The Global Environment Facility: Managing the Transition

Emma Broughton

June 2009

Health and Environment Reports n° 3

les rapports ifri

The Institut Français des Relations Internationales (Ifri) is a research center and a forum for debate on major international political and economic issues. Headed by Thierry de Montbrial since its founding in 1979, Ifri is a non-governmental and a non-profit organization.
As an independent think tank, Ifri sets its own research agenda, publishing its findings regularly for a global audience.
Using an interdisciplinary approach, Ifri brings together political and economic decision-makers, researchers and internationally renowned experts to animate its debate and research activities.
With offices in Paris and Brussels, Ifri stands out as one of the rare French think tanks to have positioned itself at the very heart of European debate.

The opinions expressed in this text are the responsibility of the author alone.

ISBN : 978-2-86592-454-7

IFRI
27 RUE DE LA PROCESSION
75740 PARIS CEDEX 15 - FRANCE
TÉL. : 33 (0)1 40 61 60 00
FAX: 33 (0)1 40 61 60 60
Email: ifri@ifri.org

IFRI-BRUSSELS
RUE MARIE-THÉRÈSE, 21
1000 - BRUSSELS, BELGIUM
TÉL. : 00 + (32) 2 238 51 10
Email: info.bruxelles@ifri.org

WEBSITE: www.ifri.org

THE HEALTH & ENVIRONMENT REPORTS

The "Health and Environment: from Safety and Security Issues to New Governance Options?" programme of Ifri seeks to elucidate the linkages that can exist between health and environmental issues and security considerations, and to analyse the impacts of such linkages in terms of efficiency and of the governance options available to international actors. The programme also wishes to stimulate a wider debate within the global civil society and bring to the fore innovative perspectives on these issues, through the linking together of practitioners within a dedicated network.

As part of the Health and Environment programme of Ifri, a minimum of three case-studies on global health and environmental issues are published each year: the *Health & Environment Reports*. All reports have an empirical, comparative and policy-oriented approach, and comprise:

- An empirical analysis of the health and/ or environmental issue under study;
- A prospective analysis of the future developments of the issue under study;
- Policy-oriented recommendations.

The Health and Environment programme of Ifri is supported by the Taipei Representative Office in France.

TABLE OF CONTENTS

EXECUTIVE SUMMARY

The Global Environmental Facility, or GEF, is a financial facility designed to promote and encourage the achievement of "global environmental benefits" (GEBs)[1] in developing countries, through the provision of funding for projects. It is the *only global financial mechanism* dedicated to the protection of the global environment, and more generally the only multilateral institution with a mandate to take care of the global environment. The uniqueness of this mandate is matched by the originality of its governance structure, which brings together a wide variety of actors.

After having held the role of a path-breaker and a trend setter in the early years of its existence, and that of a torch bearer in subsequent ones, the GEF came to occupy a central and well established place in international environmental governance (IEG) from the end of the 1990's. **Today, the GEF faces some significant challenges that weaken its stature in the global environmental architecture by questioning its very use and role in its current form:**

- **A capabilities/expectations gap between its mandate and the means, financial or institutional, put at its disposal to achieve it**;
- **Issues with the efficiency of the institution**
- **The need to adapt to the changes taking place in the IEG architecture**.

If financial resources keep on decreasing and disenchantment roots in, the GEF risks becoming an empty shell. To prevent such an issue from developing, **the GEF needs to become *more attractive* to its users**; both in terms of its practicality and of its use in IEG. In other words, **addressing the GEF's challenges can involve solving the issue of its efficiency, and/or outlining a clear role for it within IEG**.

Current developments in the IEG architecture provide an opportunity to reaffirm the legitimacy of the GEF's central position within it and with it its "raison d'être" to its users. **The GEF should adopt a new strategic positioning in which it would concentrate on:**

- ***Providing coherence* to the developing financial architecture for the protection of the global environment.**
- ***Filling in the gaps* in the type and nature of projects funded.**

[1] Global environmental benefits are understood as those benefits that impact the "global environment", and have been circumscribed to the six "focal areas" of biological diversity, climate change, international waters, land degradation, ozone layer depletion and persistent organic pollutants.

Recommendations:

In order to become more attractive to its users, the GEF should:

1/ Keep up its work to increase its efficiency

Emphasis should be put on:

- Strengthening coordination between actors, starting by the reassessment of the principle of comparative advantage between agencies of the GEF and elaborating a strategy to strengthen coordination between the international and local levels of GEF governance.
- Attenuate tensions arising from the GEF's governance process by giving heightened attention to governance *style* and the perception of *equity* within this process.

2/ Sustain its incoming financial flows.

- The GEF's replenishment process should be diversified and made more flexible in order to increase financial security for the GEF and reduce its dependency on donor contributions. The GEF could open up to individual donations, devise market-based or commercial replenishment tools, create a solidarity mechanism between the different funds nested within the GEF and the GEF Trust Fund.
- Sustaining financial flows also implies keeping the GEF high on agendas, through a strengthened communication strategy. Monitoring&Evaluation capacities should be strengthened and results publicised both inside and outside the GEF, targeting national decision-making bodies, devising a high-level advocacy strategy, or ameliorating the GEF's website. A securitization strategy, i.e. putting an emphasis on the security dimension or implications of the global environmental issues addressed by the GEF in its activities, can be effective to secure incoming financial flows, but it needs to be considered carefully for it can bear negative externalities.

3/ Regain comparative advantage.

- The GEF should work to provide more legibility and ensure the efficiency of the current financial architecture by: keeping a record of all new funding initiatives, monitoring their development and impacts, providing annual reports on the state of the financial architecture for global environmental issues, outlining gaps, duplicates and areas for action. All such information should be centralised on dedicated pages of the GEF's website.
- The GEF should work to ensure the coherence of the financial architecture for global environmental issues by integrating new funds or funding initiatives within its framework, in response to demands by donors and recipients. Relationships between the GEF and initiatives need not all be governed by

similar arrangements, but can be ad-hoc. In all types of arrangements, giving a nesting role to the GEF implies: extending the size of the GEF Secretariat, and particularly of focal area staff, to increase coordination capacities, ensuring the efficiency of the framework and upholding the legitimacy of the GEF's governance structure, when it undertakes a governance role for the new initiatives.

- The GEF should also focus on those "orphan" activities that lack funding and/or attention and for which there is a need in global environmental terms. The earmarking of resources for "orphan" issues would reassert the GEF's specificity as a provider for the global environmental public good, which is both a foundational element for its existence and one of its main strength and sources of legitimacy. This could imply reassessing the current performance-based allocation criteria.

ABBREVIATIONS

ADB–Asian Development Bank

AF–Adaptation Fund

AFB–Adaptation Fund Board

AfDB–African Development Bank

APR–Annual Performance Report

CBD–Convention on Biological Diversity

CCM–Country Coordination Mechanism for the GFATM

CDM–Clean Development Mechanism

CIFs–Climate Investment Funds

COP–Conference of the Parties

EA–Enabling Activity

EBRD–European Bank for Reconstruction and Development

ExA–Executing Agency

FAO–Food and Agriculture Organization

FFEM–Fonds Français pour l'Environnement Mondial

FSP–Full-Size Project

GAVI–The Global Alliance for Vaccines and Immunization

GEBs–Global environmental benefits

GEF–Global Environment Facility

GEFSEC–Global Environment Facility Secretariat

GEF EO–Global Environment Facility Evaluation Office

GFATM–Global Fund to fight Aids, TB and Malaria

IA–Implementing Agency

IDB–Inter-American Development Bank

IEG–International Environmental Governance

IFAD–International Fund for Agricultural Development

IFFIm–International Finance Facility for Immunisation

INC–Intergovernmental Negotiating Committees for the environmental conventions

LDCF–Least Developed Countries Fund

MSP–Medium-Sized Projects

OECD–Organisation for Economic Co-operation and Development

OPS–Overall Performance Study

PDF–Project Development Facility

PFD–Program Framework Document

PIF–Project Identification Form

POPs–Persistent Organic Pollutants

RAF–Resource Allocation Framework

SCCF–Special Climate Change Fund

SGP–Small Grants Programme

STAP–Scientific & Technical Advisory Panel

UNCCD–United Nations Convention to Combat Desertification

UNCED–United Nations Convention on Environment and Development

UNDP–United Nations Development Program

UNEP–United Nations Environment Program

UNFCCC–United Nations Convention on Climate Change

UNIDO–United Nations Industrial Development Organization

USAID–United States Agency for International Development

WHO–World Health Organization

INTRODUCTION

How would the governments of our planet prepare six billion people to the end of the world? They wouldn't.

This headline from the next blockbuster movie "2012", which seems to herald the consecration of the environmental catastrophe movie as the new fashion of the day, can be understood in two ways. One, it is impossible to prepare oneself, or the six billion people on this earth, for the environmental changes that are coming. Two, the "governments of our planet" are incapable of taking adequate action to prevent global environmental damage. And indeed, I must say the latter interpretation took precedence in my mind as I watched a tsunami wave engulf the Himalayan mountaintops.

International cooperation on the management of global environmental public goods is no easy endeavour, and the sinews of war are first and foremost political. Global environmental issues–and by "global" we mean all those environmental issues that happen on a global scope or have global effects, such as global climate change; loss of biodiversity; water pollution, etc.–are recognised by states as needing to be addressed, yet coordinated action is hard to achieve. The dilemma posed by global public goods, famously coined the "tragedy of the commons",[2] is well known: in the case of a limited shared resource, such as a healthy environment, there is an incentive for rational actors looking to maximise individual interests to profit from the resource without taking responsibility for its maintenance or sustainability in time. Such a group behaviour can therefore achieve negative or undesired effects that *are not* in the interest of individual actors as unplanned use of the resource leads to its decrease or depletion.

The specificity of global environmental issues

Such a dilemma concerns all global public goods but it finds fertile ground in the very nature of *global environmental* issues.

To begin with, global environmental issues are "moving targets", which imply negotiations in a relative state of uncertainty for states. Taking the example of global climate change, there exists a scientific consensus on the dangerousness of such a phenomenon for natural and human life, but we do not know with certainty the intensity of possible negative impacts, the exact time frame within which they will occur, the effectiveness of solutions devised, etc. This uncertainty pushes decision-

---

[2] See G. Hardin's seminal article: G. Hardin, "The Tragedy of the Commons", *Science,* n° 162, 1968.

makers to adopt a risk-avert, and therefore more non-committal, strategy in negotiations. To make a rather schematic comparison, we could expect political mobilisation around the HIV/AIDS epidemic to be easier, because scientific knowledge exists on the nature of the illness, the way it is transmitted, the medication that can be used to mitigate its impact on human life, and the way the epidemic can be addressed. Political commitment around an issue like climate change has to be based *to some extent* on a precautionary principle.

Second, global environmental issues are not easily amenable to a state-centric political framework, and it is therefore difficult to muster political support for the management of such issues at the national level. It is difficult to "see" global environmental issues within a national political time frame, because they develop over the course of decades, when political mandates rarely exceed one. A politician will generally be reluctant to take a commitment on issues whose benefits will be felt years after his time in office. Global environmental issues know no *geographical* boundaries either: causes and impacts of global environmental issues are shared amongst countries, which poses the question of the attribution of the *responsibility* of actors for global environmental damage.

Finally, global environmental issues need to be addressed through preventive measures first and foremost, for the threat posed by environmental degradation at the global level is precisely the attainment of an environmental breaking-point, after which it may not be possible to "repair" the environment. All commitments thus need to be *in prevention* of this breaking point, which, again, makes political mobilisation more difficult.

Therefore, even if "the political price for obstructing global agreement [on the post-Kyoto architecture] has increased significantly",[3] and countries are socialised into participation and cooperation, mustering sufficient political momentum from states to flesh out commitments with real resources remains arduous. Taking action for the protection of the global environment thus necessitates a critical mass of political commitment in the absence of a visible environmental crisis *and* of certainties and consensus concerning the issue at hand and the measures needed to address it.

Political momentum around the GEF

The creation of the GEF was a remarkable feature in this regard. It rallied developed and developing countries, international organisations and NGOs to the common objective of providing funding to projects protecting the global environment.

---

[3] C. Hedegaard, "The Winding and Stony Road to Copenhagen", United Nations Climate Change Conference Dec 7 – Dec 18, 2009, <http://en.cop15.dk/about+cop15/information+for/delegates/show+article?articleid=304>, last accessed 9 March 2009.

In its two decades of existence, the GEF has played important roles in international environmental governance; as a path-breaker, a trendsetter and a torch-bearer when political momentum waned. It seems today to have reached a transitional phase, as challenges are raised concerning its use in the current international environment, with reference both to its mandate and its ability to perform. We also perceived a certain fatigue or frustration with the institution amongst the actors that we interviewed, which served to reinforce this analysis. This does not necessarily mean that political momentum around the GEF has disappeared–and in fact, most of our contacts expressed their commitment to the facility's existence. Rather, support for the GEF may need to be rekindled, faced with internal challenges and the channelling of political momentum into competing initiatives.

The objective of this study is to see how this can be achieved: what are the main challenges facing the GEF, how can we understand them and how can they be met in order to rekindle political momentum around the GEF? This will involve a reflection on the role that the GEF could or should fulfil in the current international environmental governance architecture, outlining the different strategies and options that are available to it for the future, and evaluating the most desirable and/or feasible one.

Outline

The first section of this report will provide a type of fact-sheet on the GEF, in order to provide any non-specialist with the necessary information to work through the rest of the report. The second section will provide a historical perspective on the GEF, as a means of grasping the role that the GEF held throughout its existence and that it could have trouble maintaining in the future, and of understanding both the origin and the significance of its current challenges. In particular, the strategy of constructive ambiguity, which guided both the negotiations around the GEF and its elaboration, and the impacts that it had on the GEF in the long-term, will be analysed. The third section will present the three main challenges faced by the GEF, defined as:

- A capabilities/expectations gap between its mandate and the means, financial or institutional, put at its disposal to achieve it
- Issues with the efficiency of the institution itself
- The need to adapt to the changes taking place in the International Environmental Governance (IEG) architecture.

A fourth and final section will map out the possible outcomes of the GEF's transitional phase, and outline a preferred option. The author will suggest that providing an answer to the GEF's challenges implies becoming more attractive to its users, both in terms of its practicality–solving the efficiency challenge–and of its use in IEG–specifying the GEF's added value and its role. This could be done through the adoption of a new strategic positioning, in which the GEF would concentrate on providing coherence to the emerging financial architecture for the protection of the global environment, and providing for the “orphan” actors and/or issues.

Methodology

The analysis presented in this report is based on interviews that we carried out from September to November 2008, in Washington, New York, Paris and Geneva, with members of the GEF, of international and national institutions, of major NGOs, and with academics. It also builds on an extensive review of the existing literature on the subject.

36 interviews were carried out in total, of which 17% concerned GEF staff, 14% French ministerial staff, 14% civil society actors, 11% UNDP staff, 11% UNEP staff, 9% USAID staff, 6% Swiss ministerial staff, 6% World Bank staff, 3% Asian Development Bank staff and 11% other (academic, former GEF official, members of the Global Fund to fight AIDS, TB and Malaria - GFATM). To protect the identity of our contacts, direct or indirect quotes are not attributed but grouped according to professional type:

- GEF staff (including staff from the GEF Evaluation Office)
- GEF Agency staff, which covers members from the Implementing and Executing Agencies of the GEF (including members of the Small Grants Programme for UNDP, and members of the STAP for UNEP)
- Civil society actors
- Governmental staff, which includes staff from the French environment and foreign affairs ministries, as well as from the French GEF (French governmental staff), staff from the Swiss environment ministry and Cooperation Office (Swiss governmental staff), and staff from USAID (US governmental staff).
- Other: academic; former GEF official, GFATM staff

For lack of time, availability and/or response, we have not been able to interview members of the French ministry of finance, or of the US Department of Treasury. We have not been able either to get into direct contact with developing country representatives. Indirect quotes within this report are taken from minutes of GEF Assembly meetings, testimonies in a number of reports from the GEF Evaluation Office, and testimonies of project managers in developing countries gathered by one of our contacts in a civil society organisation for the purpose of this report.

We would like to thank all of the anonymous reviewers who contributed to the peer-review of this report, including the six anonymous reviewers who attended the closed peer-review seminar on the first draft of this report that was held in Paris in February 2009. All their remarks were very useful for the development of this report to its final state.

I. UNDERSTANDING THE GEF

The Global Environment Facility, or GEF, is often referred to in the literature as an "innovative" institution. And indeed, this is probably the most fitting characteristic for the facility. The nature of the GEF, its governance structure, its mandate, are all, as we will see shortly, truly original, to the point that the GEF is sometimes rather hard to define, and to understand. One of the arguments that will be developed in this report, for that matter, is that the originality of the GEF, and the process through which it was elaborated as such, bear a responsibility in some of the challenges that it is facing today. That said, the GEF still bears a number of "fixed" characteristics that will help the reader navigate through this study.

WHAT?

> *The GEF shall operate, on the basis of collaboration and partnership among the Implementing Agencies, as a mechanism for international cooperation for the purpose of providing new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits.*[4]

The above quotation is taken from the March 2008 version of the *Instrument for the Establishment of the Restructured GEF,* the foundational text adopted by the Parties upon the creation of the GEF, which sets the rules by which it operates, and is updated following the different amendments made to it.

The GEF is a financial facility designed to promote and encourage the achievement of "global environmental benefits" (GEBs) in developing countries, through the provision of funding, in the form of grants and concessional funding, to projects that will achieve such benefits. The concept of "global environmental benefits", central to the existence of the GEF, refers to those environmental goods–in terms of protection, conservation, preservation–that have an impact on the "global environment", i.e. the common environmental conditions under which we all live, and which constitute our livelihood.

---

[4] Global Environment Facility, GEF, *Instrument for the Establishment of the Restructured Global Environment Facility*, Washington D.C., March 2008, p. 12.

Such benefits have been circumscribed to the six "focal areas" of:

- Biological diversity
- Climate change
- International waters
- Land degradation
- Ozone layer depletion, and
- Persistent organic pollutants (POPs).[5]

More specifically, the GEF intends to be a

> mechanism for international cooperation *for the purpose of providing new and additional grant and concessional funding*[6]

This means that, rather than acting as a type of aid agency, with a vertical action-span (from funding to implementation of the project on the ground), the GEF always intervenes in collaboration with a number of other actors. And indeed, the GEF is presented on the first page of its website as

> *a* global partnership *among 178 countries, international institutions, non-governmental organizations (NGOs), and the private sector to address global environmental issues while supporting national sustainable development initiatives.*[7]

The GEF does not have the mandate, and thus the capacities, to implement the projects it has decided to fund. It restricts itself to providing new and additional funding for the achievement of GEBs, leaving the production of local or national benefits to be covered by the countries themselves, or by other donors.[8] This separation is largely conceptual or philosophical, however, for in practise, "responsibility" for local benefits is inextricable from the responsibility for global ones, and is shared amongst donors. The GEF is therefore always a co-financer of projects, with the objective of transforming traditional development projects into projects with global environmental benefits.

It does so by differentiating those costs that are incurred for the achievement of global environmental benefits from those incurred for the achievement of local or national benefits, which are the responsibility of governments or aid agencies. These costs are

---

[5] Global Environment Facility, GEF, *Country Support Programme* [Internet], <http://www.gefcountrysupport.org/report_detail.cfm?projectId=179>, last accessed 30 January 2009.
[6] Global Environment Facility, GEF, *Instrument…,* March 2008, *op. cit.,* p. 12. Emphasis added.
[7] Global Environment Facility, GEF, *About the GEF* [Internet], <http://www.gefweb.org/interior.aspx?id=50>, last accessed 30 January 2009. Emphasis added.
[8] Global Environment Facility, GEF, *Country Support Programme* [Internet], <http://www.gefcountrysupport.org/report_detail.cfm?projectId=179>, last accessed 30 January 2009.

identified as the "incremental costs" of a project, and are the only costs targeted by the GEF.

> The **incremental costs** are the additional costs incurred by going from a "baseline" project scenario, with only national benefits, to a project scenario reaping global environmental benefits as well.
>
> The example most commonly used to illustrate this concept is that of the coal-fired power plant in China. If China needs to create more power plants to cover its energy needs, and if she chooses to establish coal-fired power plants because they are cheapest, the incremental costs will be the costs incurred by constructing less polluting–but more expensive–power plants rather than coal-fired ones.

In this sense, the GEF can be understood as having two broad mandates, which are closely interrelated. The first one is **environmental**: the GEF seeks to reap global environmental benefits. The second one is defined in terms of **catalysing environmental action**: by providing the extra money needed to make a project "clean", the GEF intends to encourage national authorities, aid agencies and members of the civil society and business sector to integrate global environmental objectives in their development projects. The GEF's catalytic role is often defined through the three objectives of:

- **mainstreaming**, or the integration of global environmental concerns within the policies and operations of international organisations, national states and civil sector actors;
- **cofinancing**, or the incentivising of investment on projects with global environmental benefits through an initial contribution by the GEF trust fund;
- **innovation**, or the promotion of research and innovative approaches to the protection of the global environment through investment on risky but innovative projects.

This catalytic role is strengthened by the fact that the GEF acts as the financial mechanism for four multilateral environmental agreements (MEAs), or Conventions.

The **MEAs** or **environmental conventions** served by the GEF are:

- the United Nations Framework Convention on Climate Change **(UNFCCC)**
- the Convention on Biological Diversity **(CBD)**
- the UN Convention to Combat Desertification **(UNCCD)**
- the Stockholm Convention on Persistent Organic Pollutants **(POPs)**

Both the UNFCCC and the CBD were established during the United Nations Conference on Environment and Development (UNCED), which was held in Rio in 1992. It is commonly referred to as the Rio Earth Summit. The UNCCD was signed shortly after Rio, in 1994, while the text of the POPs was adopted in 2001.

The GEF also coordinates action with the Secretariat of the **Montreal Protocol on Substances that Deplete the Ozone Layer**, and its associated Multilateral Fund.

The GEF serves as the financial mechanism for the implementation of the UNFCCC and the CBD. It is "available to serve" as the financial mechanism for the POPs and the UNCCD[9] - the UNCCD already possesses a financial mechanism, the *Global Mechanism,* housed by the International Fund for Agricultural Development.

Under this mandate, the GEF is set to help developing countries meet their obligations under the different Conventions that they have signed and ratified. Practically, this mandate translates into the funding of capacity-building projects, which enable developing countries to have the necessary capacities in terms of infrastructures, technologies, scientific knowledge, etc., to work towards the meeting of their obligations. The GEF is also instrumental in assisting developing countries establish their national programme of action,[10] which determines priorities and strategies with regards to their set of obligations under the different conventions. In this sense, the GEF has a political or a socialisation role to play in encouraging a variety of actors, but most specifically national states, to mainstream global environmental concerns into their national development strategies, and thus link global environmental issues with sustainable development strategies at the national level.

[9] Global Environment Facility, GEF, *Instrument…,* March 2008, *op. cit.,* p. 13.
[10] The National Adaptation Programme of Action (NAPA) under the UNFCCC, the National Biodiversity Strategy and Action Plan (NBSAP) under the CBD, and the National Action Programme (NAP) under the UNCCD.

