



**SUMMARY REPORT OF
THE FIRST ASSEMBLY OF THE
GLOBAL ENVIRONMENT FACILITY
1-3 APRIL 1998**

The first Assembly of the Global Environment Facility (GEF) met from 1-3 April 1998 in New Delhi, India. The Assembly gathered Ministers and high-level officials from GEF Member governments to exchange views on the policies and operations of the GEF. Over the course of the three-day Assembly, statements were delivered by the Prime Minister and Finance Minister of India, the CEO/Chairman of the GEF, the heads of the GEF's implementing agencies, representatives of the global environmental conventions, the Scientific and Technical Advisory Panel, and an NGO representative. The Assembly was also addressed by approximately 80 Representatives of GEF Member governments, including 30 Ministers and one President. More than 900 participants attended the Assembly, representing 119 GEF Member governments, 16 international organizations and 185 non-governmental organizations (NGOs).

Participants considered: 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. Several parallel panels and workshops were also convened. The Assembly formulated and endorsed the New Delhi Statement of the First GEF Assembly, which the GEF's CEO/Chairman said would be taken to heart by the GEF Secretariat and Implementing Agencies as they double their efforts for the global environment and sustainable development.

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 funding 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 US\$1.9 billion in grant funding to more than 500 projects in 119 countries, while leveraging another US\$5 billion in co-financing.

The GEF's main decision-making body is the GEF Council, which is responsible for developing, adopting and evaluating its operational policies and programs. It is comprised of 32 appointed Members representing constituency groupings of the GEF Participants, sixteen from developing countries, fourteen from developed countries and two 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 will meet once every three years. The primary purpose of the Assembly is to review the policies and operations of the GEF.

REPORT OF THE ASSEMBLY

The three-day Assembly, which was immediately preceded by a GEF Council meeting, considered and exchanged views on the GEF's performance, policies and operations in Plenary sessions. A number of panels and workshops on the GEF, its stakeholders and the global environment were also held. This report provides a summary of the statements in Plenary, the panel discussions and the New Delhi Statement of the First GEF Assembly.

OPENING PLENARY

At the opening Plenary, delegates elected Yashwant Sinha, Finance Minister of India as Chair of the Assembly and Soumaila Cisse (Mali) and Poul Nielson (Denmark) as Vice-Chairs, and adopted the rules of procedure (GEF/A.1/3) and the provisional agenda (GEF/A.1/1). Delegates also heard a number of opening statements.

Yashwant Sinha, Finance Minister of India, welcomed dignitaries and delegates to the Assembly. He said the next three days will set the road map for the GEF's future and stressed the importance of making the GEF responsive, flexible and efficient. He noted the Indian Government's strong commitment to mutually reinforcing economic development and environmental improvement.

In his inaugural address, Atal Behari Vajpayee, Prime Minister of India, said the 20th century has witnessed a rapid globalization of environmental destruction, which requires the re-establishment of environmental ethics from traditional societies, such as those observed in India for centuries. He stressed the need for new partnerships to ensure conservation and sustainable development while ensuring equitable distribution of technology and social advancement. He noted that both affluence and poverty contribute to high levels of pollution, and thus strategies must differ in developed and developing countries. He said developed countries should set stringent emission norms and pollution limitations, while developing countries should implement incentive structures to encourage conservation and discourage the scavenging of nature without compromising economic development and poverty alleviation, as well as promote adoption of environmentally friendly production techniques. He emphasized that environmental protection must be made into a peoples' movement.

Vajpayee commended the adoption of many international environmental treaties but deplored the dearth of initiatives to address developing country problems. He called on developed and developing countries to concentrate research and development efforts on: harnessing renewable energy sources on a large scale; developing and commercializing new materials; and introducing energy-saving techniques and management practices across the board. He highlighted education as a prerequisite for economic development and social and legal frameworks for environmental improvement. He said governments must combine social expenditures, appropriate incentives and realistic regulatory systems to jointly serve the goals of rapid broad-based development and environmental improvement. He emphasized that developing countries' priorities of poverty alleviation and economic development must continue to be the guiding factors for international cooperation and said the GEF, which has built on this principle, deserves support through adequate and timely financial contributions and efficient and meaningful use of its resources.

Mohamed El-Ashry, CEO/Chairman of the GEF, remarked that the Assembly is a milestone for the GEF. He highlighted progress but said much remains to be done to educate, enable and engage people to protect the environment and promote sustainable development. He said the GEF must evolve into a more representative, participatory, transparent, effective and strategic organization, and underlined the importance of GEF partnerships with governments, NGOs and the private sector for financial and non-financial contributions.

On behalf of UN Secretary-General Kofi Annan, UNEP Executive Director Klaus Töpfer welcomed the participation of NGOs, the private sector and the scientific community in the UN's work. He said the GEF has proven to be an innovative financial mechanism, and the IAs have demonstrated that collaboration within the UN system can be effective.

James Gustave Speth, UNDP Administrator, underscored that global environmental protection must be integral to the development of healthy local economies. UNDP is taking steps to incorporate global environmental concerns into its operations by: assessing Country Cooperation Frameworks to identify global environmental impacts and opportunities; instituting a system to track biodiversity, climate change and international waters components of UNDP projects to ensure better coordination, facilitate information sharing and mobilize co-financing; and providing GEF training to operational staff in 100 Country Offices. He highlighted examples of the 250 GEF Council-approved projects in UNDP's portfolio.

