



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. 9, WEDNESDAY, 30 AUGUST 2006



THIRD GEF ASSEMBLY HIGHLIGHTS:

TUESDAY, 29 AUGUST 2006

The third Assembly of the Global Environment Facility (GEF) opened on Tuesday, 29 August in Cape Town, South Africa, with a vibrant cultural performance by South African singers, dancers and drummers. Participants convened in plenary throughout the day to hear statements and reports, and address substantive and organizational matters. Panel discussions, including on the Third Overall Performance Study of the GEF and on enhancing partnerships through NGO engagement, as well as several side events were held at lunchtime.



GEF Assembly delegates were welcomed with music and dance from the Western Cape Province

OPENING CEREMONY AND PLENARY

OPENING STATEMENTS: Marthinus van Schalkwyk,

South Africa's Minister of Environmental Affairs and Tourism, opened the third GEF Assembly, highlighting that South Africa is known for its cultural diversity and for having the third highest level of biodiversity in the world.

Emphasizing the many natural attractions of the Cape region, Ebrahim Rasool, Premier of the Western Cape, said the province must address issues such as the use of renewable energy, crop replacement, and the reconfiguration of human settlements, in light of pressure on natural resources created by climate change and population movement.

GEF CEO/Chair Barbut thanked the South African Government for hosting the Assembly, noting it is the first being held in Africa. Highlighting serious environmental threats, such as species extinction, climate change, land degradation and conflicts over shared water resources, she said the purpose of the Assembly is to find solutions to combating poverty and halting environmental degradation. She emphasized the virtually universal membership of the GEF, an expanded portfolio operating in 150 countries, and a US\$6.2 billion investment in projects. She thanked the 32 contributors to the fourth GEF

replenishment (GEF-4), who committed a record-breaking US\$3.13 billion.

Barbut introduced the GEF's strategic directions in the six focal areas. On biodiversity, she said the GEF is aiming to mainstream conservation in economic development. On climate change, she said the GEF aims to: mitigate the risks of climate change; develop the energy markets of developing countries; and enable developing countries to achieve economic growth while reducing carbon emissions. On the international waters focal area, she said the GEF seeks to engage in hands-on work with partners that takes particular account of transnational concerns. Regarding land degradation, Barbut said the GEF is trying to develop best practices while addressing policies that present obstacles to sustainable development. She noted the success of efforts in the focal area of ozone layer depletion, including the eradication of 90 percent of ozone-depleting substances in Russia and countries with economies in transition. Finally, on persistent organic pollutants (POPs), Barbut said the GEF is aiming to encourage innovative technologies that decrease levels of POPs in the environment. In closing, Barbut emphasized the role of partnerships in GEF's work and the links between GEF and civil society, paid special tribute to the Small

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 GEF Secretariat and 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 RS 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>.



Phumzile Mlambo-Ngcuka, Deputy President of South Africa

Grants Programme (SGP), and invited delegates to take an active role in the work of the GEF.

Phumzile Mlambo-Ngcuka, Deputy President of South Africa, welcomed delegates on behalf of South Africa's President, Thabo Mbeki. She emphasized the

need to demystify and simplify the environmental message, and noted the GEF's role in addressing interrelated environmental challenges, particularly in Africa. She outlined South Africa's efforts to promote sustainable energy and transport, stressing the need to mainstream best environmental practices into economic sectors, such as tourism, aquaculture, forestry and mining. Drawing a parallel with the struggle for democracy in South Africa, she said a commitment to environmental protection could become the legacy of today's youth.

ORGANIZATIONAL MATTERS: Election of officers:

Trevor Manuel, South Africa's Minister of Finance, was elected Chair of the third GEF Assembly. Delegates also elected Anne Margareth Stenhammer, Norway's State Secretary, and Roberto Dobles Mora, Costa Rica's Minister of Energy and Environment, as Vice-Chairs.

Adoption of the agenda: Delegates considered the proposed agenda (GEF/A.3/1/Rev.1). CUBA, supported by BARBADOS, requested an opportunity to discuss the resource allocation framework (RAF) in plenary. Chair Manuel said the issue would be addressed at a roundtable discussion on Wednesday, 30 August, and suggested the outcome be reported to plenary. The US pointed out that the GEF Council's decision on the RAF is not open for renegotiation. Chair Manuel called for cooperation, and delegates adopted the proposed agenda and organization of work.