Examples of the types of projects funded by the GEF are:[11]

Suriname Project: "Conservation of Globally Significant Forest Ecosystems in Suriname's Guyana Shield Bio-Region"

This project was undertaken in 2000 under the Biodiversity focal area of the GEF. It closed in 2005. It aimed to "establish a management regime and a sustainable source of future finance for two globally important and representative [biodiversity] sites that cover nearly 10% of the country and are the largest tropical forest reserves in the Guyana Shield. The project undertook to create and strengthen the necessary conservation agencies, by providing institutional learning to the CSNR and the SNR. The project's central component was the creation and capitalisation of the Suriname Conservation Foundation (SCF), which was endowed with US$15 million at its creation to ensure the financial sustainability of the management of the protected areas, and to enable investment in the conservation sector.

The GEF provided US$9.2 million in funding, and the project's Implementing Agency, UNDP, provided US$0.25 million. The project had three co-financers: Conservation International, the UN foundation and the Dutch government, which raised US$2.5 million, US$2.3 million and US$3.6 million respectively.

Renewable Energy Scale-Up Programme (China)

This project was undertaken under the Climate Change focal area of the GEF. It was approved in June 2005, and it is now closed. It sought to "create a legal, regulatory, and institutional environment conducive to large-scale, renewable-based electricity generation". This project had an institutional and capacity-building dimension, in that it sought to assist the national and local levels in meeting their needs for initiating the scale-up of renewable energy. This included funding market research, transferring technology for wind and biomass projects, and more long-term capacity-building. The project also aimed at the construction of a wind farm in the province of Fujian, and of a straw-fired biomass power plant in the province of Rudong. By stimulating the scale-up and use of

[11] Sources used were the GEF website, the World Bank website, as well as documents provided to us by one of our contacts in an NGO.

renewable energies in China, this project aimed at reducing the carbon emissions from coal-fired power plants.

The Implementing Agency for this project is the World Bank. It provided a US$87 million loan, while the GEF gave a grant assistance of US$40 million.

THE "TRUST FUND"

The GEF is structured as a trust fund. Such structures exist in national as well as in international law. The general principle underlying the concept of a trust fund is that an amount of capital is placed in the hands of a trustee and administered, by the trustee, for the benefit of a third party. The United Nations Environment Programme, or UNEP, provides a more specific definition, applied to the international sphere of governance. Within this definition, a trust fund is

> *a fund to which the income of an international organization is added and from which the expenditures are drawn. There are two main types of trust funds: (a) general trust fund, made up of contributions of Parties and non-earmarked contributions from other sources and (b) special trust fund, made up of earmarked contributions*[12]

The GEF qualifies here as a general trust fund. It was established by a resolution of the Board of Executive Directors of the World Bank, which serves as its Trustee. In this role, the Bank is responsible for administering the fund, mobilising resources–non-earmarked contributions from member Parties–and managing its financial assets. The governance of the GEF is independent from the Bank, however.

As a trust fund, the GEF has no legal existence of its own; it is not an autonomous institution. It is a financial *mechanism* that was brought into existence by the World Bank, and is under its trusteeship. Other actors, such as the GEF Council or the so-called "Implementing Agencies" of the GEF also exert different types of power over the GEF, and we will specify these in a following section, but only the Bank can take legal engagements for and on behalf of the GEF Trust Fund.

[12] United Nations Environment Programme, UNEP, *List of Acronyms and Glossary Terms* [Internet], <http://www.unep.org/dec/onlinemanual/Resources/Glossary/tabid/69/Default.aspx?letter=T>, last accessed 30 January 2009.

THE PLACE OF THE GEF IN INTERNATIONAL ENVIRONMENTAL GOVERNANCE

> *It is the only actor focusing only on the global environment. Most donors are concentrated on poverty alleviation and economic development. But the GEF has no development mandate.*[13]

The GEF is the only multilateral institution with a mandate to take care of the global environment. It is also the world's largest financier of projects in the developing world to protect and improve the global environment. It has invested US$8.4 billion, and US$33 billion in cofinancing, for more than 2200 projects in more than 165 developing countries and transitional economies.[14]

From its creation until the end of the 90's, a period when climate change emerged as a prominent issue on the agendas of states, and stimulated new measures and initiatives, the GEF was, in the words of one of our contacts at UNDP, the only institution standing to take care of the global environment.[15]

In recent years however, the conjunction of a number of internal issues, and of external developments seem to have weakened the GEF's place in international environmental governance. A number of competing initiatives have sprung up, and a number of important actors, in financial and/ or political terms, are gradually diversifying their interlocutors to address global environmental issues.

WHO?

The GEF is composed of a variety of structures and actors.

STRUCTURES

The governance structure of the GEF comprises six sub-structures:

- the GEF Council
- the Conference of the Parties (COPs) to the environmental conventions

[13] Interview, Civil society actor, September 2008.
[14] M. Barbut, "Environment, the Main Issue of the 21st Century", Speech given at the Montreal Council on Foreign Relations, Montreal, Quebec, Canada, 30 November 2006; email exchange, GEF staff, April 2009.
[15] Interview, GEF Agency staff, September 2008.

- the GEF Assembly
- the GEF Secretariat (GEFSEC)
- the Scientific & Technical Advisory Panel (STAP)
- the GEF Evaluation Office (GEF EO)

The GEF Council is the GEF's main decision-making body. It is responsible for "developing, adopting and evaluating the operational policies and programs for GEF-financed activities".[16] Thus the Council must ensure that GEF policies, activities and programmes are concordant with the purposes, scope and objectives of the facility. It must also develop and monitor the operational strategy of the GEF, and review and approve the work programme of the GEF. This involves playing a central role in the project cycle of the GEF.

The Council acts following the guidance of *the Instrument for the Establishment of a Restructured GEF* and of the **Conference of the Parties (COPs)** of the different conventions that it serves, whenever it acts as their financial mechanism. The relationship between the GEF and the COPs is set out within the Memorandum of Understanding (MOU), jointly prepared by the Executive Secretary of the different conventions and the GEF CEO.[17] The COPs assign functions and provide guidance to the GEF through common decisions.

The Council is composed of 32 constituency representatives, which represent the 178 countries, donor and recipient, that are Parties to the GEF. 16 of such constituency representatives represent developing countries, 14 represent developed countries, and 2 represent economies in transition. The GEF CEO or h/her representative co-chairs Council meetings, along with a Council member elected for each Council meeting. Representatives of each of the Participant countries are invited to observe the meetings, while representatives from the World Bank, UNDP, UNEP, the STAP and the conventions are invited to attend.[18]

The Council meets, at minimum, every six months.

Decisions within the GEF Council are taken by consensus. If no consensus can be reached, decisions are taken through a formal vote by double weighted majority, in other words, through an affirmative vote representing both a 60% majority of the total number of Participants and a 60% majority of the total financial contributions.[19] To this date, the culture of consensus in GEF decision-making has prevailed, since no decision within the Council has ever had to be taken through a formal vote.

[16] Global Environment Facility, GEF, *Instrument…,* March 2008, *op. cit.,* p. 15.
[17] J. Werksman, "Consolidating Global Environmental Governance: New Lessons from the GEF?", *in Global Environmental Governance: the Post-Johannesburg Agenda, Yale Center for Environmental Law and Policy*, New Haven, CT, October 2003, p. 5.
[18] Global Environment Facility, GEF, *Rules of Procedure for the GEF Council*, May 2004, p. 11.
[19] *Ibid.*, p. 16.

The main role of the **GEF Assembly** is to review the activities of the GEF, and to agree on amendments to be made to the *Instrument.* In this regard, the Assembly thus has power to affect the operation of the GEF, through its adoption, by unanimity rule, of amendments to the GEF *Instrument.* More informally, the Assembly provides a crucial forum for debate on issues affecting the GEF, because it is set to meet every three to four years, to coincide with the replenishment rounds of the GEF, and because it brings together the whole scope of environmental actors.

The Assembly is composed of representatives of all the participant countries within the GEF, represented by Ministers and high-level governmental representations. Representatives from the World Bank, UNDP, UNEP, regional development banks and the different conventions, as well as accredited major groups, are invited to the Assembly meetings.[20]

GEFSEC ensures that the decisions taken by the Council and the Assembly are translated into effective action. This mandate involves overseeing the implementation of program activities and of operational policies, by liaising with countries and with the Implementing Agencies in charge of the implementation of projects, and reporting to the Council and the Assembly. It also involves a crucial coordination role: GEFSEC must facilitate coordination among and between the Implementing Agencies, the Conference of the Parties (COPs) of the conventions and the Secretariats of other relevant international bodies.[21] It is supported administratively by the World Bank, but is functionally independent from it. GEFSEC is headed by the CEO of the GEF. The current CEO of the GEF is Monique Barbut, a French national. She was elected to the position in 2006, and her term has just been renewed for a further three years.

The **STAP** is an advisory body to the GEF. It provides scientific and technical advice to the GEF on its strategy and programmes, and provides evaluation on projects before they are approved. The STAP is composed of fifteen members, which are scientific experts in one of the GEF's designated focal areas. The UNEP provides for its Secretariat.

Finally, the **GEF Evaluation Office** is the main body assessing the work of the GEF. It is nested within GEF offices, but it is independent from it since 2003–it has a separate director, Rob van den Berg, and its offices and staff are located on a different floor than GEF staff. The GEF EO produces an Overall Performance Study (OPS) of the GEF every four years, in time for the replenishment round, as well as yearly Annual Performance Reports (APR) and ad-hoc studies.

[20] *Ibid.*, p. 7.
[21] Global Environment Facility, GEF, *Instrument…,* March 2008, *op. cit.,* p. 18.

ACTORS

If the Parties to the trust fund, both donors and recipients, are exclusively states, a number of other types of actors are involved in the governance process. They can be classified as follows:

- States
- The Implementing Agencies (IAs) and Executing Agencies (ExAs) of the GEF
- The GEF Secretariat (hereafter GEFSEC) (cf. supra)
- Representatives of the civil society

States are represented and active through their respective constituencies within the Council, through their individual country representative within the COPs and the GEF Assembly, and at the national level as the prime actors for the submittal and implementation of GEF projects. They are represented at the national level by GEF Political and Operational Focal Points. Political Focal Points are in charge of coordination between the GEF and the country in terms of governance and policies. Operation Focal Points exist only in those countries that have been designated as eligible for GEF funding; they are in charge of in-country coordination of GEF projects.[22]

The **Implementing Agencies (IAs)** and **Executing Agencies (ExAs)** of the GEF are the institutions *responsible for the implementation of GEF projects*. The GEF has no mandate for implementing the projects that if funds, but is bound to using the existing capacities and experience of such agencies.

The **Implementing Agencies** of the GEF are: the World Bank; the United Nations Development Programme (UNDP), and the United Nations Environment Programme (UNEP). The World Bank is also the GEF's Trustee. Those three agencies were established as the IAs of the GEF at its onset, through the signing of a Tripartite Agreement. Such a commitment was reaffirmed in 1994, as all three agencies adopted the *Instrument* through a resolution or decision of their competent bodies.[23] IAs are responsible for the preparation of GEF projects, for their implementation and the implementation of GEF policies, strategies and decisions, and for the cost-effectiveness of the projects implemented,[24] in collaboration with national countries. As part of its role as the Trustee for the GEF, the World Bank also performs certain administrative, accounting, financial reporting and treasury services. The GEF IAs

[22] Global Environment Facility, GEF [Internet] *Focal Points (Country Representatives),* <http://www.gefweb.org/interior.aspx?id=212>, last accessed 12 February 2009.
[23] R. Wolfrum, V. Röben, *Developments of International Law in Treaty Making*, Springer, 2005, p. 444; L. Boisson de Chazournes, *The Global Environment Facility as a Pioneering Institution,* Working Paper 19, GEF, October 2003, p. 10.
[24] Global Environment Facility, GEF, *Instrument…,* March 2008, *op. cit.,* p. 19.

have broadly defined roles, as identified in the GEF *Instrument* and based on their respective comparative advantages:

> *UNDP will play the primary role in ensuring the development and management of capacity building programs and technical assistance projects. […] UNEP will play the primary role in catalyzing the development of scientific and technical analysis and in advancing environmental management in GEF-financed activities. […] The World Bank will play the primary role in ensuring the development and management of investment projects.*[25]

The **Executing Agencies** of the GEF were established in 1999, under the GEF's "expanded opportunity policy". This policy responded to a demand, made by regional development banks and UN agencies, to have a more direct access to GEF resources–before this policy, regional development banks had to work from within IAs' project proposal process.

These institutions are:

- the Asian Development Bank (ADB)
- the African Development Bank (AfDB)
- the European Bank for Reconstruction and Development (EBRD)
- the Inter-American Development Bank (IDB)
- the International Fund for Agriculture and Development (IFAD)
- the Food and Agriculture Organization of the United Nations (FAO)
- the United Nations Industrial Development Organization (UNIDO)

ExAs have been assigned a more definite role within the GEF governance structure, based on specific business needs of the GEF.[26] At the onset, the access of the four regional banks, the UNIDO and the FAO was expanded to include approved participation in the preparation of GEF projects and direct access to Project Development and Preparation Facility. The access of the UNIDO and the FAO was subsequently expanded, in 2001, to include direct access to resources for expedited Enabling Activities on persistent organic pollutants (POPs).[27] Since 2003, the four regional development banks can submit proposals directly to GEFSEC, and the ADB

---

[25] *Ibid.,* p. 38.
[26] Global Environment Facility, GEF, *Comparative Advantages of GEF Agencies, GEF Council June 12-15, 2007*, Agenda item 11, 18 June 2007, p. 1.
[27] Global Environment Facility, GEF, *Joint Summary of the Chairs, GEF Council Meeting May 9-11, 2001,* May 2001, p. 7, < http://www.gefweb.org/Documents/Council_Documents/Joint_Summary_-_May_2001_English.pdf>, last accessed 11 March 2009.

and the IDB have full direct access to allocations of GEF resources,[28] while UN agencies can submit proposals in a focal area through one of the three IAs.[29]

NGOs are formally represented within the GEF through the GEF/NGO network. The network counts 18 members, representing 15 regions or constituencies–the Regional Focal Points–and three representatives from the Indigenous People's Organizations (IPOs). It is organised around a network focal point, elected for four years, and which is always an institution–the current central focal point is the Malaysian NGO Global Environment Centre (GEC), and it appoints one of its members to fulfil this mandate. The current representative is Mr. Faizal Parish.[30] The GEF/NGO network meets GEFSEC during a consultation meeting the day preceding each of the Council meetings. Moreover, accredited NGOs have observer status during Council meetings. There are currently more than 400 accredited NGOs. That said, the relationship of the GEF with NGOs is not restricted to the GEF/NGO network and the consultation meetings:

> *There are a great number of NGOs, and the network does not filter all of these relationships. There are also a lot of informal meetings outside the consultation meeting.*[31]

Beyond advocacy at the international governance level, civil society actors also play a role at the implementation level. NGOs can propose project concepts to states or IAs, and can implement or co-implement GEF projects through so-called "Medium-Sized Projects" (MSPs) and the Small Grants Programme (SGP), which are particularly fitted to NGO capacities. However, this situation could have been modified by the implementation of the Resource Allocation Framework (RAF). Indeed, and according to some of our contacts, as well as the Mid-Term Review of the RAF, the new resource allocation framework seems to have had the effect of reducing the number of MSPs funded, and reducing the access of NGOs to GEF resources.[32]

The representation of the **private sector** remains limited within the GEF.[33] It is one of the recurrent hobbyhorses of GEFSEC.

---

[28] L. Boisson de Chazournes, "The Global Environment Facility (GEF): A Unique and Crucial Institution", *RECIEL,* vol. 14, n° 3, 2005, p. 198.
[29] Global Environment Facility Evaluation Office, GEF EO, *Joint Evaluation of the GEF Activity Cycle and Modalities*, Report n° 33, 2007, p. 1.
[30] Global Environment Facility, GEF [Internet], *The GEF NGO Network has new interim Central Focal Point,* <http://gefweb.org/interior_right.aspx?id=24278>, last accessed 16 March 2009.
[31] Interview, Civil society actor, November 2008.
[32] Interview, Civil society actor, September 2008; Global Environment Facility Evaluation Office, GEF EO, [Powerpoint presentation] *Mid-Term Review of the Resource Allocation Framework*, 34th Council Meeting, Agenda Item 8, 11 November 2008.. We thank one of the revewers of this report for pointing this out to us.
[33] L. Boisson de Chazournes, M.M. Mbengue, "Mécanismes Financiers Internationaux. Fonds pour l'Environnement Mondial (FEM)", *Jurisclasseur-Environnement,* Fasc.2800, 2007, p. 17.

POWER STRUCTURE

The different structures and actors are also characterised by their interactions with each other. It is therefore useful to provide a snapshot of the relations of power that make up the GEF.

General governance

In terms of the general governance of the GEF, the main actors are: the Council, the Assembly and the Conference of the Parties (COPs). The most powerful actor remains the Council of the GEF, in which all the donor countries are represented, and where all the central decisions concerning the objectives, strategies and work programme of the GEF are taken. The Council is also the body through which the GEF budget is approved, and it prescribes the way the GEF's financial resources will be used.[34] It is interesting to note that for purely fiduciary questions, only the World Bank has effective and direct decisionary power. In such cases, the decision-making process tends to be dual-tracked: the Council will issue recommendations, which will be made effective by the World Bank.[35]

The Conferences of the Parties (COPs) form the second pole of power at the highest level in the GEF. Because the GEF has been established as a financial mechanism for four environmental conventions, the different COPs are capacitated to give guidance to the Council, which the latter must follow when and as it acts as their financial mechanism, on the way the objectives, strategies and work programme of the GEF must be defined. The power exerted by the COPs is "softer" than that exerted by the Council, for it mostly takes the form of power-as-influence; the COPs can only issue guidance to the Council. This does not mean that it should be less effective. The COPs bring accountability and therefore political legitimacy to the governance structure of the GEF, through their representation of an equitable and representative international cooperation endeavour–the establishment of the environmental conventions.[36] Their guidance is therefore valued by GEF actors, and heeded by the Council. Some tension can and does arise between the latter and the COPs, for "there are two masters in the GEF",[37] which have different–but not necessarily mutually exclusive–priorities.[38]

The Assembly also wields a significant degree of power, but which is, again, less direct than that of the Council. The Assembly is the forum through which recommendations for amendments to be made to the *Instrument* of the GEF, issued by the Council, are approved; but more importantly, GEF Assembly meetings provide an essential political forum in which to discuss the general orientation of the GEF, and

---

[34] L. Boisson de Chazournes, 2007, *op. cit.,* p. 15.
[35] L. Boisson de Chazournes, 2003, *op. cit.*
[36] *Ibid.*, p. 16.
[37] Interview, GEF staff, September 2008.
[38] Interview, GEF staff, September 2008.

the wider place of the GEF within the international environmental governance architecture. The GEF Assembly also wields a significant amount of power-as-influence because of its political legitimacy, derived from the universality of its representation.[39] Within the Council, and even if all countries are represented through constituency representatives, donor countries, which are in majority developed countries, are "more represented" than developing ones, as they occupy their own seat at the Council. Recipient/developing countries are grouped within constituencies.[40]

Within the Council itself, power tends to be structured along a donor/developed country and recipient/developing country dividing line. The two different groups of actors have diverging interests when it comes to the governance of the GEF, which we will come back to later, and it seems that the interests of donors have traditionally, and until now, had more weight than those of recipient/developing countries within the Council, despite its very equitable governance structure. Two of our contacts within GEF Agency staff, and two of our contacts within GEF staff suggested that the GEF was "donor-oriented". That said, and as we remarked upon earlier, such a distribution of power never generated tensions strong enough to prevent decision-making through consensus within the Council.[41]

Operational governance

In terms of the activity cycle of the GEF, or the *operational* governance of the GEF, the structure of power seems to be in evolution. The main actors here are GEFSEC, the IAs and individual national countries that, as donors or recipients, propose project concepts, give their advice on the different project proposals during Council meetings, and implement or cofinance approved projects.

States are the unavoidable actor. They are the ones through which project proposals have to be made, and to which funds are given. Any potential project "must be endorsed by the government(s) of the country(ies) in which it will be implemented".[42] That said, IAs have traditionally played a central role in the activity cycle of the GEF. They are, of course, the prime implementers of projects, and the prime responsible for them to the Council. And this is in line with the original and foundational philosophy of the GEF, namely that the GEF should draw on the capabilities and experience of existing institutions. IAs are also active in identifying potential projects and pushing them forward. IAs "push forward their own agenda"[43] as they participate in the GEF.

---

[39] L. Boisson de Chazournes, 2003, *op. cit.,* p. 13.
[40] C. Streck, "The Global Environment Facility – a Role Model for International Governance?", *Global Environmental Politics*, vol. 1, n° 2, May 2001, p. 92.
[41] Interview, GEF staff, Washington D.C., September 2008; Interview, French governmental staff, November 2008.
[42] C. Streck, 2001, *op. cit.*
[43] Interview, Swiss governmental staff, October 2008.

An important dividing line has existed, with varying intensity over the years, between the Implementing Agencies themselves. Indeed, there is a historical power imbalance between the World Bank, on the one hand, and the UNEP and UNDP, on the other. Structurally, the World Bank is the GEF's Trustee. As such, the GEF has to abide by all World Bank rules, and the Bank thus holds a special position within the IAs. Furthermore, we have seen that under the principle of "comparative advantage", IAs were given specific areas of action. The World Bank is the designated IA for all the investment projects,[44] and as such implements the largest and most costly projects, and brings a lot of money to the GEF through cofinancing arrangements. The Bank is the largest multilateral partner of the Fund since the end of the GEF Pilot Phase; providing "more than US$4.8 billion of the Bank's own funds to cofinance GEF-supported projects".[45] According to the Annual Performance Report 2007 (APR), between 2002 and 2007, reported materialised cofinancing per project was of $23.7 million for the World Bank, $4.2 million for UNDP and $4.1 million for UNEP. This difference is visible even in real terms, where the cofinancing ratio was of GEF US$ 1:3.80 for the World Bank, and of US$1:50 for UNEP and US$1:30 for UNDP.[46] This imbalance has created some tension between the IAs over the years, particularly on the ground, in the form of competition for GEF resources: "UN agencies seek more the money of the GEF."[47]

Again, this dividing line is carried over to the GEF Council and Assembly, through the representation of countries. Donor/ developed countries tend to support World Bank approaches and projects, while recipient/ developing countries tend to align themselves with the positions of UN agencies.[48]

In recent years, this balance of power seems to have been changing: GEFSEC is becoming an increasingly important and pivotal actor of the GEF's activity cycle, and the World Bank is slightly stepping down its participation in the GEF. These changes cannot be traced back to a single causal factor, but it can be suggested that the growing role of GEFSEC is a factor both of the increase in the number of actors participating in the GEF and in the scope and responsibilities of the facility over the years, which call for a more "authoritative" Secretariat.[49] The slight disengagement of the World Bank can be linked back to the integration of Executing Agencies within the GEF, which creates more competition for GEF money within the IAs, to the establishment of a new framework for allocating GEF money (the Resource Allocation Framework, or RAF) that steps up the role of states in the choice and design of

[44] Global Environment Facility,GEF, *Instrument…,* March 2008, *op. cit,* p. 38.
[45] G. Porter, N. Bird, N. Kaur, L. Peskett, *New Finance for Climate Change and the Environment,* Heinrich Böll Stiftung, July 2008, p. 13.
[46] Global Environment Facility Evaluation Office, GEF EO, *GEF Annual Performance Report 2007*, October 2008, p. 26.
[47] Interview, GEF Agency staff, September 2008.
[48] H. Sjöberg, *Restructuring the Global Environment Facility*, GEF WP 13, Washington D.C., GEF, September 1999, p. 3.
[49] Interview, GEF Agency staff, September 2008.

projects to be submitted to the GEF, and to the stepped up role of GEFSEC in the selection of projects, which leaves less leeway to the Bank to pursue its own agenda. These factors combine to make GEF projects less profitable for the World Bank.[50] As a result, the UNDP seems to be "picking up the slack"[51] left by the World Bank, and increasing its role within the GEF activity cycle.[52]

HOW?