Caio Koch-Weser, World Bank Managing Director, on behalf of James Wolfensohn, World Bank President, noted accomplishments of the partnership between the GEF and the World Bank, including an increase in technology transfer and generation of public and private co-funding for projects. He said the most important lesson learned is that actions to help the environment often enhance national sustainable development and reduce poverty. He stressed the importance of cooperation among the GEF's IAs and the strategic importance of partnerships.

UNEP Executive Director Klaus Töpfer said UNEP's medium- and short-term projects include the proposed creation of a joint UNEP-UNCTAD Intergovernmental Panel on Economic Instruments for Environmental Policy and the development of a coordinated international response to forest fires in Southeast Asia. He highlighted the GEF's flexibility in providing funds for the latter. UNEP's long-term agenda will focus on issues related to urban settlements, water, chemicals and the development of economic instruments. He quoted Mahatma Gandhi: "The earth provides enough to satisfy every man's need, but not every man's greed," and expressed hope that this wisdom would guide Assembly participants.

Nitin Desai, UN Under-Secretary-General for Economic and Social Affairs, said it is appropriate that India host the Assembly, given its long-standing tradition of philosophical belief and social activism in environmental issues. He highlighted strengths of the GEF that make it an exemplary model for future development cooperation: the Council structure's balance between developing and developed countries; its benefit from guidance by the Conferences of the Parties (COPs) of the Conventions and other UN bodies, which provide democratic input and relevant expertise; and its representation of a new alliance between the Bretton Woods organizations and the UN.

Michael Zammit-Cutajar, UNFCCC Executive Secretary, outlined recent developments in the UNFCCC relationship with the GEF, including the adoption, in December 1997, of the Kyoto Protocol and the Annex to the Memorandum of Understanding on the determination of funding necessary and available for Convention implementation. He stressed that the Kyoto Protocol will have substantial environmental and economic impacts and should generate substantial new flows of private capital through its economic instruments. He emphasized the UNFCCC Secretariat's commitment to nurturing the "climate change partnership" with the GEF and other institutions.

Desmond Mahon, on behalf of Calestous Juma, Executive Secretary of the CBD, stressed the GEF's central role in the CBD's rapid transition from agenda-setting to national implementation. He noted the important contribution of the GEF and its IAs to enabling activities under the CBD, including funding for Parties' national reports. He highlighted the GEF's allocation of US\$418 million to biodiversity activities over the last three years and funding to over 100 Parties for national biodiversity strategies and action plans.

K. Madhava Sarma, Executive Secretary of the Secretariat for the Vienna Convention and the Montreal Protocol, noted GEF assistance for projects and activities for phasing out ozone-depleting substances in East European countries not eligible for assistance from the Multilateral Fund. He noted that full recovery of the ozone layer is possible by 2050 if the Protocol is fully implemented. He highlighted remaining challenges, including non-Parties, illegal trade of ozone-depleting substances and the phase-out of ozone-depleting chemicals in developing countries.

Hama Arba Diallo, Executive Secretary of the Convention to Combat Desertification (CCD), noted that the GEF can only finance projects related to desertification and land degradation as they relate to the GEF's four focal areas, and this requirement has constrained the mobilization of resources to combat land degradation. He called for cooperation between the CCD, CBD and UNFCCC Secretariats in identifying criteria that would meet the

needs of the three conventions and could be supported by the GEF mandate. He noted that drylands are vast carbon reserves and have the potential to be carbon sinks.

Pier Vellinga, Chair of the GEF's Scientific and Technical Advisory Panel (STAP), stated that STAP's mission is to ensure that the GEF and Member countries have the best scientific and technical information available. He stressed the importance of the interface between the international scientific community, scientific bodies of conventions, the GEF and its Member countries. He noted that many conventions are based on partial scientific understanding and emphasized the importance of mobilizing the international scientific community in this regard.

On behalf of NGOs, Anil Agarwal, Centre for Science and Environment (India), stressed three principles in moving the GEF's global environmental agenda forward: sharing the benefits of global environmental resources; internalizing environmental costs in market pricing; and establishing liability for environmental damage through the use of the polluter pays principle. He recommended, *inter alia*: strengthening the GEF's learning culture; mainstreaming the global environment in the IAs' regular portfolios; increasing the number of IAs to foster a more competitive atmosphere for project selection; coordinating environmental funding among multilateral and bilateral institutions; merging action on the Rio and Copenhagen agendas; and recognizing the role of NGOs and local communities as project implementers and external watchdogs. He noted difficulties in the concept of incremental costs and in differentiating between benefits from the local and global environment.

CONSIDERATION OF ASSEMBLY DOCUMENTS

Following the opening statements, delegates considered the following agenda items: the Overall Performance of the GEF; Policies, Operations and Future Development of the GEF; the GEF Trust Fund; and GEF Membership. Documents on each of these items, which had been prepared for the Assembly's consideration, were presented to participants during Plenary.

OVERALL PERFORMANCE OF THE GEF: Jarle Harstad, GEF Senior Monitoring and Evaluation Coordinator, outlined the procedure by which the Study of Overall GEF Performance (GEF/A.1/5) was conducted. A core team, recruited by the Coordinator, collected data 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.