STATEMENTS: GEF Partners: Ad Melkert, UNDP Associate Administrator, described GEF as a catalyst for, *inter alia*: private sector involvement; innovative financing mechanisms; new markets for ecosystem services; international cooperation; and partnerships. He stressed the need to better capture public attention to convey the sense of urgency for the state of the environment at all levels.

Noting that the GEF's replenishment of US\$3.13 billion is equivalent to approximately five weeks of profit for a large oil business, Achim Steiner, UNEP Executive Director, recommended that the Assembly go beyond welcoming the GEF's replenishment by calling to attention the high price of inaction. He also stressed the importance of making environmental improvements an everyday reality, and not the responsibility of environmentalists only.

Steen Lau Jorgensen, the World Bank, encouraged participants to consider opportunities, such as making markets work for the environment, not just threats. He suggested scaling up GEF co-financing, making funding more predictable, and reducing transaction costs for developing and reviewing GEF projects.

Emphasizing biodiversity challenges and the importance of GEF-4, Ahmed Djoghlaif, CBD Executive Secretary, called on the Assembly to address issues relating to the environment with urgency and responsibility for the benefit of present and future generations.

Feng Gao, UNFCCC Deputy Executive Secretary, highlighted the significance of progress achieved at COP-11 and COP/MOP-1 for the Convention's relationship with the GEF, in particular the processes for a future regime on climate change, the operationalization of the Kyoto Protocol and the work programme



Trevor Manuel, South Africa's Minister of Finance

on adaptation.

David Ogden, Stockholm Convention on POPs, underscored the increasing momentum toward implementation of the Convention following the establishment of the GEF focal

area on POPs, and the importance of an effective and responsive financial mechanism for achieving the Convention's objectives.

Grégoire de Kalbermatten, CCD Deputy Executive Secretary, noted the evolution of the CCD relationship with the GEF, and expressed concern about limited resource allocation to land degradation projects.

Kandeh Kolleh Yunkella, Director General, UN Industrial Development Organization (UNIDO), remarked that the GEF



should be considered as a model for quality control and inter-agency coordination at the field level in the context of discussions on UN reforms. He also called for promoting entrepreneurship, fair trade and clean technologies to reduce poverty.

David Harcharik, Deputy Director General, FAO, stated that the GEF's twin aims of promoting sustainable development and natural resource protection mirror those of the FAO, and welcomed further collaboration.

Joseph Eichenberger, Vice President, African Development Bank, highlighted energy efficiency and sustainable land management as priority areas for Africa. Noting the unexploited potential for regional cooperation, he called upon the private sector to use this opportunity.

Bini Lohani, Asian Development Bank, commented on environmental challenges facing Asian countries and urged the GEF to collaborate with the Bank to address these issues.

Statements on behalf of Ministers and Constituencies:

Delegates welcomed the GEF's replenishment, congratulated Monique Barbut on her appointment as GEF CEO/Chair, and



Monique Barbut, GEF CEO/Chair, during the Statements on behalf of Ministers and Constituencies

thanked the GEF for its support for national activities. Many African countries lamented the inadequacy of funding for land degradation and expressed hope that it will be adequately resourced. LESOTHO, MALI, NIGERIA and BENIN requested that the Instrument

reflect the decision designating the GEF as the financial mechanism of the CCD.

Many developing countries expressed concern with the RAF, noting, *inter alia*: its limitations with regard to innovation; inequitable distribution of resources across countries and focal areas; and the lack of long-term vision. They also expressed concern that the RAF might lead to a reduction in resources for some countries. NIGERIA, aligning itself with the West African constituency regarding the RAF, noted the need to extend GEF funding to all developing countries. THAILAND, for its constituency, and SOUTH AFRICA stated that resource

allocation should be based on country needs, with the latter also recommending that COPs participate in the RAF review. DJIBOUTI, on behalf of its constituency, and others said the RAF may limit capacity-building opportunities.

BARBADOS and MALDIVES called for the Assembly to pay attention to the needs of small island developing States (SIDS), with BARBADOS proposing a vulnerability index for country rankings under the RAF, while SAMOA noted that the RAF will hinder the environmental agenda of SIDS. GUINEA BISSAU urged greater allocation of resources to LDCs. ZIMBABWE and others said the constituency system does not favor Africa.

SWITZERLAND, on behalf of its constituency, underscored the need to closely monitor the extent to which the RAF responds to regions' needs. ARGENTINA, on behalf of its constituency, acknowledged the need to prioritize the allocation of resources based on countries' capacity, but questioned the RAF formula. LAO PEOPLE'S DEMOCRATIC REPUBLIC called for the RAF to be extended to other GEF focal areas.

