



Third GEF Assembly Bulletin

A Daily Report of the Third Assembly of the Global Environment Facility (GEF)
Published by the International Institute for Sustainable Development (IISD)
in collaboration with the GEF Secretariat

ONLINE AT [HTTP://WWW.IISD.CA/YMB/GEFASSEMBLY3/](http://www.iisd.ca/YMB/GEFASSEMBLY3/)
VOLUME 14, No. 8, TUESDAY, 29 AUGUST 2006



THIRD GEF ASSEMBLY: 29-30 AUGUST 2006

The third Assembly of the Global Environment Facility (GEF) opens today in Cape Town, South Africa, and will continue until Wednesday, 30 August 2006. Held every four years, the GEF Assembly gathers ministers and high-level officials from GEF member States to review the policies and operations of the GEF. Over 1,200 participants are expected to attend the Assembly, representing governments, UN agencies, non-governmental organizations (NGOs), academia and the private sector.



Flags of GEF member States in the Cape Town International Convention Center

The third GEF Assembly was preceded on Monday, 28 August by the Special Meeting of the GEF Council and two forums: the Forum on Sustainable Land and Water Management; and the NGO Forum.

The GEF Assembly is expected to address, *inter alia*: reports on the GEF Trust Fund; the fourth replenishment of the GEF Trust Fund; and the third Overall Performance Study of the GEF. The Assembly is also expected to discuss the report of the Scientific and Technical Advisory Panel, and address amendments to the GEF Instrument. Several high-level roundtables and numerous side events will be held in conjunction with the Assembly.

A BRIEF HISTORY OF THE GEF

The Global Environment Facility is a financial mechanism that promotes international cooperation and fosters actions to protect the global environment. It 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 GEF 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's main decision-making body is the GEF Council, which is responsible for developing, adopting and evaluating

its operational policies and programmes. It is comprised of 32 appointed members – 16 from developing countries, 14 from developed countries and two from among the countries of Central and Eastern Europe and the former Soviet Union. The Council meets at least every six months. The GEF Assembly comprises representatives from all member States, which as of 8 June 2006 totaled 176. Previous GEF Assemblies were held in New Delhi, India, in 1998 and in Beijing, China, in 2002. The GEF Secretariat services and reports to the Council and the Assembly and coordinates the formulation of the work programme, oversees implementation and ensures that operational policies are followed.

The GEF is funded by donor nations, who commit money every four years through a process known as GEF replenishment. The GEF Trust Fund was replenished three times with US\$2 billion in 1994, US\$2.75 billion in 1998, and with approximately US\$3 billion in 2002. Negotiations on the fourth replenishment of the GEF (GEF-4) began in June 2005. Since its establishment, the GEF has allocated over US\$6 billion for more than 1,800 projects in 140 developing countries and countries with economies in transition.

The GEF 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. GEF projects are managed by

The *Third GEF Assembly Bulletin* is a publication of the International Institute for Sustainable Development (IISD) <info@iisd.ca>, publishers of the *Earth Negotiations Bulletin* © <enb@iisd.org>. This issue was written and edited by Asheline Appleton, Ingrid Barnsley, Xenya Cherny, Harry Jonas, Elisa Morgera, and James Van Alstine. The Digital Editor is Leila Mead. The Editor is Hugh Wilkins <hugh@iisd.org>. The Director of IISD Reporting Services is Langston James "Kimo" Goree VI <kimo@iisd.org>. Funding for coverage of this meeting has been provided by the World Bank. IISD can be contacted at 161 Portage Avenue East, 6th Floor, Winnipeg, Manitoba R3B 0Y4, Canada; tel: +1-204-958-7700; fax: +1-204-958-7710. The opinions expressed in the *Bulletin* are those of the authors and do not necessarily reflect the views of IISD. Excerpts from the *Bulletin* may be used in other publications with appropriate academic citation. Electronic versions of the *Bulletin* are sent to e-mail distribution lists (HTML and PDF format) and can be found on the IISD RLS Linkages WWW-server at <http://www.iisd.ca/>. For information on the *Bulletin*, including requests to provide reporting services, contact the Director of IISD Reporting Services at <kimo@iisd.org>, +1-646-536-7556 or 212 East 47th St. #21F, New York, NY 10017, USA. The IISD team at the Third Assembly of the Global Environment Facility can be contacted by e-mail at <xenya@iisd.org>.



three implementing agencies: the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) and the World Bank, with the latter also serving as the GEF Trustee. Seven other international organizations, known as GEF executing agencies, contribute to the management and delivery of GEF projects.