Gareth Porter, team leader for the Study, presented its findings to the Assembly, highlighting successes in developing new institutional arrangements and an operational strategy and advancing stakeholder participation in GEF projects. He said the GEF had not been as successful in mainstreaming global environmental issues in the IAs' regular operations and suggested ways to strengthen the focal point system, improve incremental cost calculation and shorten the project cycle. The Study suggests that the Council define "new and additional resources" and develop indicators to use in calculating their level.

The Study addresses issues related to the GEF's performance in terms of institutions, procedures and policies. 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; the 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 the IAs; cooperation between the GEF and the Conventions; and roles, responsibilities and relations of the IAs and various GEF bodies. On GEF project cycle procedures, the Study makes recommendations on the IAs' project cycles, 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.

M.S. Swaminathan, Chair of the Study's Senior Advisory Panel, expressed concern regarding the long-term sustainability of GEF-supported projects and endorsed the Study's call for countries to form broad-based environmental consultative groups to facilitate coordinated strategies and define national priorities. He supported the proposal to develop a GEF working group to make the concept of incremental costs transparent and understandable. He stressed the need to strengthen partnerships and enhance participation and advocated establishing media resource centers to share information and lessons learned.

POLICIES, OPERATIONS AND FUTURE DEVELOPMENT OF THE GEF: Mohamed El-Ashry, CEO/Chairman of the GEF, presented the CEO Report on the Policies, Operations and Future Development of the GEF (GEF/A.1/8). He emphasized that as the 21st century approaches, the GEF is both identifying new opportunities to add value to 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, while striving to break the negative bonds between economic growth and environmental degradation. The GEF has had to evolve and mature into a more broadly representative, participatory, transparent, effective and strategic organization.

The CEO 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 US\$1.2 billion in GEF resources for project activities and the increase in the number of participating countries to 164, 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.

The Report also 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.

The Report 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 mainstream 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.

REPORT ON THE GEF TRUST FUND: El-Ashry presented the Report on the GEF Trust Fund (GEF/A.1/9), which details GEF allocations over the period July 1994-March 1998. On 24 March 1998, Member governments reached agreement to replenish the GEF at US\$2.75 billion. Of that amount, 2.67% or US\$73.46 million, remains unallocated. He expressed his confidence that such funds would be mobilized.

REPORT ON MEMBERSHIP: El-Ashry also presented the Report on Membership (GEF/A.1/10), which lists those governments participating in the restructured GEF and the dates of deposition of their Notifications of Participation. In addition to the 161 countries listed, he welcomed the addition of Burundi, Gabon and Kazakstan, bringing the current total to 164.

STATEMENTS BY REPRESENTATIVES

Approximately 80 Representatives of GEF Participant governments delivered statements over the course of the Assembly, including 30 Ministers and one President.

Many speakers emphasized the need to ensure that GEF projects are country-driven and reflect national priorities. JAPAN said each developing country should develop projects according to national policy priorities. UGANDA, EGYPT and BANGLADESH stressed the importance of capacity building. EGYPT advocated using available local and regional expertise in GEF projects. CAMEROON stated that training of national experts and their direct involvement in projects should be mandatory. ZIMBABWE said stakeholder involvement throughout the entire project cycle ensures greater project ownership and sustainability. MADAGASCAR stressed the importance of involving local decision-makers and suggested creating local chapters closer to the recipient population. NIGERIA, ZIMBABWE, PORTUGAL and others supported the development of a viable GEF outreach and communication strategy. THAILAND stressed the need to develop an effective outreach program to familiarize government officials and stakeholders with the GEF's objectives and procedures. ALBANIA supported a GEF communication strategy to improve understanding of its mission and access to its resources, with attention to strengthening the national focal point system. JAPAN recommended that the GEF promote greater awareness of itself to further strengthen project development coordination and capacity building.

Several Representatives underscored the need to shorten and streamline the GEF project cycle. UGANDA called for an acceleration of the process and streamlining IAs' methods of appraising and approving projects. EGYPT emphasized the need for wider dissemination of GEF project procedures and operational guidelines. BANGLADESH said the allocation of funds should be based on issue priority rather than country size and, with INDIA, COLOMBIA and others, called for simplification of the project approval procedure. BOTSWANA noted the need for continued improvement in GEF operational procedures, specifically the project cycle, which could be shortened to reduce costs and accelerate implementation. LESOTHO endorsed a proposal that IAs include a range of incremental cost estimates with the first project submission, which could shorten the length of the project cycle, and supported elimination of the second review of project proposals by the Council.

BRAZIL highlighted the need for greater transparency in the project cycle. The PHILIPPINES called on the GEF to be more proactive in project development, particularly on transboundary issues, provided there is full agreement among all country participants. RUSSIA said distribution of funds should be more pragmatic and based on sharing of responsibility. BELGIUM said the challenges to the GEF include long-term viability of projects and maintenance of flexibility. IRAN said post-project sustainability could be improved by harmonizing GEF objectives with national priorities.

PAKISTAN highlighted the inadequate capacity of national focal points to fulfill their responsibilities. ARGENTINA, UZBEKISTAN, COLOMBIA and others supported strengthening the system of national focal points to disseminate appropriate methodologies and to help coordinate national activities. BELIZE underscored the importance of coordination between political and operational focal points at the national level. LAOS proposed that national focal points for the GEF, World Bank and UNDP improve their coordination to assist in overall project planning and suggested convening regular regional workshops for GEF national focal points to share information on GEF policies and exchange experiences on lessons learned.

