



## THE FIRST ASSEMBLY OF THE GLOBAL ENVIRONMENT FACILITY 1-3 APRIL 1998

The first Assembly of the Global Environment Facility (GEF) will take place from 1-3 April 1998 at the Vigyan Bhawan Center in New Delhi, India. The Assembly will gather Ministers and high-level officials from GEF participating governments as well as other relevant actors to exchange views on the policies and operations of the GEF. Over the course of the three-day Assembly, statements will be delivered by the Prime Minister and the Finance Minister of India, Ministers and senior representatives of Member Governments, the CEO/Chairman of the GEF, the Heads of the Implementing Agencies, representatives of the global environmental conventions, the Scientific and Technical Advisory Panel (STAP), and an NGO representative. The Assembly will consider: the Overall Performance of the GEF and Lessons Learned; Policies, Operations and Future Development of the GEF; the Status of the GEF Trust Fund; and the Report on Membership. Parallel panels and workshops will also be held. A statement of the Assembly's conclusions will be prepared by the Chair of the meeting for endorsement by the Assembly.

### A BRIEF HISTORY OF THE GEF

The Global Environment Facility (GEF) is a financial mechanism that promotes international cooperation and fosters actions to protect the global environment. It provides grants and concessional funds to complement traditional development assistance by covering the additional or "agreed incremental costs" incurred when a national, regional or global development project also targets global environmental objectives. The grants and concessional funds are provided to recipient countries for projects and programs to achieve global environmental benefits in four focal areas: biodiversity; climate change; international waters; and ozone layer depletion. Land degradation issues, primarily desertification and deforestation, as they relate to these four areas, are also addressed. The GEF currently operates the financial mechanism for the Convention on Biological Diversity (CBD) and the United Nations Framework Convention on Climate Change (UNFCCC). GEF projects are managed by three implementing agencies (IAs): UNDP, UNEP and the World Bank.

Countries may be eligible for GEF funds in one of two ways: if they are eligible for financial assistance through the financial mechanism of either the UNFCCC or the CBD; or if they are eligible to borrow from the World Bank or receive technical assistance grants from UNDP through a Country Programme. GEF projects must be country-driven, incorporate consultation with local communities and, where appropriate, involve NGOs in project implementation.

The GEF was created in 1991 as a result of mounting concern in the preceding decade over global environmental problems and efforts to formulate financing responses to address these problems. The Facility initially operated in a pilot phase until mid-1994.

Negotiations to restructure the GEF were concluded at a GEF Participants meeting in Geneva in March 1994, where representatives of 73 States agreed to the *Instrument for the Establishment of the Restructured GEF*. The GEF was restructured and replenished with over US\$2 billion. Thus far, the Facility has programmed \$1.9 billion in grant funding to more than 500 projects in 119 countries, while leveraging another \$5 billion in co-financing.

The GEF's main decision-making body is the GEF Council, which is responsible for developing, adopting and evaluating the operational policies and programs. It is comprised of 32 appointed Members representing constituency groupings of the GEF Participants, 16 from developing countries, 14 from developed countries and 2 from countries with transitional economies. It meets at least every six months. The Assembly is comprised of representatives from all Member countries, or Participants, which as of 1 April 1998 totalled 164. The GEF Secretariat services and reports to the Assembly and the Council and coordinates the formulation of the work program, oversees implementation and ensures that the operational policies are followed.

The *Instrument* provides that the Assembly meet once every three years. The primary purpose of the Assembly is to review the policies and operations of the GEF.

### SUMMARY OF GEF ASSEMBLY MAIN DOCUMENTS

In October 1996, the GEF Council requested a major evaluation of accomplishments and over-all performance of the GEF to be available at the first GEF Assembly. This evaluation includes three studies: the Study of Overall GEF Performance; the 1997 Project Implementation Review (PIR); and the Study of Project Lessons. Following is a brief summary of these documents as well as the CEO Report on the Policies, Operations and Future Development of the GEF.

