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Global Environment Facility

GEF: Partnering To Meet Climate Change Challenges

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Excellencies, ladies and gentlemen,

Thank you for this opportunity to meet with you and exchange views on the role and accomplishments of the Global Environment Facility.

The Global Environment Facility was created by your countries to be the financial mechanism that would deal with the additional cost of incorporating global benefits to traditional development. It is unique because it works as a partnership and a bridge between agencies in the UN system, the development banks and bilateral donors. Its mandate covers six focal areas: climate change, biodiversity, land degradation, international waters, persistent organic chemicals and the ozone layer.

Additionally, the GEF is the recognized financial mechanism of the major multilateral environment agreements. We follow the instructions we receive from the conferences of the parties of each Convention and we help developing countries fulfill their obligations under those conventions.

At last year's climate change conference in Bali, the United Nations Framework Convention on Climate Change (UNFCCC) entrusted the GEF Secretariat with running the Adaptation Fund – a key initiative that has the potential to transform the way in which we finance environmental projects. While mitigation is the focus of many environmental efforts, the GEF has long believed that adaptation is vital - for example, investing in crop insurance and “weather proofing” infrastructure. In fact the Adaptation Fund Board will hold its first meeting in Bonn on March 26 to 28 and we expect projects to begin before the end of the year.

It is important for you to know that over the past two years we have implemented sweeping reforms to how the GEF does business building upon five key elements: strategy, innovation, equity, accessibility and focus. Let me touch briefly on each one.

On strategy, the GEF Council refined the priorities for each focal area emphasizing selectivity and integration across those focal areas. This programmatic approach allows us to ensure that the money we invest can be leveraged and that the work developed with GEF funds can be scaled up and replicated, with a more robust outcome than simply working project by project. For example, we have begun a new program with countries in the Pacific islands centered on adaptation to climate change. In Africa, the focus is on sustainable land management and climate change. Further, the global tropical forest program that covers the Amazon, the Congo basin and Borneo/Papua New Guinea will be critical in that it addresses carbon sinks, biodiversity and land management plus the valuation of ecosystem services.

On innovation the GEF is providing seed money to finance imaginative and entrepreneurial efforts and technologies for which there is no market base today, but that will eventually become the order of the day. In this sense we support the Development Marketplace project with other donors where last year projects were presented on providing electricity to Africa where there is none. This year the theme is agriculture. We are also offering prize money that will be the incentive for new ideas.

On equity the GEF is striving to ensure that the countries most in danger from environmental impact can achieve concrete results for the global environment as well as for sustainable development.

On accessibility the GEF has striven to reach out to its member countries so that it is better understood. We have a strong external relations team with country officers that are constantly in touch national with focal points and NGOs to advise, support and answer questions. The post of Conflict Resolution Commissioner has been created to help address difficulties in the system. We hold regular meetings at the sub regional and constituency levels to train and inform national officials. We help countries organize National Dialogue Initiatives that bring all the stakeholders together to identify national priorities and plans of action.

On focus, we draw on each partner's comparative advantage. It may interest you to know that as part of our work with the agencies that implement GEF projects we have a document that describes the comparative advantages of these agencies --this may be useful for your work too. We have redesigned the project cycle so that proposals can get through the system quickly and effectively.

Let me give you some concrete examples of what I mean:

By streamlining the processing time and reducing paperwork, the new project cycle gives us a far more transparent and efficient approval process with a 22 months elapse time from concept approval to start of implementation.

We are also enforcing a "10-day service standard" for reviewing/processing any documents that are submitted to the GEF. During our last replenishment cycle (GEF-4) has responded to more than 400 formal project submissions; 70% of these responses have been sent within 10 business days and 94% have been sent within 20 business days from receipt.

There is still room to improve and we will keep working on this. But we are also delivering results now.

Ladies and gentlemen,

Along with the reforms I have just cited, let me quote a few numbers that help tell our story: Over the 15 years of its existence the GEF has invested just over 7 billion dollars and generated co-financing for some 30 billion dollars. That is an average rate of just over 4 to 1. In fiscal year 2007, GEF investments in climate change projects totaled \$310.11 million with an additional \$3.34 billion in co-financing; for biodiversity, GEF investments in 2007 were \$199.76 million (19% of total); with co-financing at \$831.25 million.

It is even more interesting to look at this in terms of what GEF money has already generated globally: We have

Preserved 360 million hectares spanning 1,600 protected areas; and,

Worked with over 130 countries to educate and expand public awareness of how to address climate change at the local level.

Those are just two examples. We also have a lot of success stories at the national and regional level. These include:

Creating jobs in and around Cape Town by training national park staff and the unemployed to combat invasive species, which threaten one of the world's six floral kingdoms, located on the Cape Peninsula. The area harbors more than 9,000 plant species, 70 percent of which are found nowhere else.

Restoring degraded wetlands in Romania which resulted in the removal of an estimated 55 tons of phosphorus, 1200 tons of nitrogen, and 40,000 tons of sediment from the Danube River before it enters the Black Sea.

There is a lot of good news. But there is no dispute that our global resources need to keep growing; there is a pressing need to generate more concessional funding to transfer clean technologies into developing countries now and not later.

However, what is counterproductive is to have multiple funds with the same mission.

Having funds with similar objectives, but with different procedures and governance structures, can only mean a multiplicity of rules and regulations that are often contradictory. We run the risk of Balkanizing funding, which, in the end, limits and slows down access to resources needed by the world's most vulnerable. The imperative is

better coordination of international initiatives and a global governance system to manage one of the most precious public goods. We need to build a financing framework to face environmental challenges based on various actors' comparative advantages.

I assure you that we will continue to work collaboratively to create measurable progress against climate change. This is no longer simply the territory of environmental NGOs; we all belong to this movement. International development agencies, NGOs, governments, think tanks - and we as hopeful, well-intentioned citizens of the world – all have an important role to play.

The private sector also will have a key voice in how successful we can be to meet the climate change challenge. Together we have to identify those opportunities that not only provide avenues for investment and profit, but which also deliver global environmental benefits.

Some of these opportunities are now not fully realized because of policy and institutional barriers. We still need more robust financial instruments to address short-term to medium-term market risks. This is where the public sector can play a role in partnering with the private sector. Traditional donor aid will not be enough, not given the magnitude involved which some experts peg as high as \$40 billion. Therefore, how we meet these looming challenges depends largely on how well the public and private sectors can work together to create innovative financial and policy solutions.

In the end of course we must galvanize the will of a wide range of stakeholders: development banks, private sector and civil society, but also UN agencies. With your help we will get the job done.

Thank you.