Many speakers stressed the need to further clarify the concept of incremental costs. BRAZIL and THAILAND recommended that the concept of incremental costs be more flexible and easier for recipient countries and IAs to determine. INDIA and COLOMBIA called for flexibility and pragmatism. SWITZERLAND said application of the principle should reflect simplicity and pragmatism. CHINA and MALAYSIA said recipient countries should play a larger role in determining incremental costs. UGANDA called for guidelines to determine the global significance of projects.

Several Representatives supported the recommendation for a strong monitoring and evaluation system, including SWEDEN, the REPUBLIC OF KOREA, AUSTRALIA and NORWAY, among others. NEW ZEALAND said an assessment of GEF's impacts should be completed by the third replenishment. SWEDEN recommended assigning high priority to the development of performance indicators. IRAN said closer examination of project cost-effectiveness could increase the effectiveness of GEF programs. SPAIN called for greater attention to the project analysis phase. MEXICO said monitoring and evaluation and follow-up mechanisms must be strengthened and allow for analysis of incremental costs. IRELAND called for improved efforts to draw on lessons learned from project implementation and to consider long-term project sustainability. CÔTE D'IVOIRE stressed the importance of transparency, stringent management of GEF resources and adaptation of GEF structures to conform with the changing demands of international cooperation and globalization. The REPUBLIC OF KOREA highlighted the need for continued evolution and restructuring of the GEF to promote transparency, participation and flexibility. GUATEMALA concurred, adding the importance of communication between representatives.

SOUTH AFRICA recommended inter-constituency meetings between GEF Council sessions to provide additional input and share information. KENYA called for funding for such meetings. EL SALVADOR suggested rotating representation of GEF Members for its constituency.

Some speakers addressed the need for the GEF to diversify its project portfolio and proposed additional areas on which the GEF might focus its efforts, such as: freshwater (FRANCE, FINLAND and PAKISTAN); agro-biodiversity (UGANDA); new and emerging technologies (INDIA); land use practices (FINLAND); health and education (PAKISTAN); and urban management and coastal and marine management (COSTA RICA). Several Representatives highlighted the particular importance of GEF efforts in the areas of land degradation and desertification, including MALAWI, UZBEKISTAN, ZIMBABWE, EGYPT, BOTSWANA, KENYA, ALGERIA, IRAN, CAMEROON, CHAD and FRANCE. GHANA emphasized the need to assist countries in the development of river management plans and clarify the linkages

between land degradation and the other focal areas. ARGENTINA proposed that the GEF finance activities in the field of scientific research and underscored the need for STAP to cooperate closely with the scientific bodies of the Conventions. THAILAND recommended that STAP be used to develop linkages with the global scientific community.

Numerous Representatives emphasized the importance of mainstreaming the global environment into the IAs' regular operations. JAPAN suggested that each IA formulate its own mainstreaming strategy. Several delegates, including SWEDEN, NEW ZEALAND and the NETHERLANDS, noted the need to mainstream GEF objectives in the operations of the IAs as well as multilateral and bilateral institutions and national governments. The US said environmental protection must be mainstreamed into international institutions as well as countries' economies and development plans. DENMARK emphasized that governments must mainstream environmental concerns into all policies. GERMANY said the GEF's success hinges on political support for mainstreaming environmental concerns in both recipient and donor countries. CHINA cautioned against imposing conditions on funds under the guise of mainstreaming. CHILE and URUGUAY called for mainstreaming in the private sector. CHILE also recommended periodic assessment of the results of such mainstreaming. SWITZERLAND suggested that the Council develop a definition regarding mainstreaming in the IAs.

Several countries, including the US, CANADA, SWITZERLAND, ITALY, FINLAND and VIETNAM, stressed the importance of confirming the GEF as the permanent financial mechanism of the UNFCCC and CBD. MALAYSIA called on the GEF to seek greater guidance from the Conventions' COPs as to the allocation and disbursement of funds. NAURU, on behalf of Pacific Island Country Participants, stressed the need to define the relationship between the GEF and the Kyoto Protocol's Clean Development Mechanism.

LESOTHO supported a study on increasing the number of IAs, which could benefit recipient countries in capacity building. KENYA suggested incorporating multilateral and regional development banks as implementing rather than executing agencies. BRAZIL said it is unnecessary to add new IAs to the existing three. CUBA called for closer links between the GEF and other UN organizations such as the World Health Organization (WHO) and the UN Industrial Development Organization (UNIDO). JAPAN recommended better use of co-financing to enhance the GEF's catalytic function. MEXICO said new agencies might need to be called upon to administer small- and medium-sized grants. COSTA RICA noted the positive role of small national projects by NGOs and, with KENYA, recommended strengthening the small grants program. KENYA also called for outreach to local NGOs. POLAND said GEF funding for projects implemented by NGOs deserves further attention.

NAURU, on behalf of Pacific Island Country Participants, advocated a regional approach to the small grants program. SLOVENIA noted that sub-regional projects benefit the environment and encourage cooperation between neighboring states. CUBA supported regional and sub-regional programs. TUNISIA appealed to the GEF to support projects in the Mediterranean region. Several speakers, including AUSTRALIA, NEW ZEALAND and NAURU, said the GEF must continue to find cost effective ways to help small island states. UKRAINE and LATVIA underscored the funding needs of countries with economies in transition and highlighted their ability to demonstrate cost-effective use of GEF funding.