REPLENISHMENT

The GEF raises and gathers money through a process of replenishment rounds. Every four years, coincident with GEF Assembly meetings, donor countries pledge money to the GEF, for a period of four years, until the next replenishment round.

At the creation of the GEF, in 1991, donor countries pledged SDR[53] 1 Million (roughly $1.5 million). In 1994, at the end of the Pilot Phase, donor countries pledged US$2 billion[54]. US$2.75 billion were pledged at the first GEF Assembly, set in New Delhi in 1998, $2.97 billion at the second GEF Assembly set in Beijing in 2002, and $3.13 billion at the third GEF Assembly set in Cape Town in 2006. The replenishment process for 2010 has already started, with a first meeting held in Washington D.C. in March of 2009.

ACTIVITY CYCLE

The GEF funds different types of projects:

Full-sized projects (FSPs) and **medium-sized projects (MSPs)** are consistent both with the country's national priorities and with the GEF's operational strategy and

---

[50] Interview, GEF Agency staff, September 2008.
[51] Interview, Swiss governmental staff, October 2008.
[52] Interview, GEF Agency staff, September 2008; Global Environment Evaluation Office, GEF EO, "RAF Allocations and Utilizations", *RAF Mid-Term Review Draft Report,* November 2008, p. 15, <http://www.thegef.org/gefevaluation.aspx?id=22712>, last accessed 120309.
[53] Special Drawing Rights. These rights are an international reserve asset, created by the World Bank to supplement the resources of donor countries. See http://www.imf.org/external/np/exr/facts/sdr.htm, last accessed 30 January 2009.
[54] H. Sjöberg, 1999, *op. cit.,* p. 47.

programmes. FSPs are grants of over US$1 million, while MSPs are limited to a maximum of US$1 million in GEF funds. They are available through expedited procedures that speed processing and implementation. These medium-sized grants are accessible by a wider range of interested parties, such as NGOs;

Enabling activities are capacity-building projects designed to help developing countries fulfil their obligations under the UNFCCC and the CBD;

Project preparation and development facility (PDF) are preparatory grants. They are designed to help developing countries prepare and propose their project concepts, or to provide supplementary and ad-hoc funding for Council approved projects necessitating "considerable technical design and engineering feasibility work"[55] at the onset.

Projects under the **Small Grants Program** target grassroots projects and allocates money to non-governmental and community-based organisations exclusively. The maximum grant amount per project is US$50 000.

The GEF project cycle for FSPs:[56]

Since June 2007, reforms have been undertaken to speed up and streamline the project cycle. Key documents modifying the project cycle were approved, with the objective of keeping the length between the approval of the initial project documents and the final endorsement of projects under 22 months–before this reform, some projects could take up to 60 months before being implemented.[57]

Procedures then differ slightly for Medium-Sized Projects (MSPs) and Enabling Activities (EAs).

I. From project proposal to PIFs

An applicant from a national country, which can be a state representative, but also an NGO or a representative of local authorities,[58] submits a project proposal to one of the GEF IAs or ExAs, basing h/her choice on their comparative advantages. The latter will then assist applicants in the development, management and implementation of GEF projects.

[55] Global Environment Facility, GEF [Internet], Project Development Facility, <http://www.gefweb.org/Projects/projects-Projects/Project_Development_Facility.html>, last accessed 17 February 2009.
[56] Global Environment Facility, GEF, *Policies and Procedures for the GEF Project Cycle,* GEF Policy Paper, November 2008; Global Environment Facility, GEF, "GEF Project Cycle", Sub-Regional Workshop for GEF Focal Points in the Pacific SIDS, Auckland, New Zealand, 18-19 September 2008.
[57] Interview, GEF Agency staff, September 2008.
[58] L. Boisson de Chazournes, M.M. Mbengue, 2007, *op. cit.,* p. 16.

Agencies, after endorsement by the country operational focal point, and following their own internal project procedures,[59] develop and submit a Project Identification Form (PIF) to GEFSEC, on a rolling basis. This document provides the basic information on the project concept, and its estimated cost.

II. PIF clearance and integration within the work programme

All PIFs must then be reviewed and cleared by the GEF CEO. Clearance is obtained based on:

- country eligibility–eligible countries are those eligible for funding under the adequate environmental conventions, and "eligible to borrow from the World Bank (IBRD and/or IDA) or if it is an eligible recipient of UNDP technical assistance."[60]
- consistency with GEF strategies and programmes
- comparative advantage of the GEF Agency submitting the PIF
- estimated costs
- consistency of the grant request with the resources set for the specific focal area of the project, and within the Resource Allocation Framework allocations (see below)
- milestones for further project preparation.

Once cleared, the PIFs are integrated into the work programme of the GEF, and are sent to the STAP for screening. The GEF CEO is in charge of constituting the work programme, based on the level of resources available from the GEF Trust Fund.

III. GEF Council approval

The Council then proceeds to approve the work programme set by GEFSEC. Such a process takes place bi-annually, during Council meetings, and during Intersessional Work Program (IWP) meetings, convened if and when ten PIFs are ready, or when the total amount of grant requests for cleared PIFs have reached US$50 million. The cleared PIFs selected by the GEF CEO are accompanied by a Work Programme

[59] Global Environment Facility, GEF, *GEF projects,* [Internet], http://www.gefweb.org/interior_right.aspx?id=16784, last accessed 30 January 2009.
[60] Global Environment Facility, GEF, *Instrument…,* March 2008, *op. cit,* p. 14.

Document, destined to the Council, which outlines the policy and strategic implications of the work programme, and presents the overall programmatic coherence of projects.

IV. Endorsement

Once a PIF has been approved by the Council, a Project Document, a full size document detailing the project at hand, is submitted for endorsement by the GEF CEO by the project applicants. Within ten days, the document has to be reviewed by GEFSEC, and the GEF CEO checks whether it meets the condition for endorsement. It is then circulated to Council members, who have four weeks in which to make comments. At the end of this period, the document can be endorsed by the GEF CEO. At this point, the GEF CEO has discretion to endorse a proposal or not.

Expedited procedures for MSPs and EAs

MSPs and most EAs are processed under **expedited procedures**, which means that approval for the projects is delegated from the Council to the GEF CEO. The objective is to bring the time between PIF approval to GEF CEO endorsement until 12 months for MSPs. Applicants propose a PIF to the GEF CEO, on a rolling basis, which is circulated to Council Members for information prior to CEO approval. Once the PIF is approved by the CEO, applicants submit the final Project Document. It is posted on the GEF website for two weeks and sent to Council members for comment. At the end of this period, the project is approved.

EAs are processed under expedited procedures when the grant amount requested does not exceed US$500 000. No PIF is needed; the final Project Document is directly approved by the CEO, and included in the GEF's database.

GEF grants that are made within the framework of the conventions must be in conformity with the eligibility criteria of each convention. To be funded, projects must fit with the priorities set by the GEF for at least one of the six focal areas. They must also reflect national and regional priorities, and "improve the global environment or advance the prospect of reducing risks to it."[61] Each project proposal must show a

[61] Global Environment Facility, GEF, *Eligibility Criteria & Project Cycle* [Internet], http://www.gefweb.org/Operational_Policies/Eligibility_Criteria/eligibility_criteria.html, last accessed 30 January 2009.

practise of "incremental reasoning"[62] and present the cofinancing commitments taken by actors other than the GEF on the project. Such cofinancing comes from the IAs themselves, but it can also come from governments, other multilateral and bilateral organisations, NGOs, private sector companies etc. For MSPs and FSPs, the expected cofinancing ratio is of GEF US$1:4, and the minimum is set at a ratio of GEF US$ 1:1.

A new framework for allocating GEF resources, the RAF (Resource Allocation Framework), based on individual country allocations, has been established in the GEF. It was introduced in September 2005, and replaces the previous one, which functioned on a first come-first served basis.

The RAF

The RAF, or **Resource Allocation Framework**, is a system devised to determine the financial allocations given to recipient countries. It is a performance-based system (PBS). This means that it aims at maximising the impact of the GEF on the global environment through an allocation framework optimising global environmental performance. It also aims to ensure more transparent and predictable allocations for countries.

The criteria for allocating financial resources are performance–the **GEF Performance Index** – and the potential for achieving global environmental benefits – the **GEF Benefits Index**. The GEF Performance Index is composed of three indicators:

- Portfolio Performance Indicator, with a weight of 10%
- Country Environmental Policy and Institutional Assessment Indicator, with a weight of 70%
- Broad Framework Indicator, with a weight of 20%.[63]

Allocations are made after each replenishment period, for a period of four years. However, only half of the money allocated can be accessed in the first two years.

The RAF divides countries into two categories, which will be treated differently under the RAF. Countries whose allocations

[62] The quantitative evaluation of incremental costs was abandoned in 2007 following a report by the GEF EO, to the profit of a more qualitative appreciation of the additional costs of achieving global environmental benefits, and of the additional funds needed. See Global Environment Facility Evaluation Office, GEF EO, *Evaluation of Incremental Costs Assessment,* Evaluation Report n° 34, May 2007.
[63] Global Environment Facility Evaluation Office, GEF EO, *Resource Allocation Framework: Mid Term Evaluation*, Approach Paper, 20 July 2007, p. 3.

sum to 75% of the funds available for a focal area receive an individual allocation under the RAF. All other countries receive a group allocation with the money remaining. Within the group allocation category, countries cannot receive less than one million dollars in funding.

The implementation of the RAF started in 2006. It concerns only the focal areas of biodiversity and climate change. The objective is to widen the application of the RAF to all GEF focal areas.

THE DIFFICULTY IN DEFINING THE GEF

The GEF is a very original multilateral mechanism. Indeed, it brings together within a common governance framework a wide variety of actors that do not generally or usually work together: the World Bank, from the Bretton Woods "family" of institutions, and UNEP and UNDP, from the UN "family"; donor countries and recipients countries; developed countries and developing countries; states and representatives from the civil society–the GEF was the first financial institution to bring NGOs within its decisionary bodies.[64]

In the GEF's Business Plan, the GEF is defined as: "provid[ing] financing to developing countries to address global environmental problems", having "clear responsibilities with the conventions on climate change and biodiversity", and as being a catalyst for the support to global environmental security.[65] In the literature, the GEF is defined as a "fund" or a "facility" according to the different translations–the GEF is a "facility" in English, a "fund" in French or in Spanish -, and is coined interchangeably an "agency", an "institution" or an "international organization".[66] Actors both within and outside the GEF will tend to support one "role" or the other. During GEF Assemblies, developed countries, along with the World Bank, will tend to emphasise the economic/ financial dimension of the GEF and the Global Environmental Benefits (GEBs)

[64] Interview, former GEF official, November 2008; anonymous reviewer, February 2009; G. Alagna, "A Revamp at the GEF?", *Devex,* 27 December 2008, < http://www.devex.com/articles/a-revamp-at-the-gef>, last accessed 12 March 2009.
[65] Global Environment Facility, GEF, *GEF Business Plan FY96-97 and Budget FY96,* GEF/C.4/4, GEF Council Meeting, Washington D.C., May 3-5 1995, p. 3.
[66] L. Boisson de Chazournes, "Le Fonds pour l'Environnement Mondial: Recherche et conquête de son Identité", *Annuaire Français de Droit International*, vol. 41, 1995, p. 620.

objective, while developing countries and UN agencies emphasise the link of the GEF with the environmental conventions.[67]

We asked our 36 informants to define the GEF to us, and we received very different, and sometimes contradictory, statements. A third of our correspondents presented the GEF as a crucial instrument for international cooperation on global environmental, while a third defined it as a foreign policy tool for donor countries in the form of ODA. The GEF was perceived both as an inclusive and representative institution, and as a centralised, donor-oriented and state-centred institution; it was perceived as a central institution in IEG as well as a small actor, or just one institution amongst many. Some contacts emphasised the comparative advantage of the GEF as an institution that did not have a development mandate, while others criticised the GEF for not performing well enough in developmental terms. Finally more than a third of the people we interviewed stressed the symbolic role of the GEF, its incarnation of a political message, while three commended or advocated the unpoliticised nature of the GEF as one of its main comparative advantage for approaching states and proposing projects.

We also noticed an interesting confusion as to the belonging of the GEF to the cohort of UN institutions.

The UN "slip"

Originally, the GEF is supposed to be neither a UN, nor a Bretton Woods endeavour, but a common endeavour of the international community cutting across traditional "global institutional" families.

Despite this, a number of our interlocutors associated the GEF with the UN: the GEF is perceived as bearing the "UN stamp"; to be "in UN hands", to "work towards peace and prosperity through the UN".[68]

It is also interesting to note that the association of the GEF with "UN institutions" can be, depending on the interviewee, the GEF's main strength or its biggest weakness, for it is accompanied by a perception of legitimacy, or of inefficiency.

The nature, role and place of the GEF in the wider global environmental architecture seems therefore to be indeterminate, or rather to be subject to varying interpretations. Taking a look back on the process through which the GEF was created provides some interesting insights in this regard.

---

[67] Interview, GEF Agency staff, September 2008; H. Sjöberg, 1999, *op. cit.,* p. 3.
[68] Interviews, GEF Agency staff and Civil society actor, September 2008.

II. "MAKING ENVIRONMENTAL HISTORY".[69] THE CREATION OF THE GEF

The GEF has evolved and changed in time since its formal creation in 1991, and with it its role and place within the wider environmental governance architecture. This evolution can be understood to have progressed in successive phases.

From 1991 to its restructuring in 1994, the GEF was a path-breaker and a trend setter. It was devised as a kind of "Trojan Horse" for the integration of global environmental issues within the activities of states and institutions, in an environmental governance landscape that was only starting to develop itself. In the following years, the facility was to be one of the only institutions caring for global environmental issues at the international level, and it played a central role in energising the international environmental governance field. From 1999, when a range of new actors were integrated as Executing Agencies of the GEF, to 2003, when Mohamed El-Ashry stepped down from the position of GEF CEO that he had held since its creation, the GEF went through a phase of expansion of its scope and participation, as political momentum and mobilisation around global environmental issues increased. This period of expansion, which marked a high point in GEF's stature in the environmental governance field, failed to be followed through institutionally, as had been advocated for by Mohamed El-Ashry. The affirmation of the absence of a political will, by states and the GEF's agencies, to give the GEF more institutional independence, marked a turning point in the evolution of the GEF, which had to find itself a future outside the "institutionalisation" path.

---

[69] W.R. Reilly, "The Road from Rio: The success of the Earth Summit depends on how well we follow through on its principles and programs", *EPA Journal*, September/October 1992, <http://www.epa.gov/history/topics/summit/01.htm>, last accessed 22 December 2008.

CREATING THE GEF: A TWO-PHASED PROCESS

The GEF was created in two phases: the first one led to its creation in 1991. 27 country representatives–of whom a third belonged to developing countries–agreed on the creation of a facility dedicated to the funding of projects reaping global environmental benefits in developing countries. The second phase led to the *restructuring* of the GEF, following the designation of the GEF as the financial mechanism for the United Nations Framework Convention on Climate Change (UNFCCC) and the Convention on Biological Diversity (CBD), at the 1992 UN Convention on Environment and Development (UNCED). The *Instrument for the Establishment of the Restructured Global Environment Facility* was signed in 1994, and it has regulated the functioning of the GEF since.

This "double beat" in the creation of the GEF is significant because it set out a number of the features that marked the evolution of the GEF. The GEF went from being a financial mechanism designed largely by actors–states and NGOs–from the developed world to help developing countries address global environmental issues, to being a fully-fledged IEG tool, through its linkage with the UNCED process. As it developed in time, the duality remained between a purely economic and a more political dimension. Similarly, a certain tension has characterised the relationship between developed and developing countries within the GEF, over the relative power of donor states and the extent to which the GEF could be considered a "true" international cooperation endeavour.

This ambiguity on the exact nature and role of the GEF is characteristic of the facility. The creation of the GEF was the result of interlocking dynamics–structural, specific to the environmental field or to individual political actors–but it was also the result of a strategy of "constructive ambiguity" that enabled the diverging expectations and interests of the different actors involved in negotiations over the creation of the GEF to be accommodated within a single project. The particular structure of the GEF, and its functioning, were left rather loose, and wide enough to fit all positions. Such flexibility in the terms of the GEF was most probably determinant in allowing the GEF negotiations to succeed, but it was achieved at the expense of a homogeneous understanding of what they actually meant, and covered.

Changing world, changing mind frames

The creation of the GEF, and the convening of the Rio Earth Summit in June 1992 more generally, marked the culminating point of a process that saw the integration of the environment on the global agenda of states and institutions. In less than two decades, since the environment was first brought up on the international agenda at the 1972 UN Conference on the Human Environment, an issue that had previously been relegated to national spheres of governance was now being recognised by the international community as a foreign policy issue requiring concerted action.[70] More than 170 countries met at Rio under the auspices of the UN and recognised that our living environment as we knew it was being threatened by human activity. To protect it, and this was Rio's main highlight and output, human society had to practise "sustainable development", in other words the protection of the environment through increased social development and an economic activity "in equilibrium with basic ecological support systems".[71]

The symbolic power held by the summit in itself was compounded by the signing of a number of crucial documents that were to provide the standards and the normative framework for future environmental governance initiatives: Agenda 21, the Rio Declaration on Environment and Development, the Statement of Forest Principles, the United Nations Convention on Biological Diversity (CBD) and the United Nations Framework Convention on Climate Change (UNFCCC).

The gradual integration of the global environment on the agendas of states and international institutions was stimulated in part, and quite logically, by the increasingly conspicuous effects of human activity on the environment. Visible environmental damages, such as the destruction of tropical rainforests, desertification, transboundary pollution,[72] or the "hole" in the ozone layer, publicised a process of global environmental degradation that had been, and still is, difficult to encompass from an individual viewpoint. By the late 80's, the environment was considered by European citizens to be the second most pressing problem after unemployment.[73]

WORKING TOWARDS THE CREATION OF THE GEF; CONTEXT AND CONTROVERSIES

Paving the road for a global financial mechanism

Two reports were determinant in enabling reflection on the possibility for a financial mechanism, and on its potential structure: the Brundtland Commission, published in 1987, and the report by the World Resources Institute (WRI), published in 1989.[74]

[70] H. Sjöberg, *From Idea to Reality: The Creation of the GEF*, GEF WP 10, Washington D.C., GEF, 1994, p. 3; S. Halpern, *The United Nations Conference on Environment and Development: Process and Documentation*, Providence, Academic Council for the United Nations System (ACUN), 1992, <http://www.ciesin.org/docs/008-585/unced-intro.html>, last accessed 24 November 2008.
[71] R. Stivers, *The Sustainable Society: Ethics and Economic Growth*, Philadelphia, Westminster Press, 1976, p. 187.
[72] H. Sjöberg, 1994, *op. cit,* p. 3.
[73] G. Labbate, "The incremental cost principle and the conservation of globally important habitates: A critical examination", *Ecological Economics*, vol. 65, 2008, p. 217.
[74] H. Sjöberg, 1994, *op. cit.,* p. 3.

The Report of the Brundtland Commission, more commonly known as the Brundtland Report, was the first text to enshrine, at the global level, the need to increase funding to developing countries for the protection of the environment, and the first to put forward the idea of developing new financial mechanisms to this end. This proposal resulted from the belief, exposed in the report, that the pressure that was being put by human activity on the environment was threatening human survival,[75] and that the response to this threat could only be multilateral and coordinated. The challenges of sustainable development "cut across the divides of national sovereignty, of limited strategies for economic gain, and of separated disciplines of science";[76] and humans had to modify their behaviour, particularly in the economic realm, to ensure the sustainability of the resources they lived on.

The report of the WRI took the question of the financing of the global environment a step further. This report was based on the ongoing work of the International Conservation Financing Program (ICFP), nested in the WRI, and which was a forum for the exchange of ideas on environmental financing. Its research work, which concentrated on the biodiversity conservation aspect of environmental protection, had even inspired the reflections on environmental financing included in the Brundtland Report.[77] The final WRI report proposed the creation of one or a number of International Environment Facilities (IEFs), and suggested such entities be nested within existing organisations, so as to avoid bureaucratic proliferation.[78]

From this point on, the idea that the planet needed a multilateral environmental financial mechanism was firmly established, and competition between institutions, governments, NGOs, to become its host began in full earnest. Proposals proliferated on part of a variety of actors, and in a variety of forms - the European "Hague Declaration", which called for the creation of an international authority to protect the atmosphere, the Indian "Planet Protection Fund" to protect the environment through the purchase of conservation-compatible technologies,[79] "debt for nature swaps"[80] etc. However, strong divergences over its structure, functioning and scope remained.

A centralised vs. a transversal approach

The main difference opposed those advocating the creation of a separate entity, akin to the WHO in the global health sector, and those adamantly opposing the creation of a new bureaucracy, such as the United States for example. This divergence is the

---

[75] United Nations, UN, *Our Common Future: Report of the World Commission on Environment and Development,* UN General Assembly Document A/42/427, 20 March 1987, p. 18.
[76] *Ibid*, p.12.
[77] H. Sjöberg, 1994, *op. cit.,* p. 4.
[78] *Ibid.*, p. 6.
[79] *Ibid.*, p. 11; D.W. Pearce, *Blueprint 4: Capturing Global Environmental Value,* Earthscan, Centre for Social and Economic Research on the Global Environment, 1995, p. 141.
[80] D. Asiedu-Akrofi, "Debt-for-Nature Swaps: Extending the Frontiers of Innovative Financing in Support of the Global Environment", *International Lawyer*, vol. 25, n° 3, 1991, *quoted by* L. Boisson de Chazournes, 1995, *op. cit.*

expression of different approaches to the management of global environmental issues. Should a centralised approach be preferred, whereby a separate and dedicated structure is entrusted with the management of global environmental issues, or a transversal approach, in which global environmental considerations are integrated within the traditional activities of existing institutions, both at the national and the international level? Such approaches are not mutually exclusive; the positions of actors can borrow to varying extents to one or the other.

For proponents of the latter approach, which were in a majority, the challenge lay in finding an adequate institution in which to nest the newly-created mechanism, and this process was not devoid of controversies either.