The US praised the RAF for allocating resources on a strategic basis, and for increasing transparency of operations and impact, and envisioned its expansion to all focal areas. AUSTRALIA, for its constituency, supported the RAF and prioritized regional approaches to environmental challenges. FRANCE encouraged confidence and trust in the RAF. Germany stated that the RAF could be seen as a dangerous experiment. The most important policy issue under GEF4 would be the independent mid-term review.

CHINA called for increasing the GEF's role in tackling invasive alien species and ensuring the sharing of benefits from genetic resources. FINLAND, speaking for its constituency, called for efforts to enable developing countries to implement climate change adaptation and mitigation strategies. SWITZERLAND, on behalf of its constituency, praised the GEF's role in facilitating cross-boundary cooperation through regional projects, and supported the expansion of the POPs focal area to other chemicals.

JAPAN highlighted the importance of a results-oriented



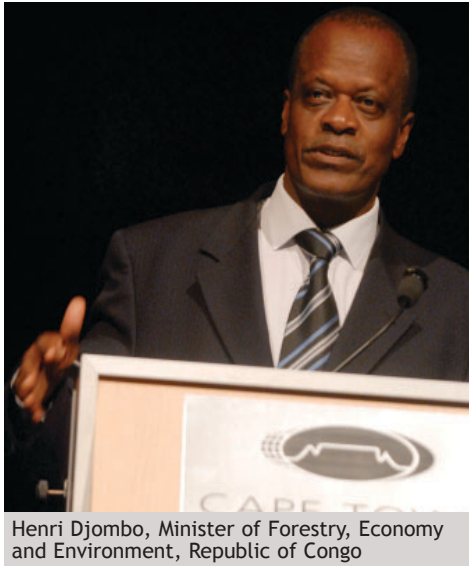
Yong Li, Vice Minister of Finance, China



approach to managing GEF activities. SWITZERLAND, the UK, SPAIN, the NETHERLANDS and their constituencies supported increasing private sector involvement. BULGARIA called for an improvement in information sharing among countries.

The UK underscored the need to: revise the existing focal areas to improve their overall coherence; streamline the project cycle; and increase contributions to the GEF replenishment. SPAIN, for its constituency, called for considering small and vulnerable States, and ensuring that donor country funds be tied to other investment sources.

The CONGO, speaking as the President of the African Ministerial Conference on the Environment, lamented the lack of funding for the New Partnership for Africa's Development (NEPAD) environment action plan and



Henri Djombo, Minister of Forestry, Economy and Environment, Republic of Congo

the complexity of GEF procedures for accessing funding. ARGENTINA called for reducing transaction costs in the project preparation phase. IRAN lamented the lack of capacity in developing countries to design and implement projects. INDIA argued that the reduction in some countries' contributions to the GEF runs contrary to the principle of common but differentiated responsibilities. GUATEMALA, on behalf of Central America, and COTE D'IVOIRE called for the expansion of the SGP, while GUINEA BISSAU favored micro-financing.

ITALY pledged an additional Euro1 million to the Least Developed Countries Fund and Euro10 million to the Special Climate Change Fund, and promised support to GEF and South Africa in the 2010 World Cup sustainable transportation programme. FRANCE pledged a further Euro 10 million for the LDCF.

REPORTS: Report on GEF Membership: Patricia Bliss-Guest, GEF, presented the Report on Membership (GEF/A.3/3), noting that since the completion of the report, the Republic of Montenegro has become the 177th member of the GEF.

Report on the GEF Trust Fund: Pamela Crivelli, the World Bank, presented the Report on the GEF Trust Fund (GEF/A.3/4), noting that it is the largest trust fund managed by the World Bank,

and welcomed South Africa as the GEF's 38th donor. She also advised that the World Bank's Board of Directors will discuss GEF-4 at its meeting on 10 October 2006.

