



Global Environment Facility

Statement by

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Mr. President:

It is with great pleasure that I address this distinguished and important gathering. I will limit my remarks to three of the key issues at the center of these negotiations. These are: allocation of responsibility, costs of emissions reduction, and financial mechanisms.

First, the biggest responsibility for reduction falls on those who have contributed the largest share of emissions. However, all nations share in the risks, and solutions must be wide-ranging and based on cooperation of all nations. The true challenge confronting this meeting is how to create a new partnership between North and South to effectively carry out the necessary actions over the years and decades to come.

In recent weeks, millions of people received a deeper appreciation of the implications of both our economic and environmental interdependence. The increasing significance of economic connections was demonstrated with the cascading effect of falling stock markets. Beginning in the newly industrialized nations in Asia, market declines followed the sun producing record declines in stock values in Japan, then Europe, and finally in the Americas. Economic interdependence, we learned, means that we all ride in the same boat, floating and sinking together.

We also recently had a vivid demonstration of environmental connections as a consequence of the forest fires that raged for weeks in Southeast Asia, spreading smoke across six countries and adversely affecting the health of more than 70 million people.

Second, the cost of necessary actions. It makes little sense to talk about the costs of reducing greenhouse emissions without recognizing the potential costs imposed by inaction. The effects of climate change, too, will not be limited by national boundaries. We know from repeated and recent experience that climate-related stresses can have direct and major consequences as outlined by the IPCC.

Fortunately, there are shared opportunities as well. Developing countries have become the most rapidly growing consumers of energy efficiency and renewable energy products. Thus China has become a world leader in the production of electricity through cogeneration, India in the promotion of wind energy, and Brazil in the efficient use of biomass fuels for energy.

In our activities at the GEF, we also see the opportunity for technological alternatives. The market in developing nations for powerplants, cars, appliances and other products is worth hundreds of billions of dollars.

Third, financial mechanisms. Over the last five years, the GEF, as the operator of the Convention's financial mechanism, has mobilized over \$4.5 billion for climate change activities in over 110 countries. Two months from now, we will be finalizing a new replenishment of \$2.75 billion. We have constantly worked on improving the efficiency of the GEF in response to your guidance and concerns, and we will continue to do so in the future in response to your demands and to lessons learned. I was heartened last Wednesday by the positive interventions from developing country delegates following my presentation.

New and additional resources will be needed to assist developing countries who wish to join the Protocol and to facilitate the transfer to them of climate friendly technologies.

In this regard, Mr. President, it makes little sense to be speaking of new "funds" outside the financial mechanism at this crucial time in the relations between the Convention and the GEF.

The Convention itself has been evolving from a framework, to the Berlin Mandate, to hopefully the Kyoto Protocol. And so has GEF, from a Pilot Phase to a restructured facility. And it will continue to evolve as circumstances change and new demands are placed on it. I truly believe that a successful protocol would provide an impetus for another evolution of the GEF as we move towards the new millennium.

Besides, we all know the amount of time, money, and effort it takes a new mechanism to become fully functional and to gain broad confidence and support. The GEF itself is a case in point.

In assisting more than 110 countries to meet the objectives of the Convention, the GEF has gained unique experience, capacity and operational skills. It stands ready, Mr. President, to take on new tasks arising from agreements at this Conference.

In closing, let me say that it is not too late to reach an equitable and effective agreement here in Kyoto if we marshal the political will and

resolve. We should no longer gamble with the future of our grandchildren and their children.

Thank you.