AUSTRALIA stressed the need to explore innovative market mechanisms, such as the Clean Development Mechanism under the Kyoto Protocol, and to focus attention on other sources of GEF co-financing at the national level. NORWAY said the task of financing project implementation should eventually be assumed by other agents, including the market. CHILE supported the use of economic incentives and market mechanisms to involve the private

sector to mobilize increased co-financing and called for exploration of modalities for its participation. The PHILIPPINES stressed the need to ensure that the private sector brings in new and additional resources and that joint projects with the private sector do not decrease the importance of meeting local needs. ITALY urged the GEF to catalyze demonstration projects for possible replication, especially through private sector involvement and the use of energy efficient technologies. The US said the GEF should play an increasing role in generating public and private funds for economic and environmental "win-win" situations and should cooperate with the private sector not only to leverage funds but also to increase effectiveness.

Numerous Representatives welcomed the second replenishment of the GEF Trust Fund. CANADA and the UK noted the importance of its recent endorsement by the GEF Council and supported the accompanying policy recommendations, which call for: GEF activities to be more country-driven and based on national priorities; greater mainstreaming of GEF objectives in the IAs; new modalities for cooperation with the private sector; a strong monitoring and evaluation function and clear performance indicators; participation of a wider range of executing agencies; and reaffirmation and clarification of the principle of incremental costs.

PERU commended the second replenishment as a clear signal of resolve to strengthen the GEF's important funding of global environmental benefits and of hope for greater assistance in the future. TRINIDAD AND TOBAGO stressed the need for regular and predictable replenishment. GERMANY said the replenishment is impressive given the difficult budgetary situation in many countries. Many developing countries emphasized that GEF funds are inadequate compared to demand and requested further support. MYANMAR, CHAD and BURUNDI, among others, expressed hope for increased GEF funding in the future. CHINA regretted that the amount pledged to the replenishment was not larger and requested donors to meet their obligations without delay. TUNISIA expressed concern that financial flows to the GEF did not measure up to commitments. URUGUAY said financial commitments must be met and expanded to keep pace with the demands of environmental problems. PANAMA remarked that GEF resources are to be considered additional and should not supplant other assistance. INDIA expressed concern that official development assistance (ODA) is being diverted to the GEF. LESOTHO supported the recommendation for a GEF Council review of the need for a clear definition of "new and additional resources."

Several developing country Representatives expressed appreciation for GEF support for projects in their countries. Many shared experiences and highlighted projects from their countries, including: development of national action plans on rivers and biodiversity conservation (INDIA); a regional environmental information project (CENTRAL AFRICAN REPUBLIC); an emergency safeguarding programme for the Niger River (MALI and BURKINA FASO); a national environmental program that takes into account stakeholders' needs (TOGO); a biodiversity project for Lake Tanganyika (BURUNDI); pollution control for inland waters and a climate change program to determine national emissions (MALAWI); photovoltaic projects for household use (ZIMBABWE and INDONESIA); a regional inventory of land- and marine-based pollution sources (GUINEA); extension programs for ranching and biodiversity conservation (CÔTE D'IVOIRE); efforts to address oil pollution in the Southwest Mediterranean (ALGERIA); conversion of aerosol manufacturers to ozone-friendly production (RUSSIA); the need for programs to protect watersheds (NIGER); a regional water management project for the Caspian Sea (KAZAKHSTAN); a project to combat desertification and conserve biodiversity in the Chari region (CHAD); and establishment of an environmental trust fund at the national level (BHUTAN). Many speakers also mentioned GEF support for enabling activities and requirements to meet their commitments under the Conventions, such as national biodiversity strategies and action plans, national reports and communications.

PANELS

A series of panels were convened during the Assembly in parallel to Plenary.

PANEL OF EMINENT PERSONS ON THE GLOBAL ENVIRONMENT AND SUSTAINABLE DEVELOPMENT:

Chaired by Birgitta Dahl (Sweden), the Panel of Eminent Persons was comprised of M.S. Swaminathan (India), Crispin Tickell (UK) and Mostafa Tolba (Egypt) and discussed measures for sustainable development in the context of global environmental problems. Swaminathan focused on biodiversity, stressing the linkages between food security, population pressures and biodiversity resources. He noted that those local communities sustainably using the largest variety of crops receive minimal support compared to publicly funded *in situ* and *ex situ* conservation efforts, such as parks, nature reserves, zoos and aquaria. He also emphasized the need to incorporate dimensions of ethics and equity in the 1999 review of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and its impact on local communities. Reviewing the situation in Egypt, Tolba stated that demands for freshwater would be a central element in future transboundary conflicts, and also proposed that developed countries match environmental improvements funded by the GEF in the developing world (e.g., levels of CO₂ emissions reduced). Noting growing international scientific consensus on the human impacts on climate change, Tickell highlighted the need to further examine the impacts of population pressures, increased energy demands and the responsibilities of industrialized countries. Participants from the floor discussed equitable shares of "atmosphere" for each country, means to address underlying causes of global environmental problems, and how developing countries most affected by environmental change can act effectively in intergovernmental processes.