GEF funding was initially provided to recipient countries for projects and programmes in four focal areas: biodiversity, climate change, international waters and ozone layer depletion. In 2002, the second GEF Assembly considered and approved the additional focal areas of land degradation and persistent organic pollutants (POPs). The GEF currently serves as the financial mechanism for four conventions: the Convention on Biological Diversity (CBD), the United Nations Framework Convention on Climate Change (UNFCCC), the Stockholm Convention on POPs and the UN Convention to Combat Desertification (CCD).

Country eligibility to receive funding is determined in two ways. Developing countries that have ratified the relevant treaty are eligible to propose biodiversity and climate change projects. Other countries, primarily those with economies in transition, are eligible if the country is a party to the appropriate treaty and is eligible to borrow from the World Bank or to receive technical assistance grants from UNDP. GEF projects must deliver global benefits, be country-driven, incorporate consultation with local communities and, where appropriate, involve NGOs in project implementation.

FIRST GEF ASSEMBLY: Held from 1-3 April 1998 in New Delhi, India, the first GEF Assembly focused on the GEF in the 21st century. More than 1,000 participants adopted the New Delhi Statement highlighting the GEF's unique role and calling upon it to accelerate its operations.

SECOND GEF ASSEMBLY: Convened from 16-18 October 2002 in Beijing, China, the second GEF Assembly considered the GEF's performance, operations and policies, convening in plenary, roundtables and panel sessions focusing on the GEF, its stakeholders and the global environment. Over 1,200 participants attended the Assembly, representing 127 countries, 24 intergovernmental organizations and 134 NGOs. Participants adopted the Beijing Declaration, which supports the expanded mandate of the GEF in response to its evolving challenges, and calls, *inter alia*, for: assistance in the implementation of the outcomes of the World Summit on Sustainable Development (WSSD); enhanced activities at the country level; synergies among the global environmental conventions; enhanced strategic planning for allocation of scarce resources to high priority areas within and among focal areas to maximize global environmental improvement; better private sector engagement; and improved understanding of agreed incremental costs and the global benefits of GEF projects.

DEVELOPMENTS SINCE THE SECOND GEF

GEF COUNCIL MEETINGS: GEF Council members have met nine times since the second GEF Assembly.

The 23rd GEF Council, held from 19-21 May 2004, adopted the terms of reference for the third Overall Performance Study (OPS3) of the GEF, approved the budget of the Least Developed Countries Fund (LDCF) under the UNFCCC, confirmed that the African Development Fund may have direct access to GEF resources, and requested the GEF Secretariat to propose options for a performance-based allocation framework. On GEF focal areas, it addressed land degradation, climate change adaptation, and national biosafety frameworks.

The 24th GEF Council, which was convened from 17-19 November 2004, requested the World Bank and the GEF CEO/Chair to initiate GEF-4 negotiations.

The 25th GEF Council, held from 3-8 June 2005, reviewed the draft OPS3, requesting it be forwarded to inform the GEF-4 negotiations on 9 June 2005. It also agreed to hold an extraordinary meeting of the Council in August/September 2005 to finalize the structure of the resource allocation framework (RAF), a performance-based system for distributing GEF funding.

The 26th GEF Council, held on 31 August-1 September 2005, approved the RAF for GEF-4 based on an index of a country's potential to generate global environmental benefits in the biodiversity and climate change focal areas and an index of performance. The RAF will be reviewed after two years of implementation. Although the decision was taken by consensus, several Council members, including Belgium, Germany and several Latin American countries, expressed reservations concerning the RAF.

The 27th GEF Council met from 8-10 November 2005 and addressed: effectiveness of the Scientific and Technical Advisory Panel; the role of local benefits in global environmental programmes; and the process for selecting the GEF Chief Executive Officer (CEO)/Chair. It also accepted South Africa's offer to host the third GEF Assembly.