The World Bank had been mentioned in the Brundtland Report as a potential "nest" for a new financial mechanism, as well as in a draft version of the WRI report.[81] But so had the UN, who "should clearly be the locus for new institutional initiatives of a global character" according to the Brundtland Report. Both UNDP and UNEP, as well as a number of countries or groupings of countries, had positioned themselves alongside the Bank to host the new mechanism. Establishing such a mechanism within the premises of the World Bank was perceived as being politically sensitive.[82] After all, the protection of the global environment was not comprised within its mandate, strictly speaking, and the environmental record of the World Bank was problematic–protests had arisen in the mid-80's as the Bank's role in funding environmental disasters in the Brazilian amazon and in the Sarawak rainforest in Indonesia was unveiled.[83]

There were also controversies regarding the agenda of such a mechanism: should it aim at the environment generally speaking, or should it focus on specific issues, and if so, which ones? And concerning the structure and the functioning of such a mechanism, should it take the form of a trust fund, of a series of co-financing agreements, or of yet another financial mechanism? Should this money be taken from traditional ODA resources or should it be drawn from new and additional resources?

Visualising the different positions: the emergence of a North/South rift

> *Until now, security-related issues on an East-West pivot have supplied the most vehement political debates within the UN context. But environment/development issues with a North/South polarization are taking over this role.*[84]

On all the questions concerning the nature of the financial mechanism, its structure and functioning, states aligned themselves quite consistently within three groupings,

[81] D.W. Pearce, 1995, *op. cit.,* p. 140.
[82] Memorandum from Mr. David Beckmann to Ms. Maritta Koch-Weser, 10 November 1987, *quoted by* H. Sjöberg, 1994, *op. cit.,* p. 8.
[83] J. Timmons Roberts, B.C. Parks, M.J. Tierney, R.L. Hicks, "Has Foreign Aid Been Greened?", *Environment,* January-February 2009.
[84] S. Halpern, 1992, *op. cit.*

comprising: the United States, seconded to some extent by Australia and the UK, members of the European Union, and developing countries. The US was not particularly favourable to the integration of the global environment on the agenda of international actors, and it was very clear about its refusal to support the creation of an entity outside existing institutional structures. It was joined on this by the UK. The US was favourable to the creation of a mechanism within existing institutions, which functioned on the basis of co-financing agreements, rather than a core fund, and did not want to have to commit amounts of money supplementary to her existing ODA lines.

Although some divergences existed among them, European countries in their great majority, encouraged by the growing awareness and mobilisation of their populations, pushed for the establishment of a new international authority to protect the global environment.[85]

Developing countries, finally, held a third position, which had a determinant influence on the structure and functioning of the future GEF. The establishment of the environment on the international agenda was the result of a largely "Northern" process–Northern NGOs, activists and scientists were the ones who outlined and put forward the "new" environmental issues that affected the planet globally–and they put forward an agenda that was relevant to Northern countries and constituencies first and foremost. For developing countries, environmental protection was, in itself, a less pressing issue than reducing poverty or developing national infrastructures for developing countries, and, in terms of environmental issues, global climate change or deforestation came second only to land degradation or water and air pollution in their national priorities.[86] The increased interest for the environment at the global level, and the initiative for the creation of a global environmental financial mechanism was perceived as an uploading of the priorities of a limited number of countries onto the agendas of the rest, which threatened, in the case of developing countries, to diminish current ODA flows, as resources were redirected to the new global environmental agenda.

A justice and equity issue compounded this economic issue. Indeed, most of the global environmental degradation that was being observed could be attributed to the production and consumption practises of developed countries, while developing countries were the most vulnerable to the effects of global environmental degradation. Furthermore, the majority of the environmental "assets" to be tended for under the new global environmental agenda were to be found in developing countries. Globalising such assets on the basis of the "global public good" principle, and globalising the costs for protecting them, deprived developing countries of their comparative environmental advantage and discarded the question of responsibility in

---

[85] H. Sjöberg, 1994, *op. cit.,* p. 11.
[86] Z. Young, *A New Green Order? The World Bank and the Politics of the Global Environmental Facility*, London, Pluto Press, 2002.

the environmental degradation of the planet. In this situation, a fair arrangement was rather seen by developing countries to be one in which developed countries took onto themselves to help developing countries, both financially and technically, in tending to the global environment, while respecting their right to economic development.

Developing countries' appreciation of a potential financial mechanism was thus more fundamentally different from the US and the European appreciation than the latter were from each other. Developing countries rejected the possibility of nesting the mechanisms within the World Bank, or any of the Bretton Woods institutions, and they supported a different agenda: one that would have addressed environmental issues relevant to developing countries, and this from within a poverty alleviation and developmental framework.[87]

Reaching an agreement; the practise of "constructive ambiguity"

The proliferation of proposals and of expectancies put into this financial mechanism threatened to stymie its creation; no candidate seemed to be able to rally sufficient political consensus and financial commitments to get it up and running. This was until the French put on the table, in September 1989, a proposal for the creation of a global fund within the World Bank, and backed their offer by a financial commitment of 900 million francs for a period of three years. This intervention sent a clear signal to the international community that the French state was ready to commit itself substantially to the creation of a financial mechanism, and thus marshalled political wills around the only viable proposal put forward so far, and the project proposal of the World Bank that could derive from it.[88]

The drawing near of the UNCED, whose preparatory commissions were being held at the time, also acted as a push factor for the wrapping up of negotiations around the creation of the GEF. The disagreement between developed and developing countries over the place and shape of the global environmental agenda was expressed even more forcefully within the UNCED forums, and it appeared necessary for developed countries to secure an agreement on the financial mechanism before the start of hostilities at Rio.[89]

It is interesting to note the importance of forum-linkages and political champions when negotiating in a state of uncertainty. Cooperation in a state of uncertainty–over the nature of the global environmental issues; their origins; the means needed to solve them and most importantly the costs involved in managing them–can easily suffer

[87] Interview, former GEF official, October 2008; Z. Young, 2002, *op. cit.*
[88] L. Boisson de Chazournes, M.M. Mbengue, 2007, *op. cit.,* p. 12; L. Boisson de Chazournes, 2003, *op. cit.;* H. Sjöberg, 1994, *op. cit.,* p. 15.
[89] L. Boisson de Chazournes, 2003, *op. cit.,* p. 5.

from stasis as actors become risk-avert. The intervention of risk-takers, who promote a more long-term political vision and clearly signal their position, and the influence of parallel forums of negotiation, can break the circle of inaction by providing an objective and tangible stimulus.

The shape of the GEF

The GEF was thus set up for a three-year pilot phase through a resolution of the World Bank in March 1991.[90] The Bank, UNEP and UNDP signed an agreement formalising their operational cooperation in the implementation of GEF projects in October 1991.[91]

Administratively, the GEF was set up within the World Bank, which acted as its Trustee. It contained an environment trust fund, which was to be the bulk of the facility, and coordinated bilateral financing (cofinancing) agreements. As mentioned in the first chapter, the facility was to fund projects benefiting the global environment only, and more specifically the four so-called "focal areas" of climate change, biodiversity conservation, protection of international waters and protection of the ozone layer. This was ensured through the funding of the "incremental costs" of projects. Grants were to be pledged on a voluntary basis to the trust fund; some funds could be transferred through co-financing agreements, but those had to be concessional and untied.

The World Bank, UNEP and UNDP were established as the Implementing Agencies (IAs) of the facility, that is they undertook responsibility for the implementation of GEF projects. Their roles were specified in the Tripartite Agreement that they signed, which embodied the idea, ripe amongst a number of actors that the new financial mechanism should not generate supplementary bureaucracy but should draw on existing institutions, and on their respective specificities and expertise–the "comparative advantage" principle.

Participant countries, defined as the countries that had pledged money or committed themselves to do so, were represented through the Implementation Committee, which reviewed and endorsed the work programme put forward by the Implementing Agencies. The minimum contribution to become a Participant country was set at SDR 5 million (about US$3,3 million). The initial financial commitment made to the GEF was of about US$1 billion over the three years of the Pilot Phase.[92]

---

[90] Res. 91-5, Board of the Executive Directors of the World Bank, March 1991.
[91] L. Boisson de Chazournes, 2005, *op. cit.,* p. 194; C. Streck, 2001, *op. cit.,* p. 73.
[92] H . Sjöberg, 1999, *op. cit.,* p. 1; H. Sjöberg, 1994, *op. cit.,* p. 30; D.M. Goldberg, *The Global Environment Facility : Green fund or green folly?,* Wise News Communique, 27 November 1992.

An original product

The GEF was not an attempt to take a clear position against the divergences that existed over the shape of the GEF, and the overarching approach to be adopted for the management of global environmental issues. It is doubtful whether this could have been managed in any case. The objective that prevailed was rather to allow the pursuit of the international cooperation endeavour *despite* such divergences. Consensus was found through the use of a *pas-à-pas* negotiation strategy, guided by the principle of *constructive ambiguity.* The result was the establishment of a loose governance structure, able to accommodate different actors, approaches to environmental governance and expectations about the facility, whose specific modalities were left to be worked out through practise by its users. This made for a rather interesting and original product in the sea of international and multilateral entities.

The GEF was, to some extent, the result of a centralised approach: it was a separate entity, dedicated to the protection of the global environment. At the same time, it bore the marks of a transversal approach, as it was nested within the structure of the World Bank, and deprived of a legal personality. It drew on the capabilities of the three Implementing Agencies and was set to disappear, or be subsumed within existing international and national institutions at the end of the Pilot Phase.

The institution also bridged political and institutional gaps, as it brought together both developed and developing countries at the international governance level–we will come back to this point in the next section–and Bretton Woods and UN institutions at the operational level, through the establishment of the World Bank, UNEP and UNDP as Implementing Agencies. Operational cooperation between both institutional "families" was unheard of at this level of governance, and the GEF clearly acted as a path-breaker in this sense. The principle of "comparative advantage" was an innovative and attractive one, which promised to renew traditional international governance dynamics.

Finally, the GEF was set up as an ambitious international cooperation endeavour, aiming at the management of global environmental issues in their entirety, but its existence was not secured until after the end of the Pilot Phase, in 1994. The decision to establish a Pilot Phase for the GEF was emblematic of the "constructive ambiguity" approach that characterised the establishment of the GEF. This "sunset clause" was used to facilitate an agreement between countries that held very different positions. The GEF would be a "trial-and-error" endeavour, limited in time. This strategy was very constructive, but it was also, as it name indicates, highly ambiguous: some countries, such as the United States, believed that the GEF would be subsumed within existing institutions after the Pilot Phase, while other, typically Germany or

France, expected the Pilot Phase to be the first step in the creation of an international environmental authority.[93]

The ambiguity of the "constructive ambiguity" approach is the GEF's main strength, but also its main vulnerability. It creates a flexible negotiation environment, which facilitates agreement and the outline of innovative bargains, but can also prevent a homogeneous understanding, among the different actors, of the exact role of the GEF, and the rules regulating their relationships.

Retrospectively, it seems the "trust fund" structure was instrumental in sustaining this strategy of "constructive ambiguity". Indeed, trust funds are a much more informal arrangement than treaty agreements: they require no binding commitments from its users, and no change in their structure, but can exist separately from pre-existing arrangements.[94] The trust fund structure thus fitted the need to proceed *pas-à-pas.* The loose and ephemeral nature of the trust fund probably facilitated the coming together of actors with diverging interests and expectations on a common project.

Bargaining the terms of a contract; the use of the "additionality" principle

The second significant divergence to be bridged was the one opposing developed and developing countries over the modalities of an IEG. Even the Tripartite Agreement, signed as a means of differentiating the GEF from the World Bank and the Bretton Woods institutions, did not assuage the perceptions of developing countries that expected the UN institutions to have only a "window-dressing" role[95] in the governance of the mechanism. In the words of an officer of the UNDP at the time:

> *the WB, UNEP and UNDP have not yet persuaded the developed and developing countries that we are engaged in a genuine effort of shared responsibility.* [96]

The GEF could not be launched without developing countries around the negotiation table. Actors from the developed world were behind the initiative of a global financial mechanism, and pushed for it, but the protection of the global environment could not, by essence, be undertaken unilaterally or by a group of countries only.

Big donor nations would commit financial resources to the GEF only if the investment proved to be in their national interest, in other words if the GEF addressed those "new" environmental issues that were being recognised as issues of concern for developed countries–most prominently climate change, and biodiversity conservation. Such an objective had to be made acceptable to developing countries, who perceived the pursuit of such an environmental agenda at the international level to be a type of "eco-colonialism", the imposition of a political agenda that was the responsibility and

---

[93] H. Sjöberg, 1994, *op. cit.,* p. 29; L. Boisson de Chazournes, 2003, *op. cit.,* p. 6; L. Boisson de Chazournes, 2007, *op. cit.,* p. 13.
[94] Interview, French governmental staff, October 2008.
[95] H. Sjöberg, 1994, *op. cit*, p. 27.
[96] Fax from Mr Michael Gicovsky to Mr. Basil Kavalsky, *in Ibid*., 1994, p. 27.

the concern of developed countries, and which threatened to affect their economic growth and to divert existing ODA flows.

A "grand bargain" could be struck through the *conceptual separation of the global and national/sub-national levels, implemented through the principle of additionality:* additionality of benefits; additionality of costs; additionality of funding. The GEF would fund projects that benefited the global environment only, excluding initiatives perceived as being within the responsibilities of the nation-state. Only the incremental costs incurred by projects would be funded. This additionality of costs, in keeping with a concern for equity, would be matched by an additionality of funds: funds given to the GEF would have to be additional and supplementary to existing aid flows.

Through this contract, the interests of both parties could be aligned.[97] Developed countries were assured that their national interest would benefit from the creation of the GEF and that funding would go to the protection of the global environment rather than the development of developing countries. Developing countries rested assured that the global environmental agenda would not be imposed on them at the expense of national priorities. The GEF would only provide supplementary financial opportunities for projects within national priorities and interests.

Again, a certain degree of ambiguity was left regarding the significance of the principle of additionality. For developed countries, it was a re-affirmation of the fact that the GEF was dedicated to the management of global environmental issues only, and not a new form of assistance. It was also the assurance that disbursement for this facility would be limited. For developing countries, the principle of additionality signalled the commitment of developed countries to take their environmental responsibilities. By dedicating additional and supplementary funds, they provided developing countries with the means to cope with problems they had largely contributed to create. It also signalled the establishment of a true cooperation endeavour: through the principle of incremental costs, developed countries were providing a "side payment"[98] to developing countries in exchange of their participation.

The idea that additional funds were to be disbursed by developed countries in exchange of developing country participation was to become one of the founding principle of the emerging IEG architecture. It had already been applied within the Multilateral Fund for the Montreal Protocol, established in 1991, and its application within the GEF presupposed the enshrinement of the concept of "common but differentiated (environmental) responsibilities", which structures international cooperation over global environmental issues today.

[97] G. Labbate, 2008, *op. cit,* p. 218.
[98] *Ibid.*, p. 218.

1992 TO 1994: THE RIO EARTH SUMMIT AND THE RESTRUCTURING OF THE GEF

The United Nations Conference on Environment and Development (UNCED), was held in Rio de Janeiro, Brazil, in June 1992. It had been called for by the General Assembly of the UN in 1987, upon consideration of the Brundtland Report. The primary goals of the summit were to

> *Come to an understanding of "development" that would support socio-economic development and prevent the continuing deterioration of the environment*

based on the definition of sustainable development provided by the Brundtland Report that was to provide the keystone for the emerging global environmental architecture, and

> *lay a foundation for a global partnership between the developing and the more industrialized countries, based on mutual needs and common interests, that would ensure a healthy future for the planet.*[99]

172 governments participated, along with some 2400 NGO representatives.

UNCED negotiations were going to have a restructuring effect on the GEF. Indeed, in 1992 the GEF was still in its Pilot Phase, and in the process of being defined, of being "practised out" as its actors had desired. In parallel, negotiations in Rio focused on the adoption of two environmental conventions, the UNFCCC and the CBD, and discussions were ripe on the need to give them a financial mechanism, and on the choice of such a mechanism. The fumbling GEF was to be drawn into these debates, and indeed chosen as the financial mechanism for the two conventions, but only at the price of an internal restructuring.

The integration of the GEF within a wider UN process lent a new role to the GEF; it became a fully-fledged tool for international environmental governance, rather than only a financial mechanism to address global environmental issues. The question of funding for the management of such issues became linked to larger reflections on the shape of the international system, and the norms that were to structure it, particularly in economic terms: the anthropogenic dimension of global environmental issues was being clarified, and with it the idea that responsibility for global environmental damage could be attributed. New governance concepts were emerging in response– "sustainable development", "common but differentiated" responsibilities, etc. -, which filtered into the process of restructuring of the GEF.

In parallel, integration within the UNCED process confirmed the GEF's path-breaking role, as the restructuring process led to yet new innovative changes in its governance

---

[99] United Nations, UN, *UN Conference on Environment and Development (1992),* UN Department of Public Information, 27 May 1997, <http://www.un.org/geninfo/bp/enviro.html>, last accessed 22 January 2009.

structure. It also reinforced ambiguity over the GEF's place and role within the emerging IEG architecture, by making the GEF more independent, and by adding the global governance dimension to its mandate.

Forum-linkage with UNCED: drawing the GEF in

Establishing the GEF did not resolve the controversies that had marked negotiations over its creation; a number of issues had been left unsettled in order to facilitate agreement. As the time came to specify the GEF's mandate, governance structure, functioning, such controversies re-emerged and provided a fertile ground for the integration of the GEF within the wider UNCED process.

Voices re-emerged asking for a more independent and autonomous GEF, questioning its nesting within the World Bank. The praxis of the institution, through which relationships between actors of the GEF were to be defined, was laborious. The division of labour between the IAs that was supposed to "practise itself out" through a rational assessment of the comparative advantages of each agency seemed, in practise, to organise itself along competitive lines.[100] The power of the World Bank surpassed that of the two other IAs–the Bank was Administrator, Trustee and Implementing Agency of the GEF, it hosted the GEF within its premises, and it was to seize the majority of the investment-type projects, which promised to be the largest in number as well as in financial terms–and this created resentment among UN agencies who refused to accept World Bank dominance. The absence of an arbiter, which could have guided the practise of "constructive ambiguity", enabled this competition to persist. [101] Countries and IAs struggled with the implementation of concepts such as "Global environmental benefits" (GEBs), and "incremental costs", and the rift between developed and developing countries persisted, fuelled by the holding of the UNCED.

The context of the UNCED helped bring the question of funding for global environmental issues to centre stage. The signing of the Convention on Biological Diversity (CBD) and of the Framework Convention on Climate Change (UNFCCC) was to be one of the main highlights of this conference, and both Intergovernmental Negotiating Committees (INCs) for the conventions had to negotiate a financial mechanism for their implementation. The INCs for the CBD and the UNFCCC met for the first time in November 1990, just as the final negotiations for the creation of the GEF took place in Paris. The GEF was considered as a potential receptacle for such financial mechanisms, and advances, forays, stumbling blocks encountered in one of the three forums had direct repercussions in the others; to the point that, eventually, negotiations over the restructuring of the GEF during its Pilot Phase became inseparable from the UNCED negotiation process.[102]

[100] H. Sjöberg, 1999, *op. cit.,* p. 10.
[101] L. Boisson de Chazournes, 2003, *op. cit.,* p. 7.
[102] H. Sjöberg, 1999, *op. cit.,* p. 11.

The GEF was still at the time a "Northern product". It targeted those environmental issues that were on the agendas of developed countries, and aimed at the maximisation of financial contributions through a cost-effective allocation of resources: contributions were to be earmarked specifically for the incremental costs of a project to ensure that only those costs that incurred GEBs would be funded. This approach came into tension with developing country interests, which were directed, as we have seen, towards different environmental issues–such as land degradation, or desertification–and with the perception that global environmental degradation was an integrated process that could not be addressed independently from the question of the economic, political and social development of developing countries.[103] Developing countries supported, rather than the GEF, the creation of a fund for each of the environmental conventions to be signed at the UNCED, and of a Green Fund for these issues not covered by the conventions and of interest to developing countries.[104] The dominance of the World Bank within the governance structure of the GEF, and the system of a paying participation to the GEF, was also problematic amongst developing countries.

The approach advocated by developing countries within the GEF was strengthened by the UNCED process. Developing countries had become a powerful negotiating force at UNCED, much more than they had ever been during the negotiations that preceded the creation of the GEF: they coordinated their positions within the G77-China grouping, and took advantage of the bargaining power that they had on the issue of the global environment.[105] The dominant paradigm at the time was indeed one of global solidarity. Populations in developed countries were pushing their governments to take responsibility for the degradation of the planet's environment. Developing countries, which were the "tenants" of the majority of the planet's global environmental goods, benefited from this movement. Debates on the financing of development and the decreasing levels of ODA, on levels of equity and responsibility between developed and developing countries, which were held within the UNCED framework, were relayed and came to bear much more significantly on GEF negotiations. The more holistic approach defended by developing countries within the GEF was in tune with the "sustainable development" concept that was being enshrined at the UNCED. This forum-linkage politicised an endeavour that was originally more technical, and restricted to purely economic considerations. To some extent, this change of orientation of the GEF during the Pilot Phase–towards a more political entity–is still tangible today, as Participant countries choose to send over representatives from the Finance or the Environment ministries.

---

[103] J. Gupta, "The Global Environmental Facility in its North-South Context", *Environmental Politics*, vol. 4, n° 1, Spring 1995.
[104] Interview, former GEF official, October 2008; H. Sjöberg, 1999, *op. cit.,* p. 15.
[105] H. Sjöberg, 1999, *op. cit.,* p. 12.

After UNCED: restructuring the GEF

The GEF eventually emerged as the only viable option for the conventions, for developed countries refused the creation of a new fund for the environmental conventions, let alone a “Green Fund”. Developing countries agreed to come round to accepting the GEF as the financial mechanisms for the conventions, under the conditions that it would follow guidance from the conventions and implement the Agenda 21 Action Plan, and that the governance structure be restructured towards more universality and transparence.

The GEF was made into the financial mechanism of the environmental conventions at Rio, in June 1992. Discussions continued, focusing on the restructuring process. In terms of governance rules, developed countries tended to prefer a World Bank-type of governing board, small, manageable, and with a 1 dollar-1 vote voting rule. Developing countries favoured the UN-type, representative of all participants and with a 1 country-1 vote rule. A compromise was found by then GEF CEO, Mohamed El-Ashry, who suggested the GEF Council be composed of 32 representatives, with 16 seats given to developing countries, 14 seats to developed countries and two seats for countries with economies in transition. He also advocated the establishment of a 60% qualified majority voting.[106]

Dissension between both groups of countries over the exact scope of the GEF and is approach persisted. Developed countries in their majority still preferred to delineate clearly the realm of the action of the GEF to the GEBs only, while developing countries wanted to imprint more of a local dimension, to ensure their national priorities would be taken into account. Again, Mohamed El-Ashry was instrumental in finding a zone of agreement. In the final version of the paper *The Pilot Phase and Beyond*, he recognised that

> *there are many instances where it is difficult to distinguish global and national environmental benefits, and therefore some degree of flexibility in interpreting such benefits is required*

and recommended the GEF “fund programs and projects which are country driven and consistent with national priorities”.[107]

While this move was necessary and instrumental to bring developed and developing countries round to the GEF project, it placed the GEF in a rather uneasy position with regards to its focus and its identity. Indeed, a “developmental” mandate had been explicitly rejected for the GEF at its creation, through a clear delineation of local and global levels of action. However, the association of the GEF with the UNCED, its adherence to the sustainable development philosophy, and the fact that local and global environmental benefits proved increasingly difficult to outline in practise, meant that GEF projects were necessarily going to have a developmental dimension.

