



5TH GEF ASSEMBLY MEETING HIGHLIGHTS:

WEDNESDAY, 28 MAY 2014

The fifth Global Environment Facility (GEF) Assembly opened on 28 May 2014 at the Moon Palace Hotel in Cancún, Mexico. In the morning, delegates were addressed by High-level officials and considered Assembly agenda items. In the afternoon, four roundtables were held on: Financing Green Growth; Role of Legislation in Protecting the Global Environment; Mainstreaming Natural Capital into Decision-Making; and Sustainable and Resilient Cities.



L-R: Enrique Peña Nieto, President of Mexico, congratulating Naoko Ishii, GEF CEO

OPENING CEREMONY

Fernando Aportela, Under-Secretary of Finance and Public Credit, Mexico, welcomed participants to Cancún, expressing hope that the fifth Assembly of the GEF would devise the GEF's strategy to help countries achieve green growth and long-term socio-economic development. Delegates then watched a video highlighting GEF projects in Mexico.

Juan José Guerra, Secretary of Environment and Natural Resources, Mexico, highlighted climate change, poverty alleviation, food security and population growth as major challenges facing humanity that needed joint action.

Naoko Ishii, CEO and Chairperson, the GEF, said the current meeting offered an opportunity to celebrate: the GEF's strong in country engagement; its expanding network and mandate with four new Project Agencies and its new role as the financial mechanism of the Minamata Convention on Mercury; and the successful conclusion of its sixth replenishment. She said the meeting could set out a roadmap to help the GEF catalyze action and help deliver some of the solutions the world was looking for to address unprecedented sustainable development challenges.



Fernando Aportela, Under-Secretary of Finance and Public Credit, Mexico



Juan José Guerra, Secretary of Environment and Natural Resources, Mexico

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Naoko Ishii, GEF CEO and Chairperson

Organizational Matters: Delegates elected Juan José Guerra, Secretary, Environment and Natural Resources, Mexico, as Chair of the fifth GEF Assembly. They then elected Bruno Oberle, Director, Federal Office for the Environment, Switzerland, and Judi Wakhungu, Minister of Environment and Water Resources, Kenya, respectively, as Vice-Chairs for donor and recipient countries.

Delegates adopted the proposed agenda and organization of work (GEF/A.5/01).

AMENDMENTS TO THE INSTRUMENT

William Ehlers, GEF Secretariat, introduced the amendments to the GEF Instrument (GEF/A.5/09), outlining proposed key amendments, which were subsequently approved.

REPORT ON THE GEF TRUST FUND

Chair Guerra introduced the Report of the Trust Fund (GEF/A.5/06). Delegates took note of the report.

PRESENTATION ON GEF 2020

Ishii introduced the proposed GEF 2020 Strategy (GEF/A.5/10), which she noted had been welcomed by the GEF Council. She said the Strategy focused on five strategic priorities: drivers of environmental degradation; delivering integrated solutions to environmental challenges; enhancing climate resilience and adaptation; ensuring complementarity and synergies in climate finance; and working with beneficiary countries to transform policy and regulatory environments, strengthen institutional capacities and decision-making processes.

REPORT ON THE SIXTH REPLENISHMENT OF THE GEF TRUST FUND

Ishii introduced the Report on the Replenishment (GEF/A.5/07), noting that the replenishment package had been endorsed by the GEF Council. She attributed the success of the replenishment to a shared sense of urgency to turn around global environmental deterioration and donor confidence in the GEF. She expressed excitement over new initiatives that will be launched under GEF-6, including pilot programs to address underlying drivers of environmental degradation.

In the ensuing discussion, Mexico expressed appreciation for the opportunity to establish a network with the private sector. Brazil highlighted its increased contributions to the GEF Trust Fund replenishment and suggested that countries

work closely with the Secretariat to evaluate the impacts of the agreed replenishment package on GEF's capacity to generate global environmental benefits. The Assembly took note of the report.

STATEMENT BY THE SCIENTIFIC TECHNICAL ADVISORY PANEL (STAP)

Rosina Bierbaum, STAP Chair, presented the STAP report (GEF/A.5/03). Stressing that climate change threatened GEF's achievements to date, she said immediate action and transformational changes across sectors were needed, including significant investments in energy efficiency and renewable energy. She said key messages in the report included the need to tackle environmental degradation in a more integrated way to yield multiple benefits; put environmentally sustainable development at the core of GEF interventions; and continue GEF's catalytic and innovative role to bring about change.

In the ensuing discussion, Lebanon queried the STAP's recommendations regarding the environmental impacts of war. Mexico asked if new partnerships should be created to promote transfer of technology from developed to developing countries.

In response, Bierbaum said that the STAP had identified environmental security as one area of future research under GEF and that new partnerships, funding and ways of working were needed in the field of technology to address challenges, such as climate change, suggesting new indicators on this issue could be developed under integrated approaches.