EFFORTS TOWARDS SUSTAINABLE DEVELOPMENT: Chaired by Vishwanath Anand, Secretary of the Indian Ministry of Forests and Environment, this panel consisted of R.K. Pachauri (India), S.S. Shri Boparai (India), T.N. Koshoo (India), K. Aggarwal (India), C.P. Oberoi (India), K. King (GEF) and Nay Htun (UNDP). The panel opened with a multi-media presentation detailing the development pressures and environmental challenges facing India, including poverty alleviation, water scarcity, air pollution, waste management and land degradation, and reviewed the country's legislative framework and project-oriented initiatives. Panelists raised a number of concerns regarding GEF policies, including the inadequacy of current incremental cost calculations, the length of the project cycle and the inseparability of global environmental benefits from the local context. Recommendations for the GEF included forming regional and national rosters of experts for GEF-related activities (e.g., calculation of incremental costs) and devoting increased attention to transportation, construction and water issues. Also highlighted were India's promotion of alternative energies such as biogas, micro-dams, wind power and photovoltaics, and the challenges to reducing the environmental impacts of coal-based power production. Comments from the floor included the need to replicate small locally-based power generation projects and the inadequacy of focusing on demonstration projects, which detracts from replication of known means to combat environmental degradation (e.g., retrofitting older coal-based power plants).

SCIENCE AND THE GLOBAL ENVIRONMENT: Scientific and Technical Advisory Panel (STAP) members Pier Vellinga (Netherlands), Jorge Soberon (Mexico), Robert Williams (US), John Woods (UK) and Istvan Lang (Hungary) comprised this panel, which was chaired by Jyoti Parikh (India). Vellinga discussed linkages between economic development, environmental degradation and resource use and the importance of integrating global environmental issues. He advocated international cooperation to facilitate further analysis by political, social and natural scientists on how human needs can be met in a sustainable manner. Soberon detailed a new paradigm for sustainable use of biodiversity based on an ecosystem approach that integrates community empowerment, market tools and an understanding of underlying

ecological processes. Williams examined two trends -- the restructuring of the energy industry and the rapid rate of progress for environmental energy technologies -- and their potential to make clean and safe energy sources widely available in ten to fifteen years. Woods discussed global and transboundary environmental problems in both freshwater and marine ecosystems, STAP's work towards a Global International Water Assessment, and new information technology to improve performance of GEF projects in international waters. Lang announced the World Science Conference to be held in Hungary in June 1999.

GEF IN THE 21ST CENTURY: This panel was organized by NGOs and chaired by Liliانا Hisas (Argentina). Panelists included Ashok Khosla (India), Juanita Castano (Ecuador), Thomas Odihi-ambo (Kenya), Simone Lovera (Netherlands) and Tahi Farvar (Iran). The panel addressed issues raised by the NGO Vision Statement for the Global Environment, including: mainstreaming sustainable development into the IAs and other institutions and NGOs' critical role in applying pressure in this regard; involvement of local communities in decision making, policy formulation and project design; the relevance of local knowledge for sustainable development efforts and for its integration into decision making at the global level; inconsistency and conflicting aims of projects and within environmental ministries at the national level; and the need for the GEF to foster political support for environmental issues and participation in project planning. One panelist noted that the GEF is not addressing sustainable development problems holistically but is focusing too exclusively on environment, and highlighted an asymmetry in the GEF by addressing only efforts toward sustainable development in the South and not unsustainable production and consumption in the North. It was emphasized that NGOs must continue to remind the international community of the need for action to systematically address problems impeding sustainable development in both the North and the South. The lack of "additionality" of funding to promote sustainable development was also highlighted. In the ensuing discussion, the importance of improving cooperation and coordination among NGOs and the need for quality, not quantity, involvement of NGOs in the GEF were highlighted. One participant stressed the need to focus NGO efforts, call on governments to specify how they will involve NGOs in the planning and implementation process, and improve the GEF-NGO Network to enable NGOs to become real members of the GEF family.

PARLIAMENTARIANS AND THE GLOBAL ENVIRONMENT: The Global Legislators Organization for a Balanced Environment (GLOBE) organized a panel of five current or former national representatives who presented a variety of issues and concerns that parliamentarians face. Barber Conable (US) said the US congressional system can lead to impasses if the majority party's policies are not supported, potentially resulting in increased attention to domestic issues at the expense of international issues. Akika Yamanaka (Japan) discussed responses to the changing nature of security and, regarding the environment, suggested that: the GEF support environmental education; Japan expand its technological assistance; and GLOBE establish information centers regarding national experiences and policies. Najma Heptulla (India) highlighted dialogue between countries through their parliaments, such as the Interparliamentary Union, and within countries, such as an Indian parliamentarians' forum for sustainable development. Mathias Keah (Kenya) noted that laws are often scattered in various pieces of legislation and related budgets are appropriated to different government agencies. He noted difficulties for national parliaments in legislating transboundary issues. He said parliaments need to be consistent and laws predictable. Doekma Eisma (Netherlands) said the EU struggles with distinguishing between local and regional environmental policy and suggested that sustainable development projects encompass fewer studies and more concrete environmental investments. GLOBE said it hosts international meetings where member legislators develop resolutions that they try to introduce in their national legislatures.