[106] H. Sjöberg, 1999, *op. cit.,* p. 46.
[107] *Ibid.*, p. 21.

The restructured GEF

The restructured GEF was agreed upon in March 1994, when 73 representatives signed the *Instrument for the Establishment of the Restructured GEF* and officially put an end to the GEF's Pilot Phase. 34 nations, including 13 recipient countries, pledged $2 billion to the fund.[108] The three IAs subsequently adopted the Instrument through a resolution or decision of their competent authorities.[109]

A number of significant changes were made to the GEF during the Pilot Phase. In terms of its mandate, the GEF was made the financial mechanism for the newly signed CBD and UNFCCC. In terms of governance, the GEF Council was now to receive guidance from the Conference of the Parties (COPs) of the environmental conventions that had been signed at UNCED. In terms of structure, the GEF was endowed with a Council, a Participant Assembly and a Secretariat. In practise, this means that the GEF had become functionally independent from the World Bank. The balance of power within the GEF was therefore tilted away from the World Bank and the developed countries, as power was refracted among more actors.

In another path-breaking–and trend-setting–move, NGOs were granted observer status within the GEF Council. This created a precedent within international financial institutions. The GEF was also endowed with a Monitoring and Evaluation Office. The entrance fee was abolished and membership was made universal. Finally, land degradation was added to the priorities of the global fund.

If at the beginning of the Pilot Phase the GEF remained a "Northern product", it had made significant moves towards the developing country position at the end of it. The modifications in the governance structure and the voting-system, the linkage of the GEF with UNCED, the integration of land degradation within the GEF's mandate, had all been called for by developing countries. The more balanced distribution of power between the IAs and the move towards more universality and more transparency in the governance structure[110] also resonated with developing countries' position. A former GEF official that we interviewed recalls GEFSEC worked consistently to convince developing countries that the GEF was going to be a true coordination endeavour, established amongst equals and governed equitably.[111]

The Pilot Phase also signalled a clear "politicisation" of the GEF. Through its linkages with the UNCED process–and specifically the conventions–the GEF fully endorsed its political role to become part of a blooming international environmental governance architecture, rooted in the paradigm of sustainable development.[112]

[108] *Sustainable Developments,* "Summary Report of the First Assembly of the Global Environment Facility, 1-3 April 1998", vol. 14, n° 4, 4 April 1998.
[109] L. Boisson de Chazournes, 2007, *op. cit.,* p.15.
[110] L. Boisson de Chazournes, 1995, *op. cit.,* p. 618.
[111] Interview, former GEF official, October 2008.
[112] G. Labbate, 2008, *op. cit.,* p. 221,

The strategy of constructive ambiguity: a double-edged sword

The establishment of the GEF at the end of the Pilot Phase levied high hopes and expectations. The GEF was often described as an innovative and, as a corollary, a exemplary institution. Indeed, it acted as a path-breaker in a number of ways, providing a promising governance model for the design of future international institutions: equity and representation between developed and developing countries, union of the Bretton Woods and the UN institutional families, integration of NGOs within the governing authorities, etc. This constant cross-cutting of traditional divides was perceived as auspicious for future global governance. The GEF was also a particularly transparent and accountable financial institution, through its linkage with the COPs, with UN institutions and with NGOs. By its mandate in itself, it was an exciting new actor, for it symbolised the international political commitment to find solutions to address global issues, and take responsibility for global public goods. What's more, the GEF was–and still is–the only institution at the global level to approach the environment *as a whole.* This approach was promising for it meant the GEF could put forward a global and transversal view and reflection on environmental issues, which were until then addressed through fragmented initiatives. In this position, the GEF would also be well placed to coordinate existing initiatives, and to mobilise resources from a number of financial sources.

The GEF in its final form also left some things unresolved. The notable reconciliation of a diversity of interests still meant that a number of ambiguities on the role of the GEF, its identity and its orientation, remained. For instance, and as we mentioned earlier, the exact sphere of action of the GEF remained conceptual. The GEF was to fund the strictly global environmental benefits of a project, while acting within the national priorities of states and knowing that such benefits are reaped through action–environmental, economic, political, social - at the national and local levels. In terms of its personality, the GEF remained deprived of a legal personality but grew more independent from existing institutions during the Pilot Phase. The redistribution of power between IAs, and the creation of a functionally independent secretariat diminished the hold of the World Bank over the GEF. Finally, discordant movements still animated the GEF. As the GEF integrated the UNCED process, the approach that had dominated its development until now shifted from a purely economic endeavour towards one that was more politically engaged; and this pendulum movement was to persist in time. The rift between developed and developing countries also remained, albeit softened by the dispositions taken to restructure the GEF.

EVOLUTION OF THE GEF

From the end of the Pilot Phase, in 1994, to the present day, the Participant's Assembly of the GEF met three times, in 1998, 2002 and 2006, and three replenishment rounds were carried out in parallel. In 1994, countries pledged US$2 billion to the GEF. In the subsequent replenishment round in New Delhi, US$2.75 billion were secured; the third round, set in Beijing, secured US$2.97 billion, and the last one in Cape Town, US$3.13 billion. At each of those meetings, new countries joined the group of GEF participants, which totalled 176 members in 2006.

1994-1999: THE TORCH-BEARER

The years immediately after the Pilot Phase served to consolidate the newly restructured GEF; focus was put at the governance level on institutional development and the amelioration of management and performance.[113] The GEF at the time took on a role of torch-bearer: it was in effect the only international financial institution providing funding for the "new" global environmental issues, while momentum at the national level remained low. GEF funding represented a central revenue for the UNEP and the Energy and Environment Unit of the UNDP, and indeed the latter depended on it for its survival.[114]

1999-2003: EXPANDING THE GEF

The period 1999-2003 marked the real "take-off" of the GEF. As its institutional and operational governance was polished up, as its impacts became visible and as CEO Mohamed El-Ashry lobbied for its institutional emancipation, the scope of action of the GEF was extended. New actors were incorporated within its governance structure and it buried itself more deeply into the growing environmental governance architecture. In 1999, four regional development banks and three international agencies were incorporated within the GEF's governance structure as Executing Agencies of the GEF. Two new focal areas were added to the GEF's mandate in 2002, Desertification

[113] Sustainable Developments, "Summary Report of the First Assembly of the Global Environment Facility, 1-3 April 1998", *Sustainable Developments,* vol. 14, n° 4, 4 April 1998.
[114] Interview, GEF Agency staff, September 2008.

and Persistent Organic Pollutants (POPs).[115] The GEF was entrusted with the management of three new funds under the UNFCCC: the Least Developed Countries Fund, the Special Climate Change Fund and the Adaptation Fund.[116] The GEF's role as a global governance tool was confirmed through its designation as a vector for the achievement of the Millennium Development Goals (MDGs) and the World Summit for Sustainable Development's Plan of Implementation. During this period, the GEF also undertook a path-breaking role as it introduced the issue of (POPs) and of adaptation to climate change on the global environmental agenda.

2003 TO THE PRESENT: IN SEARCH OF A NEW ROLE

The progression of the GEF since the end of the Pilot Phase could have directed it towards more institutional independence, as advocated by former GEF CEO Mohamed El-Ashry,[117] but no sufficient support could be found to implement this option. No political will existed on behalf of states or of the Implementing Agencies of the GEF. The absence of a constituency dedicated to the development and progression of the GEF is indeed one of the facility's main vulnerabilities.[118]

With institutional emancipation out of the question, for the time being at the least (see previous footnote), the developmental objectives of the GEF seem to be geared towards a "vamping up" of the institution in terms of its cost-effectiveness. A new framework for the allocation of GEF resources based on performance and potential for Global environmental benefits, the RAF, was implemented in 2005, a reform of the project cycle was initiated, including *inter alia* a reduction of the steps to project approval, a slimming down of the pipeline of projects, and greater competition between projects. Finally, focus was put on the monitoring and evaluation capacities of the GEF, through, for example, the making independent of the Office of Evaluation and the establishment of a new tracking process to measure results.[119] This orientation, driven by the reforms initiated by GEFSEC, seems to be accompanied by

---

[115] *Sustainable Developments,* "Summary Report of the Second Assembly of the Global Environment Facility, 16-18 October 2002", *Sustainable Developments,* vol. 14, n° 7, 20 October 2002.
[116] Climate Convention Decision 7/CP.7, COP 7 of the UNFCCC, Marrakesh, October 2001.
[117] Interview, former GEF official, October 2008.
[118] It is important to mention here that positions could seem to be evolving at the time of writing. According to one of our contacts at GEFSEC, the United States positioned itself in favour of giving more legal capacity to the GEF at the last replenishment meeting. Furthermore, GEFSEC is actively positioning itself on the subject, although advocating for a slightly less ambitious if more flexible scenario than traditionally, and a paper on possible legal and administrative reforms should be presented at the next replenishment meeting in June 2009. Email exchange, GEF staff, April 2009.
[119] World Bank, "GEF Council Adopts Major Reform Program", *World Bank News Release* n° 2006/065/ESSD, 6 September 2005.

an increase and a growing centralisation of operational power around GEFSEC.[120] The implementation of the RAF seems also to have changed the relative importance of IAs and ExAs, by decreasing the involvement of IA's compared to ExAs, and of the World Bank compared to UNDP.[121]

The GEF remains a unique institution today. It also remains a central component of the IEG architecture, if only for its accumulated experience in financing projects for the achievement of global environmental benefits. The GEF never projected "hard" power in the international environmental governance field, but its influence as a path-breaker and a torch-bearer has been significant.

Today, a number of internal and external challenges are weakening the GEF's stature in the global environmental architecture. Insufficient financial replenishments, challenges in terms of efficiency and the rise of competing initiatives, combine to question the use of the GEF in its current form, and suggest the need to open up a new phase in the GEF's existence. Simultaneously, a number of state actors also express their support for the GEF or its actions–recognising its importance in IEG, supporting an ambitious fifth replenishment round or a move towards greater institutionalisation–positioning themselves to find an answer to the central question posed today: What is the GEF's added value in today's IEG architecture?

[120] Global Environment Facility Evaluation Office, GEF EO, *Mid-Term Review of the Resource Allocation Framework (Prepared by the GEF Evaluation Office),* GEF/ME/C.34/2, GEF Council November 11-13 2008, 15 October 2008, p. 13.
[121] Global Environment Facility Evaluation Office, GEF EO, 15 October 2008, *Ibid.*, p. 13.

III. THE GEF TODAY: CURRENT CHALLENGES

Based on our interviews and readings, the GEF seems to be facing three main challenges today: first, a capabilities/expectations gap between its mandate and the means, financial or institutional, at its disposal to achieve it; second, issues with the efficiency of the institution itself; third, the need to adapt to changes taking place in the international environmental governance (IEG).

A desire for change?

The author also perceived, on the basis of the various interviews carried out for the purpose of this report, a certain fatigue or frustration with the institution amongst its users.[122] Out of the total number of interviewees, just under half expressed frustration about their work with the GEF, over a third expressed concerns about the GEF's ability to perform in the future, and three members from three GEF Agencies expressed the will or the decision, by their respective institutions, to reduce their interactions with the GEF.

Such expressions seem to be mirrored in the actions of a number of GEF actors, who look for alternative funding mechanisms.

Developing countries and the Adaptation Fund: When decision was taken to create the Adaptaion Fund (AF) within the UNFCCC, developing countries lobbied, through the G77+China, to prevent the GEF from becoming its operating entity.

The most frequent justifications invoked were the difficulty in accessing GEF funds, the complexity of such a governance structure compared to the establishment of direct access of eligible Parties to AF funds, and the desire to "give developing countries a more direct and equitable voice in how funds are prioritised and spent", by exempting the fund from the decision-making procedures of the GEF.[123]

---

[122] This point was also made by one of the members of the peer-review seminar held in Paris in February 2009.

[123] Statement by Marthinus Van Schalkwyk, South African Minister of Environmental Affairs and Tourism, *in* B. Müller, H. Winkler, "One Step Forward, Two Steps Back? The Governance of the World Bank Climate Investment Funds", *Oxford Energy and Environment Comment,* February 2008, p. 3; O.S. Spadavecchia, "New $500m fund to help developing countries adapt to climate change", *Engineering News,* 11 December 2007.

> *Developing countries are really coming on very strongly on questions of equity and fairness. They are talking of using a different governance mechanism.*[124]

The Adaptation Fund (AF)[125]

The Adaptation Fund (AF) was established in 2001 under the Kyoto Protocol to finance adaptation projects in developing countries that are parties to it. The fund will be financed with a 2% share of the proceeds from activities within the clean development mechanism (CDM). It will also receive funds from other sources. (The CDM allows countries with emission reductions under the Kyoto Protocol to implement emission-reduction projects in developing countries, and gain emissions credit from it.)

The GEF provides secretariat services to the AF, while the World Bank serves as its trustee**.** It is managed by the Adaptation Fund Board (AFB), under the authority and guidance of the UNFCCC.

To the present day, the AF still has not delivered any funding.

Developed countries and the CIFs: Developed countries also seem to be looking for alternatives to the GEF in their actions towards the management of global environmental issues. In particular, they were at the root of the World Bank's Climate Investment Funds (CIFs), launched at the Gleneagles G8 summit under the impulsion of the UK, whose activities "overlap substantial[ly]" with those of the GEF.[126] One of our contacts stated that the financial commitment signaled by the UK was conditional to the new funds being nested specifically within the World Bank, rather than the GEF.[127]

---

[124] Interview, GEF Agency staff, September 2008.
[125] United Nations Framework Convention for Climate Change, UNFCCC, *Adaptation Fund* [Internet], <http://unfccc.int/cooperation_and_support/financial_mechanism/adaptation_fund/items/3659.php>, last accessed 30 January 2009.
[126] G. Porter et al., July 2008, *op. cit.,* p. 9.
[127] Interview, GEF Agency staff, September 2008.

The Climate Investment Funds (CIFs)[128]

The Climate Investment Funds were set up within the World Bank as interim financial mechanisms, to serve until an agreement on the post-Kyoto governance architecture for climate change has been signed. They are to provide additional grants and concessional funding to developing countries, to address urgent climate change challenges.

The CIFs comprise the Clean Technology Fund, and the Strategic Climate Fund.

The World Bank and the climate change focal area: The World Bank, the GEF's most important IA in terms of financial input, is decreasing the number and scope of its actions with the GEF, from "more than half of GEF utilization in biodiversity and climate change […] to 32% of RAF resource utilization."[129] In parallel, it is positioning itself as a central actor within the emerging architecture of climate change governance, launching and/or nesting a number of initiatives *outside* the framework of the GEF–such as the CIFs, but also a number of trust funds, mostly Clean Development Mechanisms, with direct access to investors:[130] the Prototype Carbon Fund, the Netherlands Clean Development Facility, the Netherlands European Carbon Facility, the Community Development Carbon Fund, the BioCarbon Fund, the Italian Carbon fund, the Danish Carbon Fund, etc.[131]

In the opinion of one of our contacts at the Bank, this is due to the GEF being less beneficial since the implementation of the RAF.[132] The new procedures introduced by the allocation framework are perceived as adding complexity to the GEF's functioning,[133] and the larger space given to recipient states in the choice of projects through the granting of individual allocations simultaneously limits that of the IAs. More largely, evolutions within the GEF in the past phase, with the integration of new agencies and the relative growth of the power of GEFSEC as well as that of recipient countries within the project cycle, decrease the Bank's position within the GEF's governance structure, making participation in the GEF less attractive. Moreover, these structural factors aside, the Bank seems to be *actively* pursuing a "strategy of

128 World Bank, *Climate Investment Funds* [Internet], <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/ENVIRONMENT/EXTCC/0,,contentMDK:21713769~menuPK:4860081~pagePK:210058~piPK:210062~theSitePK:407864,00.html>, last accessed 30 January 2009.
129 Global Environment Facility Evaluation Office, GEF EO, "RAF Allocations and Utilization", *in Mid-Term Review of the GEF Resource Allocation Framework,* Technical Paper #3, 6 October 2008, p. 15.
130 Interview, Paris, November 2008.
131 The World Bank Group, *2007 Trust Funds Annual Report, Year ended June 30, 2007*, 2007, p. 25.
132 Interview, GEF Agency staff, September 2008.
133 This was corroborated by the GEF Evaluation Office's Mid-Term Review of the RAF. Global Environment Facility Evaluation Office, GEF EO, [Powerpoint presentation] *Mid-Term Review of the Resource Allocation Framework*, 34th Council Meeting, Agenda Item 8, 11 November 2008.

dissociation" from the GEF in the area of climate change because it promises to bring additional revenues.[134]

Facing challenges

Such expressions should not be taken at face-value–they are also the result of a specific context of reforms within the GEF and of the individual interests and agendas of the various actors making up the GEF. Rather, they can serve, when seen as an aggregate and in conjunction with the three issues outlined earlier, to reinforce the idea that the GEF is experiencing a challenging phase of its existence. Steering out of it will require addressing its problems as well as enhancing its attractiveness to its users, objectives which can both be attained by clarifying and specifying the GEF's identity and role in the current IEG. Building on the image of a progression in phases, the GEF, by addressing its challenges, could usher in a new phase of its existence.

THE CHALLENGES FACING THE GEF TODAY

Of the three challenges facing the GEF today, only one, the need to adapt to changes in IEG, is specific to the current phase of the GEF's existence. It has even emerged more forcefully in very recent years. It is also the most significant, for it bears a reformative potential: addressing it implies questioning the current role and place of the GEF in IEG. It is also significant because solutions need to be conceptualised in a state of uncertainty over the future shape of IEG–contrary to the efficiency issue for which solutions can and have been outlined. This state of uncertainty is bound to remain at least until 2012, when a replacement for the Kyoto Protocol is to be negotiated. Finally, finding an answer to the question of the GEF's role and place in the current IEG is also an important part of the solution to the GEF's financial challenge, and to a certain extent to the question of the GEF's efficiency.

The other two challenges, financial and relating to the GEF's efficiency, are *historical* to the facility, but have a particular relevance today. Negotiations for the fourth replenishment of the GEF, which covers the period 2006 to 2010, were difficult and obtained rather disappointing results in terms of the contributions pledged; the opening of the GEF-5 replenishment process, which was acted in November 2008, therefore rekindles concerns about the GEF's financial situation.[135] Issues with the efficiency of the GEF structure, particularly with relation to the GEF's project cycle,

[134] Interview, Swiss governmental staff, October 2008; Porter et al., 2008, *op. cit*, p. 19-20

[135] R. Clémençon, "What Future for the Global Environmental Facility?", *The Journal of Environment and Development,* vol. 15, n° 1, March 2006; interview, GEF Agency staff, September 2008; interview, GEF staff, September 2008; interview, French governmental staff, October 2008.

have existed "almost since the GEF began",[136] but in-depth reforms have only been initiated since 2005 and the launch of the RAF, and particularly since 2006 and the change of team at GEFSEC. The challenge of the GEF's efficiency, and the question of the impact of reforms are therefore central topics today.

These challenges will be critically assessed in this chapter–To what extent are they "objective"? How serious are they? To what extent is the GEF responsible for their emergence?–in order to outline possible ways forward for the GEF in the following chapter.

1/ DOES THE GEF SUFFER FROM A CAPABILITIES/EXPECTATIONS GAP?

In the words of one of our interviewees, "the GEF faces a horrendous challenge with very low funding and a very small secretariat."[137] Amounts needed to address global environmental issues are extremely high. In the climate change sector, where a number of reports on the costs of addressing climate change have been produced,[138] bringing back global CO2 emissions to current levels by 2050 requires an estimated US$17 trillion in additional investment in the energy sector between now and 2050.[139] The amount of money attributed to the climate change focal area within the GEF for the period 2006-2010 approximates US$1 billion. Therefore,

> *any impression that the GEF on its own would be able to solve global environmental problems needs to be qualified immediately.*[140]

Such a challenge is not specific to the GEF; it is shared by all actors involved in the IEG field who depend on public contributions to function.

Nevertheless, and regardless of daunting needs, the GEF's resources are significant: it has been allocated US$831 million in cash contributions in 2007, and is the second most important multilateral trust fund funded by the World Bank in terms of contributions, after the Global Fund to fight Aids, TB and Malaria (GFATM), which received US$2.06 billion over the same period. The GEF received US$2.5 billion in

---

[136] Global Environment Facility Evaluation Office, GEF EO, *Joint Evaluation of the GEF Activity Cycle and Modalities,* 2007, p. 2. See also: Global Environment Facility, GEF, *GEF Project Cycle,* GEF/C.31/7, GEF Council Meeting, June 2007, p. i.
[137] Interview, GEF Agency staff, September 2008.
[138] See reports of the IPCC, yearly reports by the IAE (Energy Outlook, Energy Technology Perspectives), governmental reports such as the Stern Review on the Economics of Climate Change, etc.
[139] International Energy Agency, IEA, *Energy Technologies Perspective 2008,* Executive Summary, 2008, p. 1.
[140] Global Environment Facility Evaluation Office, GEF EO, *Fourth Overall Performance Study, Terms of Reference*, 17 July 2008.

1998, US$2.97 billion in 2002, and US$3.13 billion in 2006, for a four-year period each time.

The financial problem here is less about the inadequacy of resources to needs, which is a nearly structural characteristic of the international system, than about the fact that such resources are *decreasing:* despite a growth in nominal terms, GEF replenishments overall have decreased in real terms.[141]

> *GEF3* [in 2002] *did result in a small increase in new money in real terms compared to GEF2 but it remained almost 10% less than 1994 in inflation-adjusted terms.*[142]

The variable of the inflation rate has to be added to the fact that the scope of GEF activities and its responsibilities have increased since the first replenishment in 1994.[143]

This decrease challenges the GEF's ability to fulfil its mandate, both at present and in the future. A lack of sufficient funding imposes phases of reduced activity in the months preceding replenishment meetings, and establishes an

> *expectations-financial capabilities gap between what the COPs want, and the money that is allocated to the GEF to do it.*[144]

The sustainability of this downward trend would pose the question of the *use* of the GEF below a certain replenishment level.[145] According to one of our contacts at the GEF, to maintain the amount in real terms of the 1998 financial replenishment, countries would have to pledge US$4.5 billion in 2010,[146] which, according to a number (25%) of our interviewees, is an unrealistic objective. Members of GEFSEC challenge such an analysis, on the basis of the expressions of support for a "substantial" or "strong" replenishment by "most" donor countries that were gathered at the first replenishment meeting in March 2009.[147] No prediction can be made on the real amounts pledged, but reaching the US$4.5 billion will be challenging, and the proliferation of financing initiatives outside the GEF in the climate change area can be a cause of concern in this regard. The questions of resource mobilisation and financial management pointedly make up one of the five clusters addressed by the next Overall Performance Study of the GEF, due to be released in mid-2009.[148]

---

141 Interview, GEF staff, September 2008.
142 R. Clémençon, March 2006, *op. cit.,* p. 61.
143 Global Environment Facility, GEF, "Future Strategic Positioning of the GEF", *GEF/R.5/7/Rev.1*, 17-18 March 2009, p. 4.
144 Interview, GEF Agency staff, September 2008; see also R. Clémençon, 2006, *op. cit.,* p. 51, Porter et al., 2008, *op. cit.*, p. 16.
145 Interview, GEF Agency staff, September 2008.
146 Interview, GEF Agency staff, September 2008.
147 Email exchange, GEF staff, April 2009.
148 Global Environment Facility Evaluation Office, GEF EO, *Fourth Overall Performance Study, Terms of Reference,* 17 July 2008, p. 7 and 17.