The 28th GEF Council, held from 6-9 June 2006, appointed Monique Barbut (France) as CEO/Chair of the Facility for a three-year term beginning on 14 July 2006. It also approved the Memorandum of Understanding



Monique Barbut, GEF CEO/Chair



on Enhanced Collaboration between the GEF and the CCD. On UNFCCC-related activities, the Council approved operations under the LDCF and the Special Climate Change Fund (SCCF), and reaffirmed the GEF's mandate to manage the Adaptation Fund. It also progressed the GEF-4 negotiations and considered RAF implementation, requesting further guidance for recipient countries, national focal points and other stakeholders.

The Special Meeting of the GEF Council convened on 28 August 2006, immediately prior to the third GEF Assembly, and approved US\$3.13 billion for the GEF-4. The Council also approved the work programme. The Council further agreed on the governance of the climate change funds, specifying, *inter alia*, that decisions of the Council concerning the operations of the Adaptation Fund be taken by consensus among all Council members representing participants that are parties to the Kyoto Protocol. Finally, the Council also agreed that the operational and financial implications of an amendment to the GEF Instrument to reflect the designation of the GEF as the CCD financing mechanism will be considered by the Council in December 2006.

2005 UN WORLD SUMMIT: Held in New York from 14-16 September 2005, the Summit acknowledged the GEF's role in facilitating cooperation with developing countries and urged its successful fourth replenishment, along with the successful conclusion of all outstanding commitments from GEF-3.

CBD COP-7: The seventh meeting of the Conference of the Parties (COP) to the CBD, convened from 9-20 February 2004 in Kuala Lumpur, Malaysia, highlighted, among other things, the need for consistency between COP guidance and the funding decisions of the GEF.

CBD COP-8: CBD COP-8 and the third Meeting of the Parties (COP/MOP) to the Cartagena Protocol on Biosafety, held from 13-31 March 2006 in Curitiba, Brazil, recorded concerns by developing countries, in particular LDCs and small island developing States, with RAF's implications in both limiting allocation of resources and affecting the Protocol's implementation, as funding for biosafety is likely to compete with that for biodiversity.

UNFCCC COP-11 AND KYOTO PROTOCOL COP/MOP-1: Convened from 28 November to 10 December 2005 in Montreal, Canada, Kyoto Protocol COP/MOP-1 adopted the Marrakesh Accords, which address support for developing countries, including capacity building, technology transfer, responding to the adverse effects of climate change, and the establishment of three funds: LDCF, SCCF, and Adaptation Fund. UNFCCC COP-11 also agreed on the guidelines to the GEF concerning climate change project financing.

CCD COP-5: Convened in Nairobi, Kenya, from 17-28 October 2005, CCD COP-5 adopted the Memorandum of Understanding between the CCD and the GEF, stressing the need for the GEF to take into account relevant decisions taken by the COP when financing activities. Several countries also urged the GEF to provide greater support for sustainable land management (SLM) in Africa.

POPs COP-1: Convened in Punta del Este, Uruguay, from 2-6 May 2005, POPs COP-1 adopted the Memorandum of Understanding between the Convention and the GEF, and provided guidance to the financial mechanism on priority areas for financing.

POPs COP-2: Held from 1-5 May 2006, in Geneva, Switzerland, POPs COP-2 heard that the RAF may in the future apply to other GEF focal areas in addition to biodiversity and climate change, and agreed on additional guidance to the GEF, as well as the need for assessment of the GEF principles on incremental cost and global environmental benefits as they pertain to POPs.

FORUM REPORTS

NGO FORUM: Turning Policy into Reality: From the Ground Up: Opening the Forum, Dorothy Manuel, GEF NGO Network, highlighted the NGO Forum's role in ensuring the centrality of civil society in the GEF. Forum Moderator, Rex Horoi, Executive Director, The Foundation of the Peoples of the South Pacific International, underscored the need for constructive dialogue between policy-makers and civil society.

Monique Barbut, GEF CEO/Chair, called on participants to: work for innovative solutions; engage with the private sector; and view the RAF as empowering for countries.