#### STUDY OF OVERALL GEF PERFORMANCE

The GEF Senior Monitoring and Evaluation Coordinator recruited a core team to conduct the Study of Overall GEF Performance. The Study was based on data collected for the period May-December 1997, particularly in ten countries: Brazil, China, Egypt, India, Indonesia, Kenya, Mexico, Poland, Russia and Zimbabwe. Additional material was collected through studies by local consultants in Argentina, Costa Rica, Côte d'Ivoire, Jordan, the Philippines and Vietnam. Interviews were held in the sixteen countries with Council Members, GEF Focal Points and other relevant actors.

The Study addresses issues related to the GEF's performance in terms of institutions, procedures and policies. It contains conclusions and recommendations in a number of areas. In a section on provision of resources for the global environment, conclusions and recommendations are made regarding: whether GEF resources are new and additional; a comparison of GEF funding with all sources of financing for the global environment; and leveraging through co-financing and associated projects and through private sector investment. Regarding issues at the country level, recommendations are

made on: the focal point system in recipient countries; the requirement for projects to be country-driven; GEF's contribution to awareness of global environmental issues; stakeholder participation in GEF projects; experiences with stakeholder participation by focal area; impacts on country programs and policies; handling of policies and activities that could undermine project success; and the financial sustainability of GEF projects. Regarding institutional roles and relations, the study offers conclusions and recommendations on: mainstreaming of the global environment by IAs; cooperation between GEF and the conventions; and roles, responsibilities and relations of IAs and various GEF bodies. On GEF project cycle procedures, the Study makes recommendations on the project cycle, the incremental cost requirement, and GEF Council review of projects. Conclusions and recommendations are made on programming issues, namely: the role of various factors in determining the GEF portfolio; overall programming issues; programming issues in biodiversity, climate change and international waters; and the application of incremental costs as a programming tool. The Study also provides recommendations on the overall assessment of the follow-up to the pilot-phase evaluation and conclusions on resource mobilization, country-level issues, institutional and project cycle issues, programming issues and overall conclusions.

### 1997 PROJECT IMPLEMENTATION REVIEW

At the request of the GEF Council, project implementation reviews (PIRs) are carried out annually by the IAs and the GEF Secretariat to: examine the status of GEF projects, especially with regard to implementation progress and the prospects of achieving global environmental objectives; and identify and share lessons learned from GEF experience. The 1997 PIR was the third annual implementation review conducted by the GEF.

The PIR process is designed to complement and strengthen internal portfolio management procedures used by the IAs. Based on recommendations of the 1996 PIR and discussions among the Secretariat and the IAs, each agency was asked to prepare an analysis of its GEF portfolio, an overview emphasizing key trends in this portfolio and lessons learned to date, and individual reports for all projects that had been in implementation for at least a year as of 30 June 1997. Each project report rated implementation progress and the likelihood that its global environmental objectives would be achieved. Agencies were also asked to address their experience with obtaining stakeholder involvement and assuring that projects are country-driven and reflect recipient commitment, the extent of private sector (NGO and for-profit) involvement in the project and any factors that may limit such involvement.

The document states that the 1997 review reveals that the PIR process is becoming increasingly integrated with IAs' internal procedures and is serving as the basis for broader portfolio management approaches being applied in the IAs. The 1997 PIR: analyzes the entire GEF portfolio through 30 June 1997; reviews the projects covered in the 1997 PIR; highlights the portfolio in each GEF focal area; summarizes the discussion of cross-cutting issues selected for special attention in the 1997 PIR; and discusses actions taken as a result of the PIR and recommendations for future PIRs.