Funding for the global environment: easier said than done?

Multilateral mechanisms will be opted for by actors for a number of reasons–because it provides a channel for exerting influence to countries which may not have enough power to do so unilaterally; because it can provide a more flexible negotiation process; because it distributes the burden of responsibility between actors, etc. One of the main interests of multilateral endeavours, however, is that they often provide a window for the projection of a political position. Multilateral endeavours are regional or international cooperation efforts, and they provide a forum within which to signal a country's political position vis-à-vis its peers on a regional/international issue, and/or to incarnate a common position and commitment to common action.

The political importance of the GEF was stressed in a third of the interviews, and it related to the need to signal the commitment of financial institutions to participate in the UN-led initiative to protect global environmental common goods - "financial institutions have an honour bound to reach out to the GEF, to make environmental issues a success";[149] "keep developing countries around the [global environmental negotiations] table"[150] by signalling the political and financial commitment of developed countries on such issues; and even "ease the conscience" of developed countries by showing participation in an international cooperation endeavour on global environmental issues.

The corollary is that a rift may emerge, and indeed often does, between what will be committed to for political reasons and what capabilities will actually be given to implement such commitments. Added to that is the disjuncture between the political "productivity" of taking action on global environmental issues at the international and the national level. Indeed, while committing multilaterally to the protection of our planet Earth is generally positively perceived within donor countries, or amongst peers, protection measures at the national level will tend to come at a high price, with no short-term benefits to profit from politically. Donor countries, along with recipient countries, have validated the original mandate of the GEF and its expansion over the years, and continue to do so because the GEF "is important for political reasons",[151] but it is questionable whether they have committed sufficient amounts to support this mandate: "the GEF is a function of its actors, and there is no political will to make the mandate work." This gap can have an impact on the relationship between donor and recipient countries, if it is perceived as an illustration of the lack of hard commitment on part of donor countries.

Is the absence of a legal personality a weakness?

As a trust fund, the GEF has no independent legal personality. This question is a recurrent one in the GEF's history. It fuels debates on the desirable degree of

[149] Interview, GEF Agency staff, September 2008.
[150] Interview, GEF staff, September 2008.
[151] Interview, GEF staff, September 2008.

institutionalisation of the facility, which are structured on one side by the need to improve the GEF's effectiveness and efficiency, and on the other by the reluctance of some countries to give the GEF more governance slack.

The most frequent arguments given in favour of a greater institutionalisation of the GEF are the possibility of giving the GEF more "teeth", by devising tools monitoring/enforcing the implementation of donor countries' financial commitments, and the possibility for the GEF to increase its independence, both in functional and economic terms, from the World Bank. Specifically, the GEF could "creat[e] itself an economic personality" as a more independent entity, and thus be able to manage the mobilisation of it resources, enter into contractual agreements with other institutions, or provide funding to countries through a wider set of partners.[152]

Some actors, and some among our contacts, advocated giving independent legal personality to the GEF to solve, *inter alia,* its financial challenge. Granted with more independence, the GEF could emancipate itself financially from its donors and the replenishment process, and have more leeway to devise new, more adequate or flexible replenishment tools. The feasibility of such a scenario is hard to determine at present. Historically, as we have seen previously, demands for an increased institutionalisation of the GEF, which were mostly led by former GEF CEO Mohamed El-Ashry, have not been met with success. Recently, the UN Legal Counsel recommended that the relationship between the GEF and the environmental conventions be set in a "legally binding treaty instrument", and GEFSEC that the "autonomous institutional authority of the GEF" be specified,[153] to no avail.

However, the terms of the debate have evolved in time, towards a slightly less ambitious if more flexible scenario. The current "campaign" of GEFSEC for a greater independence of the GEF targets an increase in the current legal capacity and/or personality of the GEF while retaining links with the World Bank, rather than the establishment of a fully-fledged institution.[154] Furthermore, states such as the United States, traditionally opposed to the institutionalisation of the GEF, have, according to our contacts at GEFSEC, held a softer position at the first replenishment meeting in March 2009.[155]

One can also ask oneself whether the GEF's power would be best exerted through such "hard" arrangements. One of the GEF's strengths at its creation was its loose form, which did not bind risk-avert countries into "hard" commitments. Specifying the amounts to be contributed, and enforcing such arrangements might prove more

---

[152] J. Werksman, 2003, *op. cit.*, p. 6; interview, Civil society actor, September 2008; Global Environment Facility, GEF, "Future Strategic Positioning of the GEF", *GEF/R.5/7/Rev.1*, 17-18 March 2009, p. iii; email exchange, GEF staff, April 2009.
[153] J. Werksman, 2003, *op. cit.,* p. 7, p. 13.
[154] GEFSEC is currently working with the legal department of the World Bank to determine the terms of such an arrangement. The results of this collaboration will be presented at the GEF's next replenishment meeting in June 2009. Email exchange, GEFSEC, April 2009.
[155] Email exchange, GEF staff, April 2009.

cumbersome and less effective than leaving countries, within a looser and more flexible framework, to decide and be persuaded on the extent of their financial commitment to the GEF. During the previous GEF-4 replenishment process, for instance, the informal burden-sharing rule between countries, which has historically been plagued by a "least common denominator syndrome", was mollified as a group of countries wanting to pledge more money to the GEF delinked the amount of their contributions from that of the "least generous" donors. A group of predominantly European countries made extra efforts in their financial commitments even as the United States' contribution fell US$100 million short of its contribution at GEF-3.[156] This is an interesting solution to the GEF's financial challenge, which, if it is confirmed, could enable those countries that want to give sufficient capabilities to the GEF to bypass negative group dynamics.

Reducing the capabilities-expectations gap through a dual strategy

GEFSEC currently addresses the challenge of the capabilities/expectations gap by simultaneously taking measures to make the GEF more attractive to donors and increase GEF capabilities, and reduce expectations.

> *Either you shrink the mandate and keep the capabilities as they are, or you keep the mandate and give more tools, more capabilities for action.*[157]

"Expectations" aim to be readjusted through the trimming of the current pipeline of projects, described as being "unrealistically large", and a revision and refinement of focal area strategies.[158] The current strategy of the Secretariat also seems to be, as we mentioned earlier, towards the "vamping up" of the institution in terms of its cost-effectiveness, which could serve to give donor countries "better value" for their contributions and encourage them to invest more in the GEF: increased efficiency of the project cycle, focus on the monitoring and evaluation capacities of the GEF, implementation of the RAF.

Responding to donor interests is a good strategy to pursue to secure financial capabilities, but it also comprises some risks. In the case of an international cooperation endeavour such as the GEF, such an orientation needs to be perceived as being balanced enough with the interests of the other, non-donor, actors of the facility. The RAF, which was implemented almost exclusively as a response to American interests,[159] was perceived as "an imposition on countries, and it created

---

[156] The United Kingdom contributed a supplementary amount of SDR56,08 million; France contributed a supplementary amount of SDR57,42 million; Germany contributed a supplementary amount of SDR86,08 million. R. Clémençon, "Funding for the Global Environment Facility Continues to Decline", *Journal for Environment and Development,* vol. 16, n° 1, 2007, p.5.
[157] Interview, Civil society actor, September 2008.
[158] Global Environment Facility, GEF, *Revitalizing the GEF,* April 2007.
[159] This point was stressed by number of our contacts within GEF staff, within GEF Agency staff, within national governments and within NGOs.

resentment at all levels."[160] This resentment was particularly strong amongst developing countries, who have historically denounced what they perceived as an imposition of the agenda of developed countries in the field of environmental governance. The performance criteria of the RAF was here perceived as running contrary to the spirit of the environmental conventions, geared towards the protection of a global public good. For developing countries, the GEF is especially "critical for long-term capacity building exactly in countries with significant governance problems",[161] which tend to be low-performance countries –[162] developing countries subsequently warmed up to the RAF as they realised, through practise, that it served their interests too. GEF governance, particularly because of the controversies between developed and developing countries that have marked its creation and evolution, needs to be perceived as being equitable. This is characteristic of international cooperation endeavours on global environmental issues more generally.

Securing political commitment from donor countries–a communication strategy?

If political commitment relies on the perception that addressing an issue is in a state's national interest, then it could be positively impacted by measures encouraging/ increasing this perception, such as a good and efficient communication strategy, in the case of donor countries, and increased ownership of the projects, in the case of recipient countries. The GFATM, for example, possesses a interesting communication strategy to ensure fundraising. It is based on the idea of the "proof" of the GFATM's work: proof of programmatic performance–quick transfer of resources; proof of impact–impact on the Millennium Development Goals and impact on global epidemic trends; and proof of grant effectiveness–coverage of the beneficiaries, through medecine access and prevention activities. The communication strategy has specific targets, from the technical experts in ministries and the NGOs to promote GFATM's results, to high-level actors. It also engages in high-level advocacy through the election of political "champions" that will promote the work of GFATM in high-level meetings.[163]

The concept of "trust" is crucial here: donor members need to trust that the structure will act according to their best interest, if it is to function effectively. This point was stressed by our contacts at the Asian Development Bank, which hosts the Asian Trust Fund, and at the GFATM.[164] The system through which the GFATM is replenished is interesting in this regard: all projects proposals submitted to the GFATM that have been screened by the Secretariat, validated by the Technical Review Panel, composed of a group of experts, and approved by the GFATM's governing board are

---

[160] Interview, GEF staff, September 2008.
[161] R. Clémençon, 2006, *op. cit.,* p. 60.
[162] T. Inomata, *Management Review of Environmental Governance Within the United Nations System*, JIU/REP/2008/3, Joint Inspection Unit of the United Nations, 2008, p. 24.
[163] Interview, GFATM staff, October 2008.
[164] Interview, GEF Agency staff, September 2008; interview, GFATM staff, October 2008.

approved for funding, "regardless" of existing resources within the fund. The GFATM Secretariat then communicates the financial needs of the fund to the governing board, based on real existing and approved projects; the replenishment process is therefore *demand-based*. Through this system, the amounts demanded by the Secretariat, and the financial contributions demanded from countries are directly tied to existing projects. According to our contact, this serves to muster political and financial commitments from donors. It may be difficult to apply such a replenishment strategy to the GEF, because global environmental needs tend to be defined from the top-down, as the full scope of global environmental issues can only be encompassed at the global level rather than the local project level. However, it may be useful to reflect more generally on a way to link more strongly GEF replenishments with perceived local environmental needs. Moreover, the increasingly conspicuous effects *at the local level* of global environmental issues may facilitate the elaboration of such a replenishment strategy.

The financial issue facing the GEF is real, but it is also, to some extent, typical of multilateral cooperation endeavours, and difficult to avoid, particularly when one considers the amounts needed to address global environmental issues. One part of the problem can be tackled, however, is the decrease in financial contributions, which seems to be triggered by rising competition in the international environmental governance field and "fatigue" with the GEF structure. Both factors are related to the two other challenges aforementioned, and which we will turn to presently. More largely, a strong communication strategy remains a central factor to secure financial commitments.

2/ IS THE GEF EFFICIENT ENOUGH?

The issue of efficiency, and particularly of the efficiency of the project cycle, is a historical challenge of the GEF; because it has been stressed consistently since its inception,[165] and because it is rooted in the way the GEF was created.

The efficiency challenge is linked to the particular and complex structure of GEF's governance: four levels of governance–the global, in which the GEF Council and the COPs of the conventions operate; the national, which is the grounds of the national donor and recipient states; the local, where GEF-funded projects are actually implemented, Implementing and Executing Agencies adding a supplementary level in-between the global and the regional; and five forums in which governance power is wielded, more or less formally: the GEF Council and the COPs, the GEF Assembly,

---

[165] Global Environment Facility Evaluation Office, GEF EO, *Joint Evaluation of the GEF Activity Cycle and Modalities,* 2007, p. 2; G. Porter, R. Clémençon, W. Ofosu-Amaah, M. Phillips, *Study of GEF's Overall Performance*, Global Environmental Facility, 1998, p. xviii; Global Environment Facility, *The First Decade of the GEF. Second Overall Performance Study,* 25 January 2002, p. xi.

GEFSEC and national political forums where, again, governance power is refracted between different national bureaucracies. This structure *in itself* makes the GEF difficult to manoeuvre. [166]

This specific governance structure was the result of a strategy of constructive ambiguity, pursued during negotiations over the creation and restructuring of the GEF. It was a creative solution found to accommodate a number of different actors, perspectives and expectations on what the GEF should be, and look like, and indeed it became one of the GEF's main strengths and added value. The principle of constructive ambiguity gave a central role to *praxis* in the definition of relationships between actors. This was both because it was believed that such an approach would lead to the most rational and effective relationships, and as a result of the reluctance of countries to establish a formal hierarchy of power within the GEF. The balance of power between actors of the GEF is therefore delicate, in the absence of fixed roles, or a central driving force that could serve as an arbiter. While this disposition can give more flexibility to the balance of power, it can also hamper coordination and cooperation between actors.

Efficiency of the project cycle

The project cycle of an agency–such as the GEF, or its Implementing Agencies–is the cycle through which a project is implemented. It proceeds in five phases of concept development, preparation, appraisal, approval and supervision, and completion and evaluation."[167] This dimension of the GEF's functioning is the one which came under the steadiest criticism over the years–complexity of procedures; lack of clarity of guidelines; length of the project cycle, etc. Since 2006, and the arrival of a new team within the GEF Secretariat, a reform process has been launched, tackling most of these issues. It is too early to say whether it has been successful; however, reforms are to be commended for being part of the first systematic effort to "clean up" the GEF since its creation. Moreover, they seem to be the central component of a wider strategy of GEFSEC to "revamp" the GEF, in other words make it more attractive to users. While this strategy is, in the opinion of the authors, essential to the re-enchantment of the GEF, it will be suggested that it is not sufficient, and needs to be accompanied and framed by a larger redefinition of the GEF's role and place in IEG.

[166] L. Boisson de Chazournes, 2005, *op. cit.*
[167] Global Environment Facility Evaluation Office, GEF EO, *Joint Evaluation of the GEF Activity Cycle and Modalities,* 2007, p. 1.

General issues: lengthy and complex procedures

“Almost since the GEF began, the need to streamline and simplify the cycle has been highlighted by numerous evaluations”,[168] and indeed the subject came up systematically in our interviews. In rather extreme cases, and before the reforms launched by the new GEFSEC, the cycle could take from four to five years.[169] By means of comparison, the same process takes less than a year within the GFATM.[170]

The length of the activity cycle can be attributed to the number of actors involved in it. Applicants have to go through the procedures of both the GEF and the agencies that have been chosen as their IA, while their projects must also follow COP directives.[171] This leads to some papers, such as the evaluation papers and all report papers, to have to be written twice. This set-up also means that the activity cycle may be disrupted by incongruent procedures between the GEF and the IAs:

> *poor connections between the time-bound GEF decision points and the Agency cycles are a major cause of delays and inefficiencies,*[172]

or that cooperation with non-GEF actors may be discouraged by a discrepancy between the lengths of respective project cycles. Some of our contacts within American governmental staff told us, for example, that they preferred not to participate as cofinancers in GEF projects because they could not coordinate their own activity cycle with the GEF’s, which was much slower.[173]

The complexity of procedures also slows down the project cycle. Indeed, actors dealing with the GEF have trouble knowing what actions they are supposed to take at what point in the activity cycle, and how such actions should be formulated.[174] This problem has been compounded by the fact that guidelines for procedures with the GEF change frequently. Two of our contacts in one of the GEF’s Agencies suggested that their work as part of the GEF unit was becoming increasingly about giving guidance to representations and helping applicants navigate through guidelines.[175] A non-public website compiling and updating all papers regulating GEF procedures has also been launched by one of the GEF’s Agencies to address this “information deficit”.

Current reforms target such issues: steps to approval have been reduced, and a target has been set to keep the process from under 22 months for FSPs and under 12

---

[168] Global Environment Facility Evaluation Office, GEF EO*,* 2007, *op. cit,* p. 2. See also G. Porter, R. Clémençon, W. Ofosu-Amaah, M. Phillips, *Study of GEF’s Overall Performance*, Global Environmental Facility, 1998, p. xviii; Global Environment Facility, *The First Decade of the GEF. Second Overall Performance Study,* 25 January 2002, p. xi.
[169] Interview, other, November 2008.
[170] Interview, GFATM staff, October 2008.
[171] L. Boisson de Chazournes, 2007, *op. cit.,* p. 16.
[172] Global Environment Facility Evaluation Office, GEF EO, 2007, *op. cit.,* p. 8.
[173] Interview, American governmental staff, September 2008.
[174] Office of Monitoring and Evaluation of the Global Environment Facility, *OPS3: Progressing Towards Environmental Results*, 2005, p. 55.
[175] Interview, GEF Agency staff, September 2008.

months for MSPs. It is still too early to know whether these targets will be met, but first evaluations are encouraging: targets for FSPs should be met by September 2009, 22 months after the implementation of the reform. Targets have been met for MSPs, bearing in mind however that the projects thus evaluated had already been submitted during GEF-3 or GEF-4, and were only resubmitted as PIFs after these were put in place.[176] It is still to be seen whether the complexity of the project cycle was positively impacted by reforms. One of the latest evaluations published by the Evaluation Office on the subject shows that comprehension of GEF procedures at the national level remains poor.[177] This could suggest that efforts need to be concentrated on the dissemination aspect of project cycle guidelines. We will come back to this point later in this section.

The implementation of the RAF also generated some issues in terms of efficiency, simply because it adds on yet another layer of rules within the GEF–on the way funds should be allocated–and its procedures add to the complexity of pre-existing ones: "The RAF adds complexity, layers, rules."[178] The Mid-Term Review of RAF coined it as "too complex for the GEF partnership".[179] The RAF divides GEF money in country allocations, which have to be calculated according to potential for performance and for the achievement of GEBs, and whose spending is framed by certain procedures: 75% of money should be allocated to individual countries, 15% to Group countries, 5% to SGP and 5% to regional and global projects; only half of RAF resources must be spent during the first two years of the four-year allocation cycle - the "50% rule"– "ceilings" and "floors" are set for allocations, etc. Such rules seem too complex to allow flexibility in their implementation, and, in the case of countries of the Group particularly, such procedures may not have been understood well.[180]

Preparation phase: the concept of "incremental costs"

The concept of "incremental costs" was devised as a tool for implementing the principle of additionality within the GEF, which provided something like a philosophical foundation for the facility: additionality of benefits–the Global environmental benefits; additionality of costs–the incremental costs; and additionality of funding–"new and additional funding". Thus developed countries were confident that they were providing funds to address an issue in their national interest–global environmental degradation –, while developing countries could count on funds disbursed being

[176] Global Environment Facility, GEF, *Management of the GEF Project Cycle Operation: A Review,* GEF/C.34/Inf.4, Council Meeting November 11-13 2008, 14 October 2008, p. 3-6.
[177] Global Environment Facility Evaluation Office, GEF EO, *GEF Annual Country Portfolio Evaluation Report 2008,* October 2008, p. E-10.
[178] Interview, GEF staff, September 2008.
[179] Global Environment Facility Evaluation Office, GEF EO, [Powerpoint presentation] *Mid-Term Review of the Resource Allocation Framework*, 34th Council Meeting, Agenda Item 8, 11 November 2008.
[180] Global Environment Facility, GEF, *Mid-Term Review of the Resource Allocation Framework (Prepared by the GEF Evaluation Office),* GEF/ME/C.34/2, GEF Council November 11-13 2008, 15 October 2008, p. 16.

supplementary to existing ODA flows. Every project proposal presented to the GEF had to provide a calculation of the estimated incremental costs of a project.

Such a concept was problematic from the onset; while useful in political terms, it did not make much sense in practical ones.

> *The concept of incremental costs is fundamentally an international cooperation tool, and as such should not be used as scientific guidance.*[181]

As early as the Pilot Phase, Mohammed El-Ashry, then GEF CEO, stated that "there are many instances where it is difficult to distinguish global and national environmental benefits",[182] just as there are many instances were it is difficult to separate global and national causes of environmental degradation, and to determine a global or a national level of action.

It does not seem that this conceptual separation between what would be self-contained global and local environmental levels was ever enacted in practise, and even sustained in the discourse. Since June 2007, and following the recommendations of the GEF Evaluation Office,[183] a new guideline has been issued recommending the use of "incremental reasoning" while elaborating a project proposal, rather than to recourse to "harder" calculations. This shift is interesting in itself because it suggests that the global dimension of environmental projects–the concept of "incrementality"–is sufficiently integrated within environmental projects not to necessitate a "hard" norm. Indeed, the GEF Evaluation Office recommended the implementation of "incremental reasoning" over harder calculations on the basis of an observation that "the principle of incremental funding is alive and well in GEF projects."[184] This could suggest that the concept of "incrementality", as well as the global dimension of environmental issues, is now part of actors' mindframe.

There are two potential issues with this shift towards a "softer" evaluation of incrementality: first, it may not make the concept easier to understand or to apply within projects for those applicants searching for clarification.[185] And indeed the GEF Evaluation Office's report recommended monitoring and evaluating the incrementality of GEF projects at all stages of the application process, as well as a clearer and more visible definition of those environmental objectives that qualify as GEBs. Second, softening the criteria of incrementality within GEF projects equally "softens" the rationale for the GEF's action: in the absence of a scientific evaluation and funding of the incremental costs, is the GEF legitimate, considering the foundational character of the concept of incremental costs for the facility, and what is its added value vis-à-vis international or regional organisations such as the UNDP or the World Bank, which

[181] G. Labbate, 2008, *op. cit.,* p. 221.
[182] Mohammed El-Ashry *in* Sjöberg, 1991, *op. cit.,* p. 21.
[183] Global Environment Facility Evaluation Office, GEF EO, *Evaluation of Incremental Cost Assessment,* Evaluation Report n° 34, May 2007.
[184] *Ibid.,* p.2.
[185] Interview, GEF Agency staff, October 2008.

have integrated global environmental objectives within the charter of their activities? We will come back to this issue in the next section of this chapter.