Impact of land degradation on people's livelihoods and the environment – strategies for SLM: Fatima Jibrell, Executive Director, Horn Relief, presented on combating desertification in the Horn of Africa. She highlighted: impacts of charcoal production and export on desertification in Somalia; low international awareness about drought and pastoralism in Somalia; and the impacts of the international arms trade on the Somali people.

Khadija Razavi, Executive Director, Center for Sustainable Development and Environment, highlighted issues that the GEF Assembly should consider, including: increasing the profile of men in the gender agenda; allocating more resources at the local level; and accountability of the private sector.

Jonathan Davis, IUCN, stressed the need to take a broad view of the causes of desertification, noting that positive environmental outcomes might follow from upholding mobility, protecting the rights of pastoralists, and enabling customary institutions.



Khadija Razavi, Executive Director, Center for Sustainable Development and Environment



L-R: Djimingue Nanasta, ENDA Tiers Monde, Emad Adly, Arab Network for Environment and Development and Richard Worthington, Earthlife Africa

Noel Maxwell Oettlé, Environmental Monitoring Group, emphasized the need for being creative and taking into account local knowledge when addressing SLM issues, while Hubertus Samangun, Indigenous Peoples' Network, expressed hope that the needs of indigenous peoples will be addressed by the third GEF Assembly.

Participants then discussed, *inter alia*: RAF-related challenges; the need for participation of all stakeholders in GEF-funded programmes; and the global nature of desertification.

The climate change and energy challenge: Richard Worthington, Earthlife Africa, discussed South Africa's future energy options. He demonstrated that investing in clean energy reduces the country's contribution to climate change, is cost effective, creates jobs and reduces poverty.

Emad Adly, The Arab Network for Environment and Development, described lessons learned from Egypt's experience of the GEF Small Grants Programme. He noted the importance of, *inter alia*: dialogue between policy-makers and grassroots organizations; localized "win-win" approaches to global issues; capacity building; and private sector engagement.

Djimingue Nanasta, ENDA Tiers Monde, stressed the link between energy and climate security and called for a new development paradigm to promote energy efficiency and facilitate adaptation.

Questioning whether GEF grants will provide social and economic justice, Annie Sugrue, Citizens United for Renewable Energy and Sustainability, highlighted the disconnect between political and financial will in South Africa for developing renewable energy programmes.

Kevin Bennett, Energy Research Centre, highlighted the need to address energy transmission losses and to consider the future role of nuclear energy.

Salah Sahabi, Climate and Environment Research Association, stressed the need for: building capacity; training negotiators; transferring expertise; fostering networks; and raising awareness.

Participants then discussed: whether the focus on energy efficiency has been successful; the role of inadequate domestic capacity in hindering access to GEF resources under the RAF; the

extent of collaboration with the private sector; and the need for technology transfer modalities.

Biodiversity – moving from debate to action?: Willem Van Riet, Chief Executive Officer, Peace Parks Foundation, illustrated how transfrontier conservation areas (TFCAs) seek to manage environmental and cultural resources across borders while fostering sustainable economic development, regional peace and stability. Participants discussed the need to address: equity between States and communities; benefits to indigenous peoples; and an integrated ecosystem approach in developing TFCAs. Van Riet outlined three phases in negotiating TFCAs: political acceptance in the form of a Memorandum of Understanding; project planning leading to a treaty; and donor funding for implementation.

Žymantas Morkvėnas, Director, Baltic Environmental Forum, called for a strong network of NGOs in the GEF, while Felipe Villagran, MERO LEC A.C., responded that NGO involvement depends on NGOs' own will.

Lucy Mullenkei, Executive Director, Indigenous Information Network, called on the GEF to review its protected areas policy vis-à-vis indigenous peoples, following the CBD COP-8 recommendations.

Marianna Sell, Deputy Director, Ipanema Institute, illustrated policies and actions for mainstreaming women into Brazil's water management and policy.

Johannes Chigwada, ZERO Regional Environment Organization, discussed implementation of the project on strengthening the capacity of LDCs for adaptation to climate change in 12 LDCs.

Simone Lovera, Global Forest Coalition, explained that payment for ecosystem services is only possible where the environment is commodified and freely traded. Arguing against this neo-liberal approach, she emphasized the benefits of democratic public governance as a system for natural resource management.

