its multiple missions."

In October, the GEF Council, together with the GEF Implementing Agencies and Secretariat, confirmed their intention to vigorously implement the recommendations of the Assembly and the Overall Performance Study in a timely manner. These include streamlining the project cycle, clarifying and making more pragmatic the determination of incremental costs, and achieving greater engagement with the private sector.

A basic tenet of the Climate Change Convention is that developing countries must be given the resources and technologies necessary to address the challenge of climate change consistent with their continued economic growth. Indeed, recent events emphasize that economic problems are a significant impediment to addressing environmental issues at all levels but particularly global ones. The GEF is uniquely supporting the development of technologies currently lacking in commercial interest but well-suited to developing nations. These have included clean, efficient, and cost-competitive technology for electricity generation powered by locally grown biomass; clean home heating and power plants based on energy from the sun; and clean technologies to fuel buses and other mass transit systems.

As the financial mechanism for your Convention, GEF, through its Implementing Agencies, has allocated more than \$753 million and generated additional cofinancing of \$4.34 billion for nearly 200 energy conservation, efficiency and alternative energy projects in 49 nations.

- In Argentina, a \$13.5 million GEF grant is supporting a strategic rural electrification program that is substituting photovoltaics, wind power, and mini-hydro schemes for diesel generators. It will supply power to over 130,000 rural households and about 4,400 public services such as schools and medical centers.
- In Indonesia, \$24 million in GEF funding is making possible the largest solar home project in the world – 200,000 units.
- A \$26 million GEF grant has helped increase wind and photovoltaic capacity in India from 30 to more than 700 megawatts in five years.
- In Brazil, GEF has invested \$40 million to pioneer the commercialization of electricity-generating technology that uses wood chips from plantation forests for fuel.
- In Zimbabwe, a \$7 million initiative is expanding rural use of photovoltaics, developing indigenous business, while providing a model for other African countries' efforts at off-grid electrification.

These initiatives and others involving fuel cell buses and solar thermal power plants are beginning to provide a track record for technologies and public-private partnerships of particular promise. Equally strategic is GEF funding for national communications and enabling activities which allow nations to assess climate change from their own perspective, determine the most promising opportunities for sustainable energy development, and then pursue full-scale projects with support from the international community.

The GEF experience has shown that sustainable solutions to global environmental problems must also address local ones. Air pollution problems are growing fast in many developing nations and the economic and health costs are substantial. On the other hand, clean energy technologies contribute to the local economy in several ways: through job creation; by reducing deforestation and air pollution from wood burning; by improving the quality of life in rural areas thus reducing pressures for urban migration; and by replacing imported fuels with locally manufactured equipment.

In many international fora, and recently due to the inclusion of the Clean Development Mechanism in the Kyoto Protocol, developing countries are increasingly asking for capacity building to prepare for private sector investment in clean energy technologies and other GHG mitigation projects. GEF projects have invariably included such forms of capacity building, including training for public officials and the private sector, assistance in technology evaluation, resource assessment, quality assurance, and policy development. Other projects have focused exclusively on capacity building. Two concrete examples were presented here last week: the Asia

Least Cost Greenhouse Gas Abatement Strategy (ALGAS) and Building Capacity in sub-Saharan Africa to Respond to the UNFCCC. These two projects trained experts in 16 countries in inventory methodology, measurement of emissions, emissions forecasting, identification of abatement options and related activities. Now that our activities in this area have proved successful, we are increasing our support even further and will be facilitating their replication through dissemination of lessons and experience.

Working with the International Finance Corporation, the GEF has supported four innovative funds that are pointing the way for commercial credit for clean energy business development. Each of these funds will multiply GEF resources at least five times, and in the process provide models that build confidence for investment from mainstream lending institutions. These projects also often include technical support for entrepreneurs. The newest one, the Solar Development Corporation, was approved by the GEF Council last month and will include matching funds from the World Bank and private foundations. The SDC is the first fund to be specifically targeted to support businesses offering household photovoltaic systems in rural areas without access to electricity.

Another initiative under development is a joint venture with the World Bank to establish a Renewable Energy Partnership, which will include the private sector. Interested countries will be offered long-term support for an ambitious approach to accelerate the dissemination of renewable energy technologies. This partnership can only succeed in cooperation with the private firms that supply, finance, and disseminate the desired technologies.

Madame President: Now we are gathered in Buenos Aires to collectively look ahead towards the daunting challenges associated with global environmental degradation and the pursuit of sustainable development. To overcome them, we must build upon the linkages, and complementarity among our different concerns and actions, as well as among the instruments and tools available to us. There is tremendous scope in the synergies between the objectives of the conventions on climate change and biodiversity on one hand and the efforts of developing countries towards sustainable development on the other. If the countries' priorities for sustainable development are to be achieved, national sustainable development planning, national environmental action plans, national communications and programs for climate change, and national strategies and action plans for biodiversity must all converge towards achieving the same overall goals.

I would like to think that the GEF and its Implementing Agencies can help a great deal in that endeavor – first, by building upon the synergy between GEF's focal areas; second, by capitalizing on the complementarity between the efforts of the three GEF Implementing Agencies in carrying out their own mandates and in carrying out the work of the GEF. Both efforts must converge towards assisting recipient countries in achieving sustainable development and environmental improvement at the local and global levels. And third, through the linkages of GEF's climate change activities and developmental needs of recipient countries.

To respond to the continuing needs of developing countries for capacity building, I am pleased to announce a new initiative that builds upon, but goes far beyond our activities in this area so far. Centered around a series of workshops designed specifically for the needs of the countries and the regions, separate training modules will focus on capacity building for project identification, including those with private sector participation, while others will focus on accessing GEF resources, GEF project cycle, incremental costs negotiations, and the like. It is also hoped that, by targeting multiple constituencies at the country level (government, private sector, the scientific community, convention focal points and NGOs), better coordination between environmental and developmental efforts can be achieved. In addition, we will seek opportunities to strengthen national capacities for collaborating with the private sector and attracting investment in clean energy technologies and other GHG mitigation projects.

We will also prepare a comprehensive analysis of our experience and lessons in financing technologies for addressing climate change in developing countries over the last seven years. This analysis will include the types of technologies transferred, the development of new technologies and the leveraging of national and international financing, the participation of the private sector, and the national institutions needed to support public/private partnerships, technology transfer and dissemination of information. We would very much welcome the participation and cooperation of your Secretariat in the preparation and wide distribution of such a report.

In the area of adaptation, the GEF has been implementing your guidance by supporting activities for Stage I. As countries that are particularly vulnerable to climate change become increasingly interested in moving beyond planning into implementation, the GEF, and the knowledge base and experience that reside in its Implementing Agencies, can be mobilized to prepare a special report on the bridging and/or scaling up from identification to detailed planning and implementation of adaptation measures.

In closing, last month, amid continuing concern over global financial markets, one headline went largely unnoticed. It said: "30 percent of Earth's Wealth lost since 1970." Much of this damage to the world environment is due to rapid, and sometimes haphazard, economic growth powered by overexploitation of natural resources and fossil fuels. As fellow shareholders, we must work together and make the right decisions and investments now; otherwise our shares in earth's bounty will in time become worthless.

Thank you.