Uganda and Nicaragua supported the proposed integrated, cross-cutting strategy but noted it could only be implemented if adequate financial support is provided to developing countries. Tunisia said the GEF would need to build on its projects and,



Rosina Bierbaum, Chair of GEF STAP



Delegates watched a video highlighting GEF projects in Mexico

with Vietnam, suggested it should look for synergies with the work of other environmental funding organizations.

Ishii responded that implementing the integrated approach would require bringing along the entire GEF family and this would be a key challenge for the GEF in the coming years. She urged delegates to contribute their ideas on this issue during the Assembly's roundtables. Bierbaum noted that integrated approaches could lead to economies of scale.

Jamaica asked about the STAP's work in relation to SIDS and Bierbaum responded that environmental impacts in SIDS were considered in several of the STAP's recently released publications.

Chair Guerra closed the item noting that a recent meeting of Central American ministers had stated that urgent action was needed to avoid reaching global environmental tipping points.

STATEMENT BY THE GEF INDEPENDENT EVALUATION OFFICE (IEO)

Robert van den Berg, Director, GEF IEO, introduced the item (GEF.A.5.04), *Fifth Overall Performance Study of the GEF*, noting that the GEF has a robust evaluation culture. He presented a short video outlining the overall performance study's (OPS5) main conclusions. He then summarized these, saying that OPS5 found that: the GEF is achieving its mandate



Robert van den Berg, Director, GEF IEO

and objectives; the delivery model is slow and inefficient; and the GEF needs to make strategic choices to improve its business model, including by focusing more on programmatic approaches rather than operating primarily at the project level.

REPORT ON GEF MEMBERSHIP

The Assembly took note of the report (GEF/A.5/05), which calls upon the Assembly to keep under review the membership of the GEF, presently composed of 183 members.

CSO STATEMENT

Maria Lechner, Fundación ECOS, Uruguay, on behalf of civil society organizations (CSOs), reported on the CSO Forum, which took place on 27 May in Cancún, observing that over 200 CSO representatives had attended the event. She suggested that the GEF should encourage more meaningful participation of CSOs at an early stage of the project cycle and noted the need to update GEF's guidance on CSO engagement. She added that the GEF should strengthen the capacity of CSOs in order to effectively spur collaborative approaches, highlighting the need to mainstream gender and youth participation into GEF's work.



Maria Lechner, Fundación ECOS, Uruguay



The dais during the roundtable on “Financing Green Growth.” L-R: Peter Seligmann, CEO, Conservation International; Li Yong, Director General, UNIDO; Moderator Joachim von Amsberg, World Bank; Fernando Aportela, Under-Secretary of Finance and Public Credit, Mexico; Mohale Rakgate, Development Bank of Southern Africa; and Daniel Servitje, CEO, Grupo Bimbo.

ROUNDTABLES

Roundtable 1: Financing Green Growth: Joachim von Amsberg, World Bank, moderated the discussion, inviting participants to share experiences and lessons for financing green growth and reflect on what the GEF could do to mobilize, catalyze and incentivize financing for green growth.

Fernando Aportela, Under-Secretary of Finance and Public Credit, Mexico, stressed the key role of positive government incentives and smart regulations, as well as multi-stakeholder partnerships, in promoting green growth.

Daniel Servitje, CEO, Grupo Bimbo, said that renewable energy needs large upfront investments so public policies and development bank involvement are key to make them viable over the long term.

Mohale Rakgate, Development Bank of Southern Africa, said the bank strived to identify areas where infrastructure and green economy market failures existed and outlined the bank’s work in the renewable energy sector and ongoing projects in three areas: low-carbon; green cities and towns; and natural resources management.

Li Yong, Director-General, UNIDO, outlined UNIDO’s approach to green growth, noting that it has recently adopted a new mandate to make sustainability central to industrial development. He said future development would be based on low-carbon technologies and outlined a range of strategies UNIDO is adopting to support sustainable industrial development, including: getting public sector policies right; boosting knowledge networks to promote innovation and trade; and looking for synergies between international organizations’ green growth approaches to facilitate investment flows. He suggested the GEF and UNIDO work together in these areas.

Peter Seligmann, CEO, Conservation International, stated that private sector companies now recognize environmental stewardship to maintain their supply chains is in their own interest. He said it is important for governments to reflect the true cost of production and stressed the continued need to put a value on natural resources.

In the ensuing discussion, Colombia welcomed the call for holistic cross-cutting approaches on valuing natural capital but argued that coordinated action is challenging at the national level,

let alone at the international level. Italy emphasized the need for governments to drive political change, remove subsidies and incentives and pass the costs of green growth investment on to industry and end-consumers.