Miguel Reynal, WWF, and Maria Leichner, Executive Director, ECOS Corrientes Foundation, presented on civil society involvement in planning and establishing the GEF-funded



Participants during the "Biodiversity - moving from debate to action?" session



Reserva Provincial del Iberia, the largest protected wetland in Argentina.

Participants discussed: involving all stakeholders, including women, in community consultations; the importance of legal frameworks that account for the rights and prior informed consent of local communities; and local concerns about the activities of foreign-funded NGOs.

In closing the event, Horoi stressed the need to link top-down and bottom-up decision-making processes so as to “turn policy into reality from the ground up.”

UNEP Executive Director Achim Steiner urged civil society to: remain engaged in the international environmental discourse; reassess its future role in the GEF and other international processes; and develop new ways of thinking about existing dilemmas.

FORUM ON SUSTAINABLE LAND AND WATER MANAGEMENT: A GEF agenda for combating environmental degradation and promoting sustainable livelihoods:

The morning symposia of the Forum were co-chaired by Gunilla Bjorklund, Director, GEWA Consulting, and Ratan Lal, Director, Carbon Management and Sequestration Center, and were followed by the high-level roundtable in the afternoon.

Walter Lusigi, GEF, opened the Forum, highlighting: the addition of land degradation as a GEF focal area; the ongoing International Year of Deserts and Desertification; and the designation of the GEF as the financial mechanism for the CCD.

GEF CEO/Chair Barbut highlighted the GEF’s land degradation agenda, noting institutional and policy challenges, including secure land tenure, and mid- and long-term financing for SLM. She urged participants to consider: effective ways to move SLM higher up on the international agenda; innovative financing; and the role of policy reforms in integrating water, land and environment sectors.

Grégoire de Kalbermatten, Deputy Executive Secretary, CCD, stressed that land and water issues present an opportunity for the GEF, noted regional implementation as a key element of the CCD, and supported the land degradation strategy developed for GEF-4.

David Dent, Director, World Soil Information Center, highlighted: engagement of local communities in decision-making; technology required to effectively address land degradation; and existing information gaps.

GEF sustainable land and water management project

experience: Highlighting linkages between land degradation and water management, Bjorklund outlined the Desert Margins Project in Africa and the People, Land and Environmental Change project implemented in China and Papua New Guinea.

Benoit Bihamiriza, GEF/UNEP Lake Tanganyika Integrated Project, highlighted the transboundary diagnostic analysis developed by Burundi, the Democratic Republic of Congo, Tanzania and Zambia.

Alfred Duda, GEF, presented on SLM in international water systems, noting the GEF’s US\$4 billion portfolio and the involvement of 138 countries in transboundary water projects. He said water conservation measures are a critical component of SLM, and that Africa’s river and lake basins will be the focus over the next three years.

Eric Odada, University of Nairobi, emphasized the need to consider climate variability and water scarcity in SLM, and cited as constraints lack of agreement on transboundary water management and the general degradation of water resources.

Mobilizing science and communities to combat land degradation: the role of knowledge management and indicators for optimizing impact: Zafar Adeel, UN University, illustrated a conceptual framework for knowledge management in SLM, recommending inclusion of human well-being and poverty reduction.

José Antonio Prado, UN Food and Agriculture Organization (FAO), shared findings on global sustainable forest management trends and expressed concern about the alarming rate of deforestation notwithstanding a relative reduction in the net loss of forest coverage.

Presenting on a project to develop tools and methods for assessing ecosystem impacts of land degradation, Freddy Nachtergaele, FAO, said project benefits include: capacity building; implementation of multilateral environmental agreements; and better use of funds.

Jonathan Davis, IUCN, highlighted the role of pastoralists as the custodians of drylands, noting that their stewardship is undermined by inadequate policies and competition over natural resources.

Summarizing the session, Maryam Niamir-Fuller, UNDP, noted that the GEF focal area of land degradation is maturing, and expressed hope that, by the fourth GEF Assembly: land degradation projects will have demonstrated real impacts at the local level; their global and local benefits will be better understood; and there will be a strong political commitment to address land degradation.