Completion and evaluation phase: a need to improve evaluation

One of the main recommendations to emerge from the third Overall Performance Study of the GEF (OPS3) is the need to improve communication channels and strategies, at all levels, and particularly with regards to the evaluation of GEF projects. Indeed the GEF seems to suffer from a real gap in its evaluation capacities, which prevent the assessment of its effectiveness and the dissemination of information on good practises. The criteria for evaluating projects have not been streamlined to all project managers, for lack of clarity of guidelines, or coordination between the different levels of governance, and thus a systematic evaluation of GEF projects cannot be made.[186]

Coordinating different actors and different levels of governance

The sheer number of actors and levels in the GEF governance structure pose certain coordination issues.

The best approach to adopt to address such coordination issues is not self-evident.[187] A “further clarification of the institutional roles and responsibilities of GEF’s partners” could be opted for, but it might be as or more effective to leave GEF partners fine tune the internal balance of power as they have always done until now. The GEF’s governance structure is so dense and complex that it could require space for flexibility rather than a clear circumscription of functions.

The Council and the COPs: The GEF is a bicephalus institution. Indeed, the Council is the institution’s main decision-making body, but the GEF also receives guidance from the COPs of the environmental conventions it serves as a financial mechanism for. Both bodies do not have perfectly overlapping priorities, and some tension exists, particularly on the question of funding.[188] The GEF Council has to prioritise certain activities because of limited financial resources, a choice that does not always satisfy the COPs of the conventions which have often been criticised for issuing “too many priorities and too many decisions” for the GEF to follow.[189] Moreover, the mandate of the GEF as the financial mechanism to four environmental conventions differs in subtle ways from its “original” mandate, that of funding for the management of global environmental issues. Indeed, envisaging environmental protection through the sustainable development paradigm, which is the case for the environmental

[186] Office of Monitoring and Evaluation of the Global Environment Facility , 2005, *op. cit.,* p. 6.
[187] Global Environment Facility, *The First Decade of the GEF. Second Overall Performance Study*, 25 January 2002, p. xiii.
[188] Interview, Civil society actor, September 2008.
[189] Interview, GEF Agency staff, September 2008; G. Porter, R. Clémençon, W. Ofosu-Amaah, M. Phillips, *Study of GEF’s Overall Performance*, Global Environmental Facility, 1998, p. xvi.

conventions, differs from a purely global environmental point of view. Priorities can differ–countries with the most potential for environmental benefits vs. countries with the biggest needs or vulnerabilities–as well as targets–global environmental benefits vs. domestic targets. Often, such different modalities can be reconciled, for there is substantial overlap between them, but they can also come into tension.

Coordination should, in theory, be facilitated by the fact that the same representatives sit within both bodies' meetings. However, in practise, representatives from environmental ministries tend to sit at COP meetings while at GEF Council meetings, developed countries tend to send representatives from the financial and/or foreign affairs ministries and developing countries from their environmental ministries–this also illustrates the difference in the approaches of developed and developing countries. Furthermore, the constituency system of the GEF Council differs from the universal membership system of the conventions. Whether on account of a pure "disruption of connection within [the different bureaucracies of] countries",[190] or because real divergences of opinion exist, the same issues may be consensual amongst the different national representatives at COP meetings, and more controversial at GEF Council meetings, even though the same countries are represented in both forums.

> *Comparative advantage [between the Implementing Agencies] does not happen because it is so difficult to coordinate at the local level.*[191]

Coordination between Implementing Agencies: If the principle of additionality was one of the foundational principles of the GEF, so was the concept of "comparative advantage". The particular structure of the GEF was elaborated as a way of preventing the creation of a new institution, by drawing on the respective capabilities and advantages of existing institutions: GEF-funded projects would go to the agency that had the capacities, knowledge and experience to implement it best.

"The idea of uniting Implementing Agencies is very potent",[192] but it is also difficult to implement in practise. IAs do "liaise with other agencies through some mechanisms set up by the GEF", such as the interagency Task Force, composed of staff from GEFSEC and from the IAs, but "there is less coordination on the ground".[193] Indeed the practise of "comparative advantage" appears elusive in practise because the advantages of agencies "overlap on the ground and because the actual allocation framework on the ground is not prescribed".[194] According to one of our contacts in an NGO, such an equilibrium can be counterproductive: countries and agency representatives have often developed particular relationships through time and

[190] Interview, GEF staff, September 2008.
[191] Interview, GEF Agency staff, September 2008.
[192] Interview, GEF Agency staff, September 2008.
[193] Interview, Civil society actor, September 2008.
[194] Interview, Washington D.C., September 2008. See also G. Porter, R. Clémençon, W. Ofosu-Amaah, M. Phillips, *Study of GEF's Overall Performance*, Global Environmental Facility, 1998, p.xvii.

common project undertakings, which can make cooperation more "advantageous" than with another agency, prescribed under the principle of comparative advantage.[195]

Reaching from one level of governance to the others: Because of the numerous levels and caucuses of governance, coordination is also quite difficult between the different levels, from the top-down and the bottom-up. The operational strategies and priorities outlined by the organs of the GEF trickle down through IAs and ExAs before reaching the local level; i.e. the level at which a project will be implemented, and this added level can constitute a barrier to good communication. The GEF also liaises with the national level of governance through GEF focal points, which are designated by their governments and ensure that GEF projects respond to national priorities. There are important inequalities in the level of preparedness and the experience of such focal points however, to the point of an "information gap" concerning the GEF[196] that affects the coordination between the global and national governance levels.[197] Coordination between strategies at the global level, which concern GEF focal areas, and at the national level, is also problematic.[198]

Complicating factors: legitimacy issues and a changing balance of power

The problems generated by the complicated and complex structure of the GEF are compounded to some extent by complicating factors, which make the practise of governance within the GEF more delicate.

The North/South rift

Developing countries' lobbying for direct access to the Adaptation Fund was linked, amongst other factors, to their desire to benefit from a more equitable funding mechanism. The perception that the GEF is "skewed in favour of developed country interests"[199] is historical to the GEF: it dates back to its creation, perceived as an imposition of their own environmental agenda. This perception was eased by the adoption of the principle of additionality as a foundational principle to the GEF. It ensured that the money given would be additional to existing ODA flows because projects themselves were to be supplementary to existing ones, devised according to

[195] Interview, Civil society actor, September 2008.
[196] Global Environment Facility, *The First Decade of the GEF. Second Overall Performance Study*, 25 January 2002, p. xi.
[197] Office of Monitoring and Evaluation of the Global Environment Facility, 2005, *op. cit,* p. 49; G. Porter, R. Clémençon, W. Ofosu-Amaah, M. Phillips, *Study of GEF's Overall Performance*, Global Environmental Facility, 1998, p. xviii; Global Environment Facility, *The First Decade of the GEF. Second Overall Performance Study*, 25 January 2002, p. x; Global Environment Facility Evaluation Office, GEF EO, *Annual Country Portfolio Evaluation Report,* 2008, p. E-10.
[198] *Ibid.,* p. 10.
[199] Interview, GEF Agency staff, New York, September 2008.

the national priorities of states. This principle also marked the establishment, in theory, of a relationship of cooperation between developed and developing countries, rather than a relationship of donor to recipient: developing countries were given side-payments in exchange of their participation to the GEF. Both sides were giving something to enable the GEF initiative. Through participation in the Rio Earth Summit, the principle of additionality also became an expression of the principle of "common but differentiated responsibility" of countries faced with global environmental issues: developed countries were "more" responsible than developing ones in creating them, and therefore took onto themselves the major part of the (financial) burden to address them.

However, amounts pledged by developed countries to the GEF are never perceived as being "enough". This can be explained by the simple fact that, considering the amounts needed to address global environmental issues, there will never be "enough" money given. Another factor could be the confusion that seems to be harboured, both amongst developed and developing countries, between the *additionality* of contributions, and they being counted as ODA.[200] We will come back to this point later on.

According to a former GEF official, the perception that developed countries were not fulfilling their terms of the contract, and were not engaging in a true, equitable cooperation endeavour, was lessened throughout the years as the benefits of GEF projects became visible to developing countries. The establishment of the RAF, pushed through by the United States, revived perceptions of a determination of the GEF by donors and their interests. Again, such perceptions seem to have been assuaged or set aside by the benefits subsequently reaped by a number of recipient countries through the RAF, but they remain entrenched.[201]

This perception of a donor-determined and unfair governance structure can potentially affect the efficiency of the GEF's governance structure, as developing countries search for alternative mechanisms. In this respect, former GEF CEO Mohammed El-Ashry saw the intense lobbying by developing countries to keep the Adaptation Fund (AF) outside of the GEF framework as an "ominous sign".[202]

What is surprising is the sustainability of such cleavages, which are losing–have already lost?–their conceptual power in today's world. It is difficult to account for such persistence, but the issue is of importance for the improvement of GEF functioning. Institutional determinism, or the sedimentation of such cleavages within the structure of the GEF itself, could be a lead: one of our interlocutors stated that

---

[200] Contributions counted as ODA can also be additional to existing flows. Not counting contributions as ODA, on the other hand, can increase the probability of them being additional but is not conditional to it. We thank one of the reviewers of the first draft of this report for clarifying this point to us.
[201] Anonymous reviewer, February 2009; Interview, former GEF official, November 2008
[202] Interview, former GEF official, November 2008.

> *the North/ South rift is still there because people haven't changed. They haven't gotten over the 1994 restructuring of the GEF, and the tough conventions.*[203]

A changing balance of power

One of the characteristics of the GEF, which has been stressed throughout this report, is that there is no fixed structure of power amongst players, but rather that power relations are fluctuating. Since 2005, and particularly since 2006 and the change of GEFSEC team, a number of reforms have been undertaken to make the GEF more simple, performant and cost-effective. Such reforms have necessarily upset the previous balance of power between actors and reshuffled their various "spheres of influence", generating some tension within the governance process.

In particular, the role of GEFSEC, as a leader of reforms, has been increased. This development has been welcomed by a number of actors, because it is seen to match the expansion of GEF's responsibilities. Indeed, the third Overall Performance Study of the GEF (OPS3) recommended the enlargement of GEFSEC to enable it to perform its mandate more effectively. As a means of comparison, GEFSEC counts about 50 employees, when the Secretariat of the GFATM counts about 370. Moreover, countries do not always have the time to prepare adequately for Council meetings, where project proposals are reviewed, and, for some, can be relieved to unload some of this preparation work onto GEFSEC. Finally, it could be argued that, as the only constituency dedicated to the pursuit of GEF interests, GEFSEC may be the best placed to evaluate its needs and devise a reform programme.

However, the growing power of GEFSEC is not without creating tensions amongst GEF players, and particularly amongst GEF agencies, when it comes to the reform of the project cycle. This tension around the changing role of the Secretariat of the GEF is problematic only to the extent that it affects the efficiency of the GEF. One of the main interests of dealing with the GEF for the agencies is that they can continue to set their own priorities and play an active part in the development of a project concept, while having access to a new pool of funding. If the Secretariat reduces the agencies' leeway in the conception of projects, those agencies with enough financial capacities will turn themselves towards different sources of funding. The GEF is not the only actor in the environmental field; quite the contrary, and the levels of cofinancing mean that the GEF is

> *a relatively minor financer of support; this shift means, as one stakeholder expressed it, that the GEF can no longer insist on "calling all the shots".*[204]

The implementation of the RAF seems to have catalysed such developments, by diminishing the participation of IAs, and of the World Bank more specifically, of NGOs

---

[203] Interview, GEF staff, September 2008.
[204] Global Environment Facility Evaluation Office, GEF EO, 2007, *op. cit,* p. 12.

and of the private sector,[205] and increasing the decisionary power of GEFSEC over the allocation of GEF resources. Tensions were also catalysed, as some of our contacts stressed that "the RAF in itself was ok. What really went wrong was the way in which it was implemented".[206]

The question of the GEF's efficiency used to be its main challenge; the complexity and lack of clarity of procedures, the length of the project cycle, the quality of project design, were recurrent concerns. Most of these issues are now being addressed, thanks to a GEFSEC geared towards institutional reform, but also because the GEF has now been in existence, and the GEF Evaluation Office in activity, long enough for a diagnosis and solutions to its problems to be proposed. It is still too early to say whether such reforms will actually be effective, but the first indicators are promising. The main challenge seemingly affecting the GEF today, and which seems to take over from the efficiency issue, for it emerged in the past couple of years, is the one relating to the definition of the GEF's role in a changing international environmental governance (IEG) architecture. Solving the efficiency issue is part of the answer to this challenge, for the GEF can only be useful if it is efficient enough, to be effective and attractive to users, but it is not all of it; the question of the GEF's role in today's IEG needs to be tackled.

3/ WHAT IS THE GEF'S PLACE IN A CHANGING INTERNATIONAL ENVIRONMENTAL GOVERNANCE ARCHITECTURE?

As we defined the GEF in the first chapter of this report, we outlined that it could be understood as having two broad mandates: an environmental one, the achievement of global environmental benefits, and a catalytic one, the integration of global environmental management on the international agenda.

The positive action of the GEF with regards to both mandates is generally recognised, be it in the literature, academic, official or grey, or by our contacts. But this positive record in itself cannot and does not secure the place of the GEF within the IEG architecture. In the first place, it cannot be scientifically established that the GEF's action is reaping global environmental benefits. Indeed, the causal link between local actions, even in an aggregate form, and global environmental benefits is hard to establish and to attribute. This is not specific to the GEF; it characterises all endeavours aiming at the protection of the global environment, but it constitutes a weakness in the demonstration of the GEF's value, when it is needed. Second, the value of the GEF's positive record is relational, in that it is evaluated and formulated

---

[205] Global Environment Facility Evaluation Office, GEF EO, *Mid-Term Review of the Resource Allocation Framework*, 34th Council Meeting, Agenda Item 8, 11 November 2008.
[206] Interview, GEF Agency staff, October 2008; interview, GEF staff, September 2008; interview, Swiss governmental staff, September 2008.

against the other initiatives that make up the field of IEG. In this regard, the GEF faces an important challenge: since the mid-90's approximately, the number of actors in the field has grown exponentially, putting into question the GEF's comparative advantage. The GEF has lost the monopoly of global environmental issues and faces competition that it must adjust to and against which it must establish its use. The fulfilment of the GEF's historical roles, as a path-breaker or a torchbearer, can be seen to have been achieved in the light of the current proliferation of initiatives; but the achievement of such roles contains their own disappearance: a path can only be broken once, and a flame, once passed on, needs neither torch nor bearer. The GEF, on account of internal changes and external developments in the field of environmental governance, is therefore faced with the need to reaffirm its use and place within it.

Achieving the GEF's dual mandate

Environmental effectiveness

Nearly two thirds of our contacts, as well as the majority of GEF evaluations, acknowledge the usefulness of the GEF's environmental mandate, and its good results relative to objectives, even if real impact on the environment is "difficult to determine."[207]

> *That's why the GEF is so valued; because it is the only actor focusing only on the global environment. Most donors are concentrated on poverty alleviation and economic development. But the GEF has no development mandate.*[208]

The prime interest of the GEF in environmental terms is indeed precisely that its sole mandate is the care of the global environment. As such, the GEF allocates its funds in theory according to environmental needs or objectives only–although it should also ensure that its projects fit into national strategies and priorities–and it creates the space for a holistic and transversal view on environmental issues, facilitating the conceptualisation and implementation of projects cutting across national boundaries, and the cross-fertilisation across focal areas.

More specifically, the role of the GEF as a provider of funds for all the environmental issues outside the climate change focal area was stressed. The issue of global climate change has climbed to the top of the international agenda in recent years, but the GEF "needs to remain for non-Climate Change areas".[209] And in effect, the GEF's

[207] Global Environment Facility, *The First Decade of the GEF. Second Overall Performance Study*, 25 January 2002, p. ix-x; Office of Monitoring and Evaluation of the Global Environment Facility, *OPS3: Progressing Towards Environmental Results*, 2005.
[208] Interview, Civil society actor, September 2008.
[209] Interview, GEF Agency staff, September 2008.

environmental importance "is higher in biodiversity and international waters than in climate change."[210]

> *The GEF is producing important, lasting global environmental benefits on the ground.*[211]

Based on the last Overall Performance Study (OPS3) of the GEF, released in June 2005, the GEF has good results: it indicates that the GEF has managed to fulfil most of its environmental objectives or targets in its six focal areas. The GEF is seen to be performing particularly well in the Biodiversity and International Waters focal areas, while it is seen to have more of an indirect and catalytic role in the climate change focal area.

The GEF also faces some challenges. For instance, it still has difficulties securing the sustainability of its projects in time,[212] and indeed the fourth Overall Performance Study of the GEF has planned to study this issue in depth.[213] One of our interlocutors from the French government, referring to the results of an internal study on the impacts of GEF projects over time, stressed the point that after ten years, the main challenge faced by recipient countries was still the one of capacity-building, serving to show the challenge of creating capacities durably within some developing countries, but also the difficulty encountered by the GEF in ensuring the sustainability of its projects.[214] The recent First Annual Country Portfolio Evaluation Report 2008 stresses that "overall ownership of the portfolio needs to be enhanced."[215]

Another challenge relates to its difficulty in balancing out country ownership of projects, donor control and global environmental benefits. Indeed, the GEF is expected to

> *fund programs and projects which are country driven and consistent with national priorities designed to support sustainable development,*[216]

while at the same time securing donations from donors, and achieving global environmental benefits. The current trend within the GEF, which has been consistently advocated for throughout GEF Assemblies, and which constitutes one of the pillars of the Paris Declaration on Aid Effectiveness,[217] is towards country ownership of

[210] R. Clémençon, 2006, *op. cit.,* p. 58
[211] Office of Monitoring and Evaluation of the Global Environment Facility, 2005, *op. cit,* p. 42
[212] Global Environment Facility Evaluation Office, GEF EO, *GEF Annual Country Portfolio Evaluation Report 2008*, October 2008, p. E-v.
[213] Global Environment Facility, GEF EO, *Fourth Overall Performance Study, Terms of Reference,* 17 July 2008, p. 6.
[214] Interview, French governmental staff, October 2008.
[215] Global Environment Facility Evaluation Office, GEF EO, *GEF Annual Country Portfolio Evaluation Report 2008*, October 2008, p. E-8.
[216] M. El-Ashry, *in* H. Sjöberg, 1999, *op. cit.*
[217] The Paris Declaration on Aid Effectiveness was signed in March 2005. Through this text, over one hundred Ministers, Heads of Agencies and other Senior Officials commit their countries and organisations to pursue efforts in view of a harmonisation and alignment of aid. See OECD website:

projects. This is seen as a way of stimulating better design of projects, and ensuring their sustainability. Simultaneously, donors want to control where their money is going, and how it is being used. Beyond the inherent difficulty of such a balancing act, the need to cater to the needs of both donors and recipients can, to some extent, overwhelm the objective of global environmental benefits.

The GEF's catalytic role

The GEF's catalytic role has always been as important as its pure environmental one. Indeed, the GEF was originally devised as a "Trojan Horse" type of tool for the integration of global environmental management on the international agenda, and it pursued a role of torchbearer or trend-setter throughout its existence. Here again, positive results are cautiously interpreted.[218]

Mainstreaming: Evaluating the extent of GEF **mainstreaming** proves quite tricky: it is difficult to establish a relation of causality between GEF projects and increased awareness and integration of global environmental issues within the policies of states or agencies.

Results from the last Overall Performance Study (OPS3) of the GEF Evaluation Office are prudent:

> *Implementing Agencies have made efforts to mainstream global environmental issues into their operational programs, but [the] level of GEF influence on IAs and projects may vary based on [the] significance of GEF's financial contributions to the particular agency or projects.*[219]
>
> *OPS 3 found instances of countries working hard to mainstream biodiversity, but the GEF has not been entirely successful in this regard.*[220]

Our contacts stressed the importance of the GEF in acting directly within national structures. The GEF indeed deals exclusively with states, and therefore "forces collaboration with national institutions",[221] and works to "coordinate initiatives at the national level".[222] The GEF also "builds relations at the national level between governments and the civil society."[223]

However, the extent to which such actions actually led to a heightened mainstreaming of environmental issues is hard to evaluate. Four of our contacts, all belonging to

---

<http://www.oecd.org/document/18/0,2340,en_2649_3236398_35401554_1_1_1_1,00.html>, last accessed 24 March 2009.

[218] Global Environment Facility, GEF, *The First Decade of the GEF. Second Overall Performance Study*, 25 January 2002, p. xii.

[219] Office of Monitoring and Evaluation of the Global Environment Facility, 2005, *op. cit.,* p. 47

[220] *Ibid.,* p. 28

[221] Interview, Civil society actor, September 2008.

[222] Interview, GEF Agency staff, September 2008.

[223] Interview, GEF Agency staff, September 2008.

implementing agencies, expressed doubts regarding the mainstreaming influence of the GEF. We were told that there was "no environmental dimension in the World Bank",[224] and a recent internal study showed that "the great majority of UNDP environment projects were funded by the GEF; [which could serve to show that] no mainstreaming happened".[225] On the other hand, contacts at GEFSEC seemed to suggest that mainstreaming within GEF agencies *did* happen, quoting in particular projects guaranteeing loans to energy saving projects in Eastern Europe.[226] One could suggest from such divergences that mainstreaming does happen for a number of projects but that such a process hasn't yet reached the "critical mass" that would enable it to be perceived at the aggregate level.