MEDIA AND THE GLOBAL ENVIRONMENT: Ron Sanders (Antigua and Barbuda) chaired this panel, which was addressed by Anita Pratap (CNN), Regina Scharf (*Gazeta Mercantil*, Brazil), Diego Perez Andrade (*Diario La Nacion*, Argentina) and Adrian van Klaveren (BBC). Sanders highlighted the role of media in building awareness as a prerequisite for global action to save the environment. Pratap stressed the need to personalize and humanize reporting on environmental issues in order to bridge the gap between the local and the global. She said media's role is to be a catalyst rather than an agent of change, and stressed the importance of governmental action on environmental problems. Andrade said journalists have a responsibility to inform people of environmental issues and noted differences in types of information necessary for developed and developing countries. Scharf said journalists should be active partners in the promotion of sustainable development and stressed the need for specialized journalists knowledgeable of environmental issues and capable of placing them into larger ecological, historical and political contexts. Van Klaveren discussed the need to be more pragmatic about environmental issues as they are incorporated into mainstream media. He noted that the incremental nature of environmental stories makes them different from "news" and that this, along with the sheer breadth of the topic, poses a challenge to coverage. In the ensuing discussion, several themes emerged, including the "moral fatigue" of media consumers and how to keep them engaged, the need for media outreach programs within the GEF and the importance of orientation and training of journalists on environmental concerns.

DEVELOPING COUNTRY PRIVATE SECTOR RESPONSES TO THE KYOTO CLIMATE AGREEMENT: Panelists identified barriers to private sector involvement and suggested how their involvement could be increased. Joaquin Ledesma (Argentina) found that, in Argentina, multinational corporations are acquainted with the Protocol, large national companies are familiar with the issue of greenhouse gases but it is not a priority, and small- and medium-sized enterprises are reluctant to provide information on emissions because of possible tax impacts. He recommended disseminating information adapted to each country's situation and stressed the need to convince business that it is rational to incorporate climate change considerations into their decisions. Dana Younger (International Finance Corporation) said many environmentally-friendly technologies are not fully competitive with traditional technologies or may face market barriers, such as longer payback periods for energy efficient technologies. IFC's activities include exploring new financing modalities related to joint implementation and working with commercial banks to encourage them to enter into novel financing arrangements for energy efficiency projects, which are less amenable to traditional arrangements. He said the Clean Development Mechanism appears to offer an important degree of flexibility for developed and developing countries to expand the use of clean energy technologies in developing countries. B.S.K. Naidu (India) discussed his work in India to motivate private sector interest in renewable and efficient energy projects. Incentives to stimulate the private sector have included tax credits, duty exemptions and captive power consumption, whereby businesses with projects that generate power are ensured equivalent amounts of that power. A number of climatic and topographical conditions constrain the amount of renewable energy that can be generated. Responses to these constraints include a cost-benefit study on building higher wind towers. A member of the audience noted that while projects under the Montreal Protocol have introduced energy efficient technologies, their climatic impacts have not figured into the benefit calculations under the Multilateral Fund.

CLOSING PLENARY

Assembly Chair Yashwant Sinha, Indian Minister of Finance, presented the New Delhi Statement of the First GEF Assembly in the closing Plenary. Delegates accepted it by acclamation.

Shri Suresh Prabhu, Indian Minister for the Environment and Forests, noted the peaceful coexistence between finance and environment that prevailed during the Assembly and hoped it would

continue. He said the new Indian government intends to make environment its business and thanked all involved with the Assembly, particularly the media for conveying its proceedings to those who could not attend.

Mohamed El-Ashry thanked the Chair, who he noted had just taken office but made time to guide the Assembly. El-Ashry said he could not say enough to thank the Indian government and people. He thanked the GEF shareholders for "owning" the GEF and showing confidence in it. He affirmed that the IAs and Secretariat will take the New Delhi Statement to heart and double their efforts for the global environment and sustainable development.

On behalf of the Bureau, the Chair thanked participants for their efforts and the progress made at the Assembly. He stated that the convening of the GEF's first Assembly and the completion of its second replenishment were two very important steps in moving the organization forward. He officially closed the Assembly, remarking that it represented the beauty and majesty of the democratic process whose results should be taken to the people, as "governments come and go, but the people live on forever."

NEW DELHI STATEMENT OF THE FIRST GEF ASSEMBLY

Assembly Chair Sinha, in consultation with the Bureau, drafted the Statement of the Assembly, which was tabled on Thursday afternoon, 2 April. Representatives discussed the Statement at a Roundtable meeting on Friday, 3 April, and the Chair revised the text based on their input. The Assembly agreed to the revised Statement by acclamation during the closing Plenary. The Statement contains ten preambular and twelve operative paragraphs. The following summary highlights changes made after the Roundtable discussion and the agreed Statement's contents.

A number of changes were made to the Statement following the Roundtable discussion. Text added to the preambular section indicates that the Assembly takes note of the views expressed by Representatives at the Assembly and the Council's decisions and acknowledges the excellent work of STAP. Changes in the operative section included the deletion of a call for the GEF to support the objectives of agreed environmental conventions and protocols. The text on incremental costs indicates that their determination should be more "transparent" rather than the original draft's "flexible." The agreed text specifies that the GEF should stimulate the transfer to and adoption of new technologies "by recipient countries" and that support for land degradation activities should be "as they relate to the GEF focal areas." The final text specifies that IAs should promote measures to achieve global environmental benefits "while respecting the authority of the governing bodies of the Implementing Agencies." The GEF should promote greater coordination and co-financing by "other sources," not just "bilateral funding organizations." A final paragraph in the first draft, which stated that the GEF should accelerate its operations, recognizing that its operational strategy and programs are in place and national plans and communications are well advanced, was omitted from the agreed text.