### SUMMARY REPORT OF THE STUDY OF GEF PROJECT LESSONS

The Study of GEF Project Lessons, commissioned by the GEF's Senior Monitoring and Evaluation Coordinator in April 1997, was conducted by Resource Futures International of Ottawa, Canada. It synthesizes lessons learned to date from projects financed during GEF's pilot phase. The first phase of the Study was based on the 1995 and 1996 PIRs. Thirty pilot phase projects were studied, based on which three lessons were highlighted: innovative approaches are often needed to ensure effective private sector involvement in all stages of a project's development and implementation; careful integration of project interventions with national policies and priorities is needed to ensure that linkages between project efforts and global environmental benefits can be effectively made and sustained; and for community-based biodiversity and other projects to succeed, considerable time and effort must be devoted to building partnerships and understanding among project implementers and communities. The second phase of the Study focused mainly on these topics and was based on discussions of

implementation experience with project staff, local NGO representatives, government agencies and private companies involved in projects in Belize, Cameroon, Jordan, the Philippines and Zimbabwe, and on more detailed desk studies and interviews on another six projects in Argentina, Bolivia, India, Mexico, Papua New Guinea and Slovakia. The Summary Report, which highlights the Study's principal findings and implications, outlines the importance of private sector involvement, project-policy coherence and partnerships with communities.

### CEO REPORT ON THE POLICIES, OPERATIONS AND FUTURE DEVELOPMENT OF THE GEF

The Introduction states that as the 21<sup>st</sup> century approaches, the GEF is both identifying new opportunities to add value for the global environment and assessing its contribution thus far and reflecting on the lessons learned. The urgency for action to address global environmental issues, within the framework of sustainable development at the local, national and international levels, is greater now than ever before, and the need for the GEF has become increasingly clear. The institutional roles and responsibilities of the GEF are better defined than they were at the beginning of this decade. Its collective strategy builds on the positive ties between development and the environment. The GEF has had to evolve and mature into a more broadly representative, participatory, transparent, effective and strategic organization.

Part One of the Report reviews the GEF's transformation and growth, highlighting responses to Council and convention guidance and its efforts in the areas of: building country capacity; tapping NGO involvement; fostering environmentally friendly technologies; multiplying the benefits of its grants; and investing in environmental security. It provides a Summary Progress Report of the 1994-1998 period, which notes the allocation of \$1.2 billion in GEF resources for project activities and the increase in the number of participating countries, and outlines Council agreements on, *inter alia*, the GEF operational strategy, public involvement strategy, monitoring and evaluation program, approach for estimating agreed incremental costs, and expedited procedures for enabling activities and medium-sized projects. The report emphasizes the GEF's institutional development and improved management and performance, as well as increased collaboration and partnerships.

Part Two examines continuing challenges, including, *inter alia*: the inadequacy of funding for the environment; ensuring country ownership of GEF project activities and raising country-level awareness of the GEF and of global environmental issues; facilitating collaboration and information sharing among the focal points and consistency in governments' approaches to the GEF, its IAs and the Conventions; insufficient progress in mainstreaming global environmental issues into the IAs' regular program of activities; the difficulty of applying the concept of incremental costs; and the need to address the financial sustainability of projects.

Part Three recommends that the Assembly, *inter alia*: welcome the second replenishment of the GEF Trust Fund; call upon the IAs to strengthen and accelerate efforts to integrate global environmental objectives into their regular policies and programs; support efforts by the GEF for new opportunities for private sector partnerships; prioritize the development of performance indicators for monitoring and evaluation; and address project sustainability beyond GEF funding.

### THINGS TO LOOK FOR TODAY

**OPENING PLENARY:** The opening Plenary will begin at 9:00 in the Plenary Hall with welcoming addresses by the Prime Minister of India and the CEO/Chairman of the GEF, and will continue with statements by the heads of the IAs, the Executive Secretaries of the UNFCCC, CBD, CCD and the Montreal Protocol, STAP and an NGO representative. The Overall Performance of the GEF and Lessons Learned, and Policies, Operations and Future Development of the GEF will be considered in the afternoon. GEF Participants will deliver statements in the evening. **PANEL:** The Panel of Eminent Persons on the global environment and sustainable development will meet in Hall 5 from 17:00-19:00.