South Sudan stressed the need for the GEF to focus on and mobilize additional resources for food security, renewable energy and nature conservation, and to ensure equitable allocation of resources. The US queried how institutional investors could become more involved in green growth. Sierra Leone stressed the need to promote the greening of small-scale agriculture and other small industries. Lebanon urged convincing citizens that promoting green growth does not counter economic development and suggested addressing environmental challenges through the UN Security Council.

Responding to comments, Aportela said government involvement in projects could help attract institutional investors into green growth investments. Rakgate suggested creating platforms to bring in institutional investors through funds rather than individual green growth projects, stressing that going green was not necessarily more expensive in the long term. Servitje said eliminating harmful price subsidies and putting long-term policies in place were key to promote green growth. Seligmann stressed the need to better communicate with the public and to define new governance approaches to address environmental challenges.

Closing the discussion, von Amsberg summarized as key messages that: greening growth is imperative; existing public policies and partnerships show the way forward; current initiatives can be scaled up to reverse current trends; and green growth policies need public support from all sectors, including labor and civil society.

Roundtable 2: Mainstreaming Natural Capital into Decision-Making: Bierbaum moderated the roundtable.

Fernando Aportela noted it was important to carefully measure natural capital value in order to better manage natural resources. He outlined that low income communities suffered most if natural resources were not properly managed. He then noted innovative actions Mexico has undertaken to encourage better management of natural capital, notably fiscal reforms to use oil revenues to support a sustainability fund.



The dais during the roundtable on “Mainstreaming Natural Capital into Decision-Making.” L-R: Carlos Roxo, Director for Sustainability, Fibria; Tshekedi Khama, Minister of Environment, Wildlife and Tourism, Botswana; Eduardo Sojo, Director, National Institute of Statistics and Geography (INEGI), Mexico; José Sarukhán Kermez, National Commission for Knowledge and Use of Biodiversity, Mexico; Braulio de Souza Dias, Executive Secretary, CBD; Fernando Aportela, Under-Secretary of Finance and Public Credit, Mexico; and Moderator Rosina Bierbaum, Chair of the Scientific and Technical Advisory Panel (STAP)

Braulio de Souza Dias, Executive Secretary, Convention on Biological Diversity (CBD), noted the CBD’s starting point is valuing biodiversity in various ways. He encouraged governments to integrate biodiversity values into national accounting and economic policy, and to take innovative actions such as payments for ecosystem services, green procurement and fiscal incentives.

Carlos Roxo, Fibria, noted that companies such as his Brazilian forest products company value natural capital as part of their core business. He also called for cross sectoral dialogue to bring this value into formal business accounting practice.

José Sarukhán Kermez, National Commission for Knowledge and Use of Biodiversity, Mexico, said it is important to make it profitable for communities, who owned 70-80% of Mexico’s natural capital, to do things sustainably. He encouraged the GEF to support further measurement of biodiversity and he noted Mexico had invested heavily in such measurement as a precursor to taking strong action on sustainability.

Eduardo Sojo, National Institute of Statistics and Geography, Mexico, said countries could use international standards adopted in February 2012 for environmental accounting to better understand their economic activities. He shared his organization’s experience with creating natural resources inventories to determine the ecological impact of specific sectors.

Tshekedi Khama, Minister of Environment, Wildlife and Tourism, Botswana, shared his country’s successful experience with natural capital accounting in collaboration with the World Bank, noting such accounting helped to better manage resources and promote changes to address unsustainable practices.

In response to the moderator’s questions, Khama stressed the role of political will in natural capital accounting, while Aportela emphasized the need to: develop national capacities to measure natural capital; conduct cost-benefit analyses to translate numbers into policy; and consider income inequality in policy development.

In the discussion that ensued, Costa Rica queried political incentives or arguments that it could be used to mainstream biodiversity conservation into national economies given the political and economic benefits of business-as-usual. Dias said the sustainable development goals (SDGs) under negotiation should provide such incentives, while Sarukhan Kermez suggested the

need to consider the ethical and social implications of business-as-usual, which Sojo said was not environmentally sustainable. He encouraged the GEF to become involved in ambitious initiatives in this area. Ferreira said the GEF could do this through financing and agreed that accounting helped to build public awareness on natural resources, which in turn led to better policies. Roxo said one way to move forward was to set a price on natural and social capital and look at the long-term.

Guinea expressed concern that indigenous people’s concerns were not highlighted sufficiently in the discussion, yet they were often the forests owners.

Concluding the session, Khama outlined Botswana’s land concessions approach, in which approved management plans give traditional owners access to an annual levy, noting the need to prevent corruption. Roxo said companies operating sustainably in the Amazon faces fierce price competition and regulatory interventions should level the playing field. Bierbaum stated ecosystems are better valued now than a decade ago but it was important to get various agencies working together to expedite effective action. She added the SDGs process could provide an avenue for scaling up action and concluded that the GEF has a role facilitating the evaluation of natural capital and embedding it in GEF-6.