Resource generation and utilization in policies, institutions and partnerships to benefit rural people and the global environment:

Noting that the global loss of agricultural productivity due to land degradation is estimated at US\$65 billion per year, Jennifer Olson, International Livestock Research



L-R: Co-Chair Bjorklund (left) and Moderators Co-Chairs Maryam Niamir-Fuller, Principal Technical Advisor, UNDP, and Michael Stocking, GEF STAP



L-R: Co-Chairs Mark Mwandosya, Tanzania's Minister of Environment, and Helen Esuene, Minister of Environment of Nigeria

Institute and Michigan State University, called for an annual increase of US\$10-12 billion in investments.

Chris Brown, Executive Director, Namibia Nature Foundation, highlighted the success of country pilot partnerships for integrated SLM, and called for secure tenure rights, devolution of authority and the removal of bureaucratic barriers.

Participants discussed the need to integrate SLM into development frameworks and adopt programmatic approaches; and shared experiences in building partnerships, involving bilateral donors, and mainstreaming SLM in large-scale investments.

Participants then attended the official launch of the GEF/UNEP/FAO Land Degradation in Drylands (LADA) project.

High-level roundtable: Co-Chairs Mark Mwandosya, Tanzania's Minister of Environment, and Helen Esuene, Minister of Environment of Nigeria, opened the high-level roundtable entitled "Sustainable Land and Water Management to Benefit People and Their Environment: A GEF Action Agenda for the Future." Rejoice Mabudafhasi, South Africa's Deputy Minister of Environment, stressed the inadequacy of funding for the CCD and called for integrated implementation of the three Rio Conventions.

Following a report on the key findings from the morning symposia, including the need for integrated land and water management and long-term solutions and framework approaches, John Liu, Environmental Education Media Project for China, presented "Earth's Hope," a documentary on watershed rehabilitation in China. He emphasized improving incomes alongside ecosystem restoration and securing land use rights to ensure sustainability.

Mwandosya highlighted the national strategy on land and water catchments degradation and urged developed countries to support African countries' National Action Plans under the CCD. Esuene outlined SLM activities in Nigeria and urged the extension of the RAF to the focal area of land degradation.

Noting that 80 percent of the country's population is rural, Laurent Sedogo, Burkina Faso's Minister of Environment, outlined national measures to combat land degradation, emphasizing that it is a long-term process that requires political leadership and the involvement of all stakeholders.

Hu Zhangcui, Deputy Director General, China's State Forestry Administration, highlighted China's partnership with the GEF on land degradation, stating it had facilitated the mainstreaming of ecosystem management into other sectors. Warren Evans, the World Bank, underscored the need to better understand climate change impacts when discussing SLM, while Olivier Deleuze, UNEP, highlighted the gender dimension of land management. Frank Pinto, UNDP, supported pastoralism as the best type of land use in drylands, and encouraged the use of innovative financing mechanisms such as payments for ecosystem services.

Participants further highlighted: linkages between the rural poverty and environment agendas; competition between multilateral organizations and governments over SLM funds; the need for full engagement with bilateral partners; the GEF's catalytic role in mobilizing financing to address funding gaps; the need for better site-based integration of GEF focal areas; multisectoral integration and communication; community participation; sustainability of projects; and dissemination of successful SLM strategies.

The draft Cape Town statement of the high-level roundtable on SLM was circulated for comments at the close of the meeting.

OPENING PRESS CONFERENCE

A press conference was held at lunchtime to address urban transport. GEF CEO/Chair Barbut announced that during the morning session, the GEF Council endorsed the fourth replenishment of the GEF at US\$3.13 billion. She said climate change is the most pressing global issue and should be tackled at all levels. Martin Mokonyama, South Africa's Deputy Director General of Transport, explained how the government is using the 2010 Football World Cup as an opportunity to implement a low emissions transport system. UNEP Executive Director Steiner argued that the 2006 World Cup has set a high environmental standard but can be further improved upon. He urged South Africa to engage with the private sector in fostering innovation.



Left: GEF CEO/Chair Barbut, and Martin Mokonyama, South Africa's Deputy Director General of Transport. Right: UNEP Executive Director Steiner.