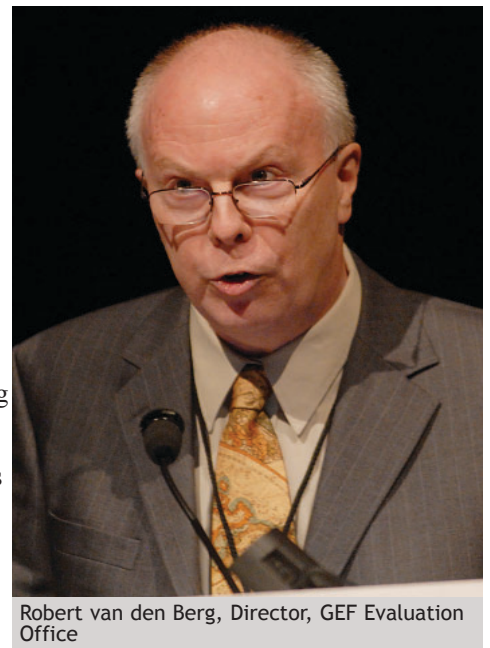
Report on GEF-4: GEF CEO/Chair Barbut commended developing and developed country donors for contributing to the highest replenishment of the GEF Trust Fund in terms of total pledged resources. She stressed that the replenishment package approved by the Council is also a roadmap to guide the GEF's evolution in the next four years in accordance with the annexed policy recommendations and programming document.

Delegates took note of these reports.

EVIDENCE ON ACHIEVEMENTS AND CHALLENGES

OF THE GEF: Robert van den Berg, GEF, reported on the Third Overall Performance Study (OPS3) of the GEF (GEF/A.3/7), highlighting positive results in the areas of biodiversity and climate change and optimistic projected contributions. He cautioned against placing unrealistic expectations on the GEF as the fourth replenishment is lower in real terms than previous ones, and its tasks have increased. Yolanda Kakabadse, GEF Scientific and Technical Advisory Panel (STAP) Chair, underscored:

the need for the GEF to assist in translating scientific knowledge into tools and indicators for practitioners; the challenges of climate change and invasive alien species; and the importance of creating market conditions for to provides incentives for technologies that promote global environmental benefits.



Robert van den Berg, Director, GEF Evaluation Office

AMENDMENT OF THE INSTRUMENT: Participants considered proposed amendments to the Instrument (GEF/A.3/5). Delegates rejected a proposed amendment on the scheduling of the GEF Assembly, following interventions by SOUTH AFRICA and NIGERIA cautioning that it could compromise the holding of future Assemblies in the absence of consensus on the GEF replenishment. Delegates agreed to the proposed amendment allowing the GEF Council to select the location for its future meetings.



The CONGO proposed an amendment to recognize the GEF as the financial mechanism for the CCD in the Instrument, but following GEF CEO/Chair Barbut's explanation that the GEF Council has agreed to consider this issue at its next meeting, the CONGO withdrew the proposal.

SIDE EVENTS

PANEL DISCUSSION: THE OVERALL PERFORMANCE STUDY OF THE GEF: Yolanda Kakabadse, STAP Chair, chaired the side event.

Mark Wagner, OPS3 Team Leader, summarized the findings of the Study and reported on activities carried out since its completion. He outlined OPS3 recommendations that have been addressed in programming for GEF-4, including: improving the strategic direction of focal area programmes; developing focal area indicators; moving toward a country portfolio focus with multi-stakeholder input; strengthening information management; and clarifying the roles of GEF partners. He also discussed OPS3 recommendations that have not yet been sufficiently addressed, including: ensuring the GEF Secretariat has the capacity to function as a network administrator; developing indicators for sustainability and catalytic effects; and establishing a private sector special initiative.

Robert van den Berg, Director, GEF Evaluation Office, reported on new evaluations presented to the GEF Council. Regarding a study on local benefits, van den Berg reported that linkages between local and global benefits must be addressed and that this may require reconsideration of the practice of calculating incremental costs based exclusively on global benefits. He also reported that the GEF's support of the Cartagena Protocol on Biosafety was objective and professional, but that this support should be tied more closely to specific country needs.

Roberto Dobles Mora, Minister of Environment and Energy, Costa Rica, commented on the GEF country portfolio evaluation of his country, which indicated that: GEF support to Costa Rica has been relevant to domestic environmental progress but it



Roberto Dobles Mora, Minister of Environment and Energy, Costa Rica



Participants during the Panel Discussion: OPS3 of the GEF

could increase its contribution to global environmental benefits; and that more projects are needed in the areas of land degradation, climate change, clean transportation and mangrove swamps.

In ensuing discussions, participants focused on: the need to prioritize guidance to the GEF by the COPs; the difficulty of aggregating the results of the GEF SGP; and the complexity of the GEF network. One participant suggested the GEF define common operational standards for all implementing and executing agencies. Another attendee expressed concern about the limited attention devoted to indigenous and local communities' concerns.