Roundtable 3: Role of Legislation in Protecting the Global Environment. Moderator David Barron, International Conservation Caucus Foundation, opened the panel discussion inviting Luis Videgaray Caso, Minister of Finance and Public Credit, Mexico, to introduce the discussion. Caso outlined Mexico’s recently enacted legislation on climate change and highlighted the importance of enhancing parliamentary engagement on sustainability issues.

Graham Stuart, Chairman of the Board, GLOBE international, UK, stressed the role of the GEF in facilitating national implementation of international legislation, noting the importance of legislators making policies “real.”

Thiaw suggested that for issues such as REDD+, climate change and land degradation, legal cooperation was needed at the international, regional, national and local levels. Lopez Moreno suggested that legislators should not only draft enabling domestic legislation for implementing international agreements, but should



The dais during the roundtable on “Sustainable and Resilient Cities.” L-R: Gino Van Begin, ICLEI; Maimunah Mohd Sharif, Mayor, Seberang Perai, Malaysia; Moderator Ede Ijjasz-Vasquez, World Bank; Boris Graizbord, Colegio de México, Mexico; and Bernardo Baranda Sepúlveda, Transportation and Development Policy Institute (IPTD).

also identify policy priorities and assess implementation of legislation. Lembeli supported legal mechanisms to recognize village ownership of carbon benefits from REDD+. Stuart called on all developed countries to adopt comprehensive climate legislation and for enhanced efforts to educate developing country legislators on climate change issues and possible policy responses. Guerra said the GEF should play a greater role in identifying best legislative practices.

Responding to a question on what the GEF should prioritize regarding the legislative agenda, panel members suggested analyzing the impacts of existing environmental laws in leading countries and improving legislator capacity to understand complex environmental issues and possible policy responses to them.

During the following discussion, participants focused on the challenges of adopting a long-term perspective when creating new law. In response, Moreno emphasized the need to educate the public on environmental issues. Thiaw urged states to ratify the Minamata Convention noting that legislation is a vital tool for protecting natural capital. Stuart said policy-makers need to make sure that a concrete budget line and solid legislation give effect to environmental programmes proposed by international agencies. Caso said the GEF should continue to work on enabling legal frameworks, particularly on climate change. Lembeli noted the need to improve legislator engagement on environmental issues.

Roundtable 4: Sustainable and Resilient Cities: Opening the session, Rodolfo Lacy, Under-Secretary for Planning and Environmental Policy, Mexico, said it was important for the GEF to help design sustainable cities that move from the classic concept of cities and their unsustainable consumption of resources to cities that manage everything with a life cycle approach while becoming resilient to climate change.

Gino Van Begin, Secretary General, ICLEI, underscored the need to move away from fossil fuels and encouraged citizens, the private sector and academia to get more involved in local sustainability action plans.

Maimunah Mohd Sharif, Mayor, Seberang Perai, Malaysia, spoke about the challenges and actions related to providing green services to citizens. She emphasized partnerships and

coordination as being fundamental “to make things work on the ground.”

Boris Graizbord, Colegio de México, Mexico, highlighted the uniqueness of cities and called attention to the need to adapt programs to local contexts and the importance of helping cities to learn from each other.

Bernardo Baranda Sepúlveda, Transportation and Development Policy Institute (IPTD), urged the GEF to focus on helping cities not only with the technical and project management portions of city projects, but also with social and implementation aspects.

Responding to a question about linkages between national policy and local action, Lacy suggested that the GEF national projects on sustainable cities could be made conditional upon bringing cities together to solve common problems.

Responding to a question on practical ideas to guide the GEF in the sustainable cities area, panel members suggested, *inter alia*: taking an integrated city approach to linked issues such as climate change, energy and transport; creating programs to help cities overcome existing problems resulting from unplanned development; fostering benchmarking for sustainable city development; enhancing interaction between municipalities of different countries; facilitating involvement of communities in sustainable urban policy development; and finding ways for urban planners to continue to work on projects over periods longer than political cycles.

During the ensuing discussion, delegates focused on questions related to solutions for cities in rapidly developing countries such as Brazil, China and India, policies for rural areas, small island developing states, and mechanisms to incentivize urban sustainability. One delegate recalled the Medellín Declaration of the World Urban Forum and inquired about urban actions to combat poverty. Van Begin emphasized that citizens must be brought on board in formulating and implementing urban policies. The panel agreed that sustainable cities are only possible if rural areas are also sustainable, noting the importance of “rural services” such as provision of clean water.

Moderator Ijjasz-Vasquez concluded the discussion by saying that “shared prosperity” must be a key goal when promoting sustainable cities.