The preamble expresses utmost appreciation to the Government and people of India for hosting the Assembly. It stresses that the GEF is a unique and successful example of international cooperation and affirms the significant role of the GEF in supporting the objectives of agreed global environmental conventions and protocols. It acknowledges the significant progress that the GEF, its IAs and the Secretariat have made in the four years since its restructuring and welcomes the second replenishment of the GEF Trust Fund of \$2.75 billion. Finally, it takes note of the Council's decisions and draws, as appropriate, on the analyses and recommendations in the documents prepared for the Assembly.

The operative section of the Statement emphasizes that for the GEF to meet its potential and fulfill its missions, it should:

- remain innovative, flexible and responsive to the needs of its constituents and serve as a catalyst for other institutions and efforts;
- ensure that its activities are country-driven and strengthened to

achieve country ownership of its projects by basing them on national priorities, developing an outreach strategy targeting its multiple constituencies, increasing consultations with NGOs and local communities, and developing an action plan to strengthen country-level coordination, including the involvement of local and regional experts and community groups in project design and implementation;

- increase efforts to ensure sustainability of global environmental benefits generated by GEF-financing and catalyze longer-term efforts coordinated with other funders for capacity building and training;
- streamline the project cycle stressing simplification, transparency and country-drivenness;
- undertake long-term planning and multi-year support to maximize global environmental benefits;
- make the process of incremental cost calculation more transparent and pragmatic, recognizing the importance of the concept and the need for its clarification;
- strengthen its monitoring and evaluation functions, as well as stimulate dissemination of lessons learned and the transfer and adoption of new technologies;
- better define linkages between land degradation, particularly desertification and deforestation, and the four focal areas in consultation with the CCD, and increase support for such activities as related to those focal areas;
- allow for IAs to promote measures to achieve global environmental benefits within their regular portfolios, consistent with the relevant conventions and respecting the authority of the IAs' governing bodies;
- build strong relationships with the global scientific community, especially in recipient countries;
- promote greater coordination with and co-financing by other funding sources and expand opportunities for execution of activities by other bodies, particularly regional development banks and NGOs; and
- strive to mobilize additional resources from public and private sources and explore new private sector partnerships and private-public ventures.

THINGS TO LOOK FOR

COMMISSION ON SUSTAINABLE DEVELOPMENT:

The CSD will hold its sixth session (CSD-6) at UN Headquarters in New York from 20 April-1 May. For more information contact: the Division for Sustainable Development; United Nations Plaza, Room DC2-2270, New York, NY 10017 USA; tel: +1-212-963-3170; fax: +1-212-963-4260; e-mail: dpcsd@un.org; Internet: <http://www.un.org/dpcsd>.

CONVENTION ON BIOLOGICAL DIVERSITY:

The Fourth Conference of the Parties of the CBD is scheduled to meet from 4-15 May in Bratislava, Slovakia. For more information contact: the CBD Secretariat; World Trade Centre, 393 St. Jacques Street, Montreal, Quebec, Canada H2Y 1N9; tel: +1-514-288-2220; fax: +1-514-288-6588; e-mail: chm@biodiv.org; Internet: <http://www.biodiv.org>.

INTERGOVERNMENTAL FORUM ON FORESTS:

The Intergovernmental Forum on Forests (IFF) will hold its first substantive meeting from 24 August-4 September in Geneva. For more information contact: the IFF Secretariat; Two United Nations Plaza, 12th Floor, New York, NY 10017 USA; tel: +1-212-963-6208; fax: +1-212-963-3463; Internet: <http://www.un.org/dpcsd/dsd/iff.htm>.

UN FRAMEWORK CONVENTION ON CLIMATE

CHANGE: The UNFCCC subsidiary bodies will meet from 2-12 June in Bonn, Germany. The subsequent subsidiary bodies meetings will coincide with the Fourth Conference of the Parties in Buenos Aires, Argentina, scheduled from 2-13 November. For more information contact: the UNFCCC Secretariat in Bonn, Germany; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: secretariat@unfccc.de; Internet: <http://www.unfccc.de>.

GEF COUNCIL: The next meeting of the GEF Council will take place from 4-6 November in Washington, DC. For more information contact: the GEF Secretariat; tel: +1-202-473-1128; fax: +1-202-522-3240; Internet: <http://www.gefweb.org>.

MONTREAL PROTOCOL: The Tenth Meeting of the Parties to the Montreal Protocol will be held from 17-27 November in Cairo, Egypt. For more information contact: the Secretariat for the Vienna Convention and the Montreal Protocol in Nairobi, Kenya; tel: +254-2-62-1234/62-3851; fax: +254-2-52-1930/62-3913; Internet: <http://www.unep.ch/ozone>.

CONVENTION TO COMBAT DESERTIFICATION: The Second Conference of the Parties of the CCD will be held in Dakar, Senegal from 30 November-11 December. For more information contact: the CCD Secretariat; Geneva Executive Center, 11/13 Chemin des Anémones, CH-1219 Châtelaine, Geneva, Switzerland; tel: +41-22-979-9419; fax: +41-22-979-9030/31; e-mail: Secretariat@unccd.ch.