PANEL DISCUSSION: ENHANCING PARTNERSHIPS THROUGH NGO ENGAGEMENT: The side event was moderated by András Krolopp, Central East European Working Group for the Enhancement of Biodiversity, and showcased successful work undertaken by NGOs.

Fiu Mata'ese Elisara-Laulu, Executive Director, Siosiomanga Society, outlined a project funded by the GEF SGP in the Matafa'a village, Samoa, which seeks to generate sustainable livelihoods through the establishment of a conservation area. He highlighted partnerships with UNDP, the University of the South Pacific and tourism operators, while noting the increasing competition between the government and NGOs over GEF resources.

Craig Beech, Peace Parks Foundation, presented spatial information tools to map and monitor the ecological footprint in transfrontier conservation areas in Southern Africa, noting efforts to train local people to manage these areas.

Mathambo Ngakaeaja, Working Group of Indigenous Minorities in Southern Africa, provided a brief history of negotiations undertaken by the San Bushmen to protect their



Participants during the Side Event: Enhancing Partnerships Through NGO Engagement. L-R: Mathambo Ngakaeaja, Working Group of Indigenous Minorities in Southern Africa, Libasse Ba, Environment Development Action in the Third World, and Fiu Mata'ese Elisara-Laulu, Executive Director, Siosiomanga Society

traditional knowledge via the establishment of access and benefit-sharing agreements. He explained that successful access and benefit-sharing negotiations require: involving all stakeholders; establishing equal relationships between parties; capacity building; and the spirit of compromise.

Raúl Murguía, UNDP, explained that the SGP is intended to conserve natural resources and increase the quality of life in communities, and that Mexico is using the programme to develop a Mesoamerican organic honey certification scheme.

Gustavo Alanis Ortega, Mexican Centre of Environmental Law, detailed legal instruments available to Mexicans for challenging the government or private entities that harm the environment. To ensure a healthy environment, he advocated: strong laws; effective institutions; an informed citizenry; and organizations with the courage to use the law.

Libasse Ba, Environment Development Action in the Third World, described a programme, being undertaken in Senegal, Mali, Guinea Bissau Tanzania, India and Nepal, which: aims to reduce carbon emissions from deforestation; takes a participatory approach; raises awareness; and builds capacity in communities.

DELIVERING GLOBAL ENVIRONMENTAL BENEFITS IN SUB-SAHARAN AFRICA THROUGH COMMUNITY-BASED INVESTMENTS, PARTNERSHIPS AND REGIONAL INTEGRATION: Chaired by John McIntire, the World Bank, this side event addressed how and why investments in community-based activities, enhanced partnerships, and regional integration are instrumental in addressing global environment priorities across Sub-Saharan Africa.

On generating benefits through community-based activities, Ruzika Muheto, Director, Tanzania Marine and Coastal Environmental Management Project, presented on sustainable management and use of marine and coastal resources. Explaining ways in which the project worked with communities, he noted that conditions for small-scale fisheries have improved and that

global benefits include the management of transboundary fish stocks.

Yassou Lo, Senegal Energy, presented on community-based investments within the Senegal Sustainable Participatory Energy Management Project. He outlined how the project implemented a community-based sustainable forest management system from which wood fuel will be produced to meet an important part of national demand without further loss of forest cover.

Salvator Nimbona, Burundi's Agricultural Rehabilitation and Land Management Project, introduced the project, which aims to reduce poverty by restoring and protecting the environment through sustainable land management practices. He outlined ongoing activities to reduce deforestation and erosion in addition to preserving carbon sinks.

On regional cooperation Amir Baker, Nile Transboundary Environment Action Project, discussed how the project intends to provide a strategic environmental framework for the management of transboundary waters and environmental challenges in the Nile River Basin. He noted how the project creates global benefits, highlighting confidence building between stakeholders in the nine Nile Basin countries.

Moshe Tsehlo, TerrAfrica, presented the work of TerrAfrica, a regional initiative that uses a partnership approach to address unsustainable land management in Sub-Saharan Africa. He stressed that a partnership approach is critical given the multi-dimensional causes of land degradation, and explained how TerrAfrica can help connect civil society organizations at local, regional and country levels. In the ensuing discussion, participants focused on: transferring indigenous knowledge into policy-making; introducing transboundary concerns into local communities; and translating global investment into local outcomes.



Participants during the Side Event: Delivering Global Environmental Benefits in Sub-Saharan Africa Through Community-Based Investments, Partnerships and Regional Integration-How the GEF is Working with Africa