Cofinancing: Similarly,

> *a comprehensive assessment of actual **cofinancing** is not possible given that such data are not tracked, and often not adequately reported in terminal evaluations.*[227]

Moreover, it is always difficult to determine how much money would have been given in cofinancing to a specific project *without* the intervention of the GEF.[228]

That said, cofinancing is perceived to have increased for all IAs, the World Bank keeping the "lion's share"[229] with US$3 for each GEF US$1. This increase means that the GEF's role is gradually shifting, "from that of the lead partner drawing attention to global environmental benefits to a relatively minor financer of support."[230] It is unclear whether this has a positive or a negative effect on the role of the GEF: occupying a more minor position within projects because of relatively smaller financial inputs may result in the GEF being less valued as a provider of funds, and having less power to draw attention on a project, and influence its design and implementation. On the other hand, the increasing mobilisation of cofinancers on GEF-funded projects could also signal that mainstreaming is happening, whether on account of the GEF or not, and that the GEF can reallocate the money that it would put on such projects to other less fashionable ones.[231]

Innovation: OPS3 "found evidence of **innovation**, demonstration, and replication in a number of exciting projects".[232] One of our contacts in a major NGO, which had

---

[224] Interview, GEF Agency staff, September 2008.
[225] Interview, GEF Agency staff, September 2008.
[226] Our contact mentioned in particular the Renewable Energy and Energy Efficiency Fund of the IFC. Further examples can be found in the *World Bank Energy Efficiency Portfolio Review and Practitioners' Handbook, 2004.* World Bank Environment Department, *World Bank Energy Efficiency Portfolio Review and Practitioners' Handbook, 2004,* Thematic Discussion Paper, 21 January 2004.
[227] Office of Monitoring and Evaluation of the Global Environment Facility, 2005, *op. cit.,* p. 47, p. 109
[228] R. Clémençon, 2006, *op. cit.,* p. 54.
[229] Office of Monitoring and Evaluation of the Global Environment Facility, 2005, *op. cit.,* p. 47.
[230] Global Environment Facility Evaluation Office, GEF EO, *Joint Evaluation of the GEF Activity Cycle and Modalities*, Report n° 33, 2007, p. 12.
[231] Office of Monitoring and Evaluation of the Global Environment Facility, *OPS3: Progressing Towards Environmental Results*, 2005, p. 111.
[232] *Ibid.*, p. 112.

gathered feedback from the field in the perspective of our interview, stressed the innovation and catalytic role of the GEF in supporting groundbreaking projects that would have trouble finding funding elsewhere, such as Payment for Ecosystem Services type projects.[233] One of our contacts at the GEF also emphasised the fact that the GEF was "unique in dealing with [the focal area of] persistent organic pollutants (POPs)".[234]

But the record of the GEF on innovation, and on its corollary of replication, is also difficult to establish because of a lack of comprehensive data.[235] Moreover, a number of our contacts (30%) pointed to challenges to the innovative potential of the GEF, such as the fact that "UN agencies are not set up to use innovative mechanisms",[236] or the functioning of the GEF itself: the proscription of competition between IAs, through the principle of "comparative advantage", or between projects, with the individual allocations of the RAF, gives, for some, "no incentive to be innovative".[237] The competing interests between the different GEF actors, and the "fractious" nature of the Council can also hinder the swift implementation of innovative measures or strategies.[238] The GEF's main challenge in terms of innovation and replication is the integration of private sector player within its activity cycle. Addressing this issue has been one of the priorities of the GEF since its beginnings but a number of barriers exist to increase participation of the private sector; the outline of a clear strategy is one, as well as the need to make the GEF's procedures swifter, and simpler, but integrating the private sector within the activities of the GEF also requires a more fundamental change in the ideology of the GEF.[239] The creation of a "public-private" partnership between the GEF and the private sector is one of the priorities of the current GEFSEC.[240]

The positive environmental impacts of the GEF seem to be recognised by all actors, but they are not easily quantified or demonstrated. This is a factor of the lack of systematic or sufficiently informed project evaluations, but also of the nature of the issues at hand, which are global in scope, and develop over very long periods of time.

---

[233] Interview, Civil society actor, September 2008.
[234] Interview, GEF staff, September 2008. See also L. Boisson de Chazournes, 2003, *op. cit.,* p. 19.
[235] Office of Monitoring and Evaluation of the Global Environment Facility, *OPS3: Progressing Towards Environmental Results*, 2005, *op. cit,* p. 113.
[236] Interview, GEF Agency staff, September 2008.
[237] Interview, other, October 2008.
[238] G. Porter, N. Bird, N. Kaur, July 2008, p. 44, *op. cit.*
[239] *Ibid.,* p. 17; L. Boisson de Chazournes, 2007, *op. cit*; Office of Monitoring and Evaluation of the Global Environment Facility, *OPS3: Progressing Towards Environmental Results*, 2005, p. 193; Global Environment Facility, GEF, *The First Decade of the GEF. Second Overall Performance Study,* 25 January 2002, p. xii; G. Porter, R. Clémençon, W. Ofosu-Amaah, M. Phillips, *Study of GEF's Overall Performance*, Global Environmental Facility, 1998,p. xiii.
[240] L. Boisson de Chazournes, 2007, *op. cit,* p. 17.

Losing the monopoly and assessing the GEF's comparative advantage

An "overcrowded" environmental field

The environmental scene is very different today than it was when the GEF was first conceptualised, and created. The GEF was *in itself* a complete path-breaker at its creation, both because of its innovative structure, and because of the very mandate that it had adopted–the global environment. Even similar initiatives, i.e. international environmental trust funds, when and where they existed, did not match the scope of action of the GEF: the Multilateral Fund for the Implementation of the Montreal Protocol, established in 1990, focused on ozone-depleting substances only; UNESCO's World Heritage Centre, created in 1972, on cultural and natural *heritage*, etc. [241]

This scene has been fundamentally transformed over the years, and particularly in recent years, with the rise in importance of the climate change issue. In the words of one of our interlocutors, the environmental field is now "overcrowded": NGOs, states, firms, international institutions, etc. all types of actors are getting involved in the management of global environmental issues. A quick look at existing international institutions reveals the existence of projects aiming at the protection of the global environment within UNESCO's Natural Sciences sector, within the WHO and UNEP through the HELI joint initiative, as well as parallel projects launched by UNDP and the World Bank outside the GEF, such as the Climate Investment Funds that we mentioned earlier on. The proliferation of initiatives is even more important in the climate area; it is the new "fashion of the day" and actors, whether national or international, want to catch the climate change train and take advantage of the economic opportunities opened up by it. They also need to be seen, on a political level, as acting on the subject and achieving positive impacts.[242] A study effectuated by UNEP and transmitted to us by members of the French government listed no less than 51 funds on climate change in existence by 2008, for a total amount of US$ 40.7 billion.[243] These funds are multi-sectoral, or focus on specific activities, such as mitigation, adaptation and research. The largest are the Japan Climate Package and the World Bank CIFs.

The environmental field has therefore been mainstreamed, and it has become competitive. Two characteristics that were absent from the environmental field that the GEF was set to govern at its creation in 1991.[244] Quite the contrary; the GEF was set up as a kind of Trojan Horse *for* the mainstreaming of global environmental issues within the environmental field, and as a torchbearer in an unpopulated field. In this

[241] L. Boisson de Chazournes, 1995, *op. cit,* p. 614.
[242] Interview, GEF staff, September 2008; Porter et al., 2008, *op. cit,* p. 19-20.
[243] Interview, French governmental staff, November 2008.
[244] We thank one of the anonymous reviewers of the first draft of this report for suggesting this to us.

context, the GEF faces competition on the *supply* side of the financing for the management of global environmental issues, rather than on the demand side, which was the case during the first four phases of its existence. The GEF needs to assert its comparative advantage against a number of similar initiatives, and to adapt to the new "supermarket approach to aid agencies" that is developing amongst recipient countries, who can "cherry pick for more money" amongst the different existing initiatives.[245]

Is the GEF an "old lady"?[246]

Has the GEF served its time? Was the GEF the product of a specific period in IEG, and its specific needs, which has now passed?

On this aspect, the GEF was coined by two of our interlocutors as being "anachronistic", or an "old lady".[247] Such denominations, which can be surprising considering the GEF's reputation as an innovative institution, referred to a perception that the organisation of the GEF, its functioning, or the nature of the tools at its disposition, are dated. The organisation of the GEF around states–even if NGOs have an important place within the GEF's governance, they have no formal decision-making power–contrasts with the governance structure of the GFATM, for example, whose governing board includes representatives from NGOs, the private sector, and communities living and affected by the disease, as well as representatives from donor and recipient countries–rather than developed and developing countries.[248] The trend today is to devise more flexible mechanisms, which are also more attuned to the exigencies of a market economy. In the environmental field, the tendency is towards mechanisms that are economically profitable, or at least economically self-sustainable, such as the Clean Development Mechanisms in the climate change area, of the Payment for Economic Services systems in the biodiversity area. The trend is the same outside the environmental field, where the GFATM or GAVI propose innovative financial mechanisms. GFATM raises funds through a voluntary replenishment mechanism, but also through initiatives such as the Debt2Health or the (product) RED initiatives. The GAVI Alliance, which seeks to increase access to vaccines and immunisation in poor countries, gathers some of its funds through the International Finance Facility for Immunisation (IFFIm), which borrows money in the capital markets against the pledges made by donor countries–by issuing bonds in the capital markets based on pledges, the IFFIm can convert the long-term pledges of governments into immediately available cash resources. The long-term pledges are

[245] Interview, GEF staff, September 2008.
[246] This term is attributed to one of the anonymous reviewers.
[247] *Ibid.*
[248] Interview, other, October 2008.

then used to repay the bonds.[249] By contrast, the GEF is limited to grant-giving mechanisms, and cannot emancipate itself economically from the World Bank.

It is important to remember, in view of this trend towards a particular type of financing tools, that all type of tools are necessary; as noted by one of our contacts at GEFSEC. Not all environmental protection can be funded by users or the market. Moreover, in a number of cases, the investment of public money predates and conditions the existence of other types of tools. Furthermore, global environmental protection is a global public good issue, and as such it should be overseen or managed by the public sector: states, or international organisations with power and legitimacy delegated to them by states. The fashion towards certain types of tools, particularly in the popular climate change area, evades the GEF to some extent and can disadvantage it in the IEG for this reason. The question of the relative value of "new" versus more traditional tools is an altogether different one.

The impacts of the financial crisis on the GEF as a more traditional type of tool is unclear at this point. On the one hand, the GEF's funds are not vulnerable, like those gathered through the IFFIm, to the fluctuations of financial markets; on the other, countries might be more willing, in times of crisis when money for international cooperation and development is scarcer, to direct their contributions to more innovative and ad-hoc mechanisms, which promise quicker or more visible impact, than to the traditional replenishment mechanism of the GEF.

Blurring the divide between environmental protection and sustainable development–the question of the GEF's comparative advantage

The question of the management of global environmental issues is now being taken up by a number of actors–the path has been broken, the torch passed, the trend set etc. We could therefore consider that the GEF's fundamental catalytic role has been fulfilled, to some extent at least, leaving it to face competition on its environmental mandate. In this context, it is becoming increasingly difficult to outline the GEF's comparative advantage: states and international organisations are increasingly integrating global environmental concerns within their developmental activities, and this movement is compounded by the fact that the GEF's operations, in turn, are framed by the sustainable development paradigm.

International organisations such as the OECD or the World Bank, individual countries, such as the members of the European Union, are all integrating or in the process of integrating global environmental protection as a dimension of their developmental strategies.[250] The GEF is facing particular competition in the area of global climate change, and from the World Bank most specifically. Within the GEF framework

[249] GAVI Alliance, *About IFFIm* [Internet], http://www.iff-immunisation.org/01_about_iffim.html, last accessed 30 January 2009.
[250] See L. Boisson de Chazournes, 2007, *op. cit,* p. 6. for an exposition of such activities.

already, the World Bank receives roughly 70% of GEF money earmarked for the climate change focal area. The World Bank and the International Finance Corporation (IFC), a member of the World Bank group, also propose a multitude of Trust Funds with direct access for investors.[251] Such a development can potentially affect the GEF, as financial resources destined to the climate change focal area are redirected to other initiatives.[252]

In parallel, it is becoming increasingly difficult to distinguish the GEF from other development actors, thus undercutting one of the GEF's main comparative advantage: the fact that it has an environmental rather than a development mandate. In practise, the specificity of the GEF's mandate implied a separation between the local/national and global levels of action: the former were the domain of national states, and agencies, and hosted traditional development projects, while the latter was the domain of the GEF, which was to fund only those costs that incurred global environmental benefits. This characteristic justified the allocation of additional financing resources, for the achievement of additional benefits. In practise however, this separation was never implemented within the GEF, most probably because it has more conceptual than practical validity. The fact that "poverty, development and conservation of the global commons are closely linked issues" was recognised as early as 1992, when the GEF was integrated within the Rio Earth Summit process that established the principle of "sustainable development" as a paradigm for international environmental governance. The GEF always had to integrate its projects within the national strategies and priorities of states, and this link was strengthened over the years. The GEF was instrumental in imposing the issue of adaptation to climate change on the global agenda for instance, an issue whose management does not induce global environmental benefits, and the success of the Small Grants Programme (SGP) helped demonstrate and establish the importance of bottom-up dynamics in the management of global environmental issues.

> *By the third GEF Assembly in Cape Town, the separation between the local and the global levels had lost a lot of its conceptual power.*[253]

Moreover, and perhaps as a corollary of this situation, it is unclear whether contributions made to the GEF were "additional" to existing ODA flows. The great majority of donor countries report their contributions to the GEF as ODA, and it is difficult to determine whether the money thus given is "new", or "recycled" from other

[251] We are grateful to a member of the French governmental staff for helping us make sense of this emerging climate change architecture.
[252] L. Lefebvre, E. Pondard, J. Bénéfice, A. Lafontaine, E. Da Costa, *Evaluation de la Dotation de la France au Fonds pour l'Environnement Mondial. Synthèse,* Février 2009, p. 10.
[253] Interview, GEF Agency staff, New York, September 2008.

ODA endeavours. Our contacts at the French and Swiss ministries suggested that the latter scenario was closest to what was being practised. [254]

This development is not problematic as such, but it has the effect of blurring the foundational rationale of the GEF, namely the funding of strictly global environmental benefits, and indeed its difference with traditional aid agencies. As the GEF moves closer to the sustainable development paradigm, and international development institution develop their environmental mandate, it is legitimate to ask oneself what comparative advantages the GEF retains, faced to the World Bank and its greater financial capacities.

Qualifying the challenge to the GEF's place in international environmental governance

The mainstreaming of global environmental issues is still relative. As we mentioned as we reflected on the mainstreaming record of the GEF, a number of GEF actors still need to integrate such issues more durably within their operations. Moreover, the "greening" of developmental aid remains relative; the general decrease in "dirty" developmental projects is attributable more to the increase in environmentally neutral projects, than to a real increase in "green" projects.[255]

Second, and for what concerns the proliferation of governance initiatives in the climate change sector, the emerging architecture is not stable, and has a number of flaws, notably in terms of legitimacy and efficiency. Indeed, the life-span of the created climate change funds do not go further than 2012, when a replacement to the Kyoto protocol has to be negotiated. This is not to say that they will automatically be scrapped come 2012, but that their role and place within the post-2012 climate change architecture will have to be redefined. The use of the GEF is reaffirmed in this regard; it could even make use of the lessons learned from the operation of such funds to ameliorate its own functioning. Secondly, the emerging climate change architecture has a number of flaws: in the first place, the limited coordination between the different funds risks limiting the overall efficiency of the governance architecture through duplication and a lack of complementarity between initiatives.[256] The emerging climate architecture also suffers from a serious legitimacy gap, and in this regard the GEF still possesses a significant comparative advantage. Indeed, the governance structure of the new climate change funds are not as equitable or representative as the GEF's; the CIF's were criticised by representatives of the civil society for lacking transparency, and not involving recipient countries in the design process.[257]

[254] Interview, Swiss governmental staff, October 2008; interview, French governmental staff, November 2008 ; email exchange, GEF staff, February 2009.
[255] J. Timmons Roberts, B.C. Parks, M.J. Tierney, R.L. Hicks, *op. cit.,* January-February 2009.
[256] Porter et al., 2008, p. 26, *op. cit.*
[257] *Ibid*, p. 26.

Qualifying the challenge posed by a changing environmental governance architecture to the GEF does not diminish it; rather, it serves to show that the GEF can still play a valuable role within this emerging architecture. This challenge appeared to us to be the most serious one facing the GEF today, because it relates to the very "raison d'être" of the GEF, and thus bears a strong reformative potential. The GEF needs to secure itself a role in the emerging IEG, both by affirming its role more distinctly, and by specifying its comparative advantage, relative to proliferating initiatives.

Based on our interviews and readings, we outlined three challenges that we perceived as being predominant for the GEF today: a financial challenge, an efficiency challenge, and a challenge relating to the GEF's role and place in an evolving global environmental governance architecture. The efficiency challenge is the most recurrent one in the GEF's existence, but it is also the one that seems the most likely to be solved in the near future. However, the financial challenge is the most unavoidable one, and the one most difficult to address through a direct formula for action; it must be solved through a combination of incentives, practical, economic and normative, which will make funding the GEF attractive. In the opinion of the author, the challenge of the GEF's role and place in the emerging IEG is both the most urgent and the most serious one, in part also because it provides part of the solution for the two others–the challenge of efficiency relates for the most to the way the GEF was created; redefining a role for the GEF could palliate the institutional weaknesses of a strategy of constructive ambiguity. Similarly, redefining the GEF's role and comparative advantage within IEG could provide an effective financial incentive for donor countries.

Faced with a combination of challenges and rising disenchantment within its actors, the GEF is in need of a more fundamental "revamp" to be re-enchanted, a real "phase-lift".

IV. GETTING A PHASE-LIFT. SCENARIOS AND RECOMMENDATIONS.

The challenges facing the GEF bring into question its use and role in international environmental governance. The first question to answer when taking up this problem is the question of the permanence of the GEF: should its use and role *be* reasserted? Or should the GEF be scrapped altogether? Such an option seems highly improbable: the situation does not require such an extreme measure in the first place and, beyond this consideration, discarding the GEF would require addressing the complicated and costly question of its replacement. That said, the GEF risks becoming an empty shell if its financial resources keep on decreasing and disenchantment roots in, and indeed two of our contacts warned us against such a outcome.[258] To prevent such a development, the GEF needs to become more attractive, to donor and recipient countries, to the private sector, and to its agencies, both in terms of its practicality and of its use in IEG. In other words, addressing the GEF's challenges can involve solving the issue of its efficiency, and/or outlining a clear role for it within IEG. It is also important to bear in mind that the three challenges facing the GEF are interlinked: making the GEF more efficient, or outlining it a clearer role, could translate into donor countries giving more money to the facility, while outlining a clearer role for the GEF could help make it more efficient, etc.

Such a reflection comes at a propitious time. First, the reforms undertaken by GEFSEC regarding the GEF's efficiency challenge are freeing up space for deeper and more substantial action on the GEF's role, use, rationale, etc. Second, a number of events are combining to facilitate and encourage a reconceptualisation of the GEF:

- The opening of GEF-5 replenishment negotiations are always taken as an opportunity to assess the GEF.
- The preparations for a post-Kyoto agreement convey the need for a new governance architecture, and thus new roles and responsibilities for existing actors in the area of climate change.

---

[258] Interview, GEF Agency staff, September 2008; interview, Civil society actor, September 2008.

- The outbreak of the financial crisis risks jeopardizing the level of financial contributions made to the environmental sector, and some countries have therefore reaffirmed their support to the GEF in this context.[259]

OUTLINING FUTURE OPTIONS FOR THE GEF

A number of different options, which are not mutually exclusive, can be considered to increase the GEF's attractiveness. These are exposed in the figure below.

Different options will have different impacts on one or another group of actors, and will imply changes of varying intensity for the GEF. More generally, the different options proposed can also be classified according to the approach to global environmental management that underlies them. The historical tensions, between a centralised approach to the management of global environmental issues, and a more decentralised, transversal one, or on the degree of strategic power that should be devolved to the facility, re-emerge as we consider the GEF's future evolution.

As shown on the flowchart below, the different options open to the GEF do not involve the same degree of reconceptualisation of the GEF's role and place in IEG. The top two options of the chart–"institutionalisation" and "specialisation"–aim predominantly at improving the attractiveness of the GEF by reasserting a role and place for it within IEG. As such, they involve a significant degree of reconceptualisation. Conversely, the bottom two options, of "increased cost-effectiveness" and "communication", address the GEF's attractiveness with regards to its practicality to users, or to its relevance within national or international agendas. They do not involve a change in the GEF's role. The different options are also sustained by different approaches: the option of "institutionalisation" reveals a preference for a centralised management of global environmental issues, while the options of "specialisation", "increased cost-effectiveness" and "communication" take as their starting point the existence of a fragmented and competitive IEG, in which the GEF will have to fight for its place through increased cost-effectiveness, increased visibility or a demonstration of its comparative advantage.

[259] Email exchange, GEF staff, March 2009.

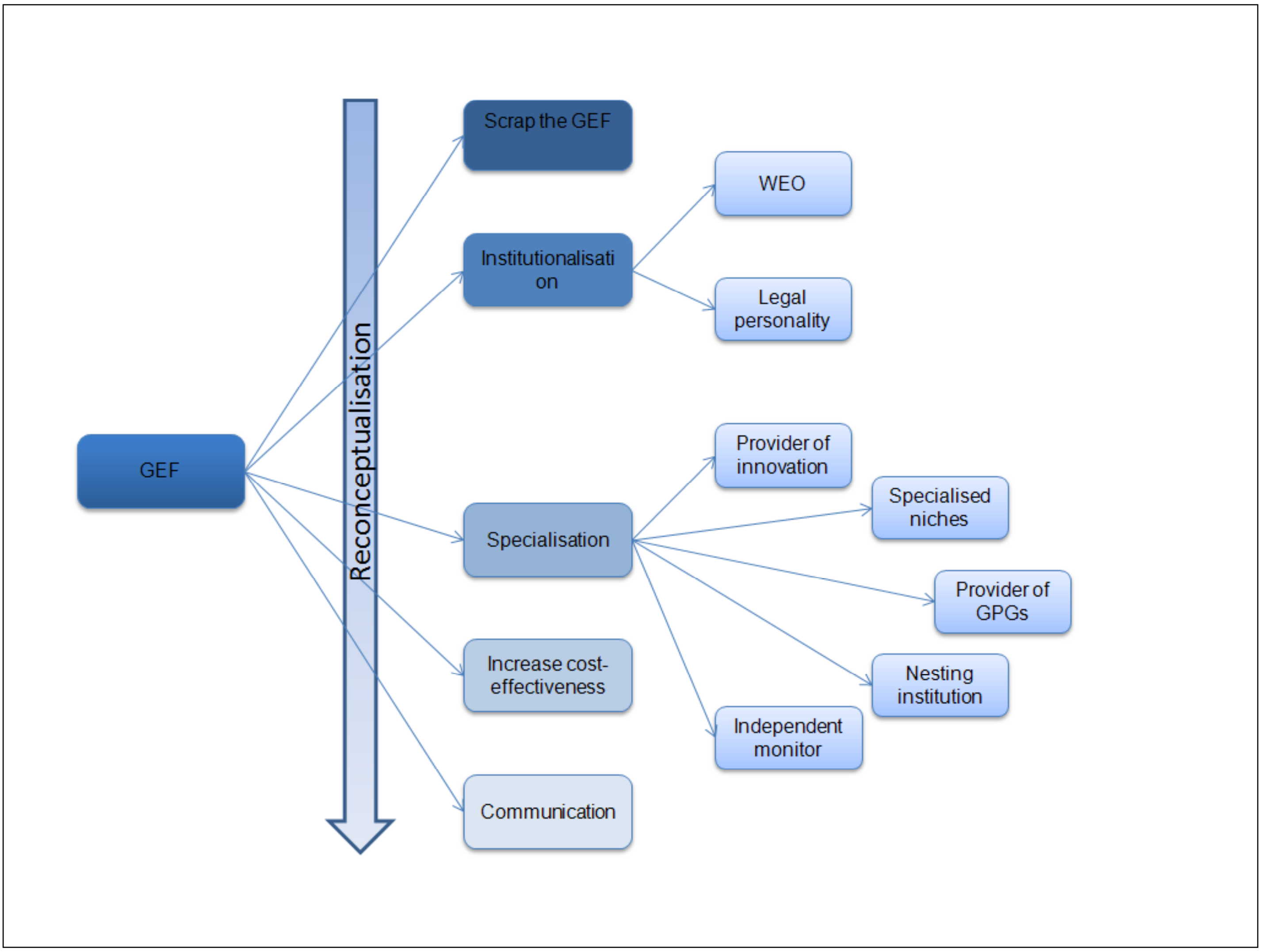

Figure 1: Possible options for the GEF

Institutionalisation

The "institutionalisation" option implies giving the GEF a more autonomous structure and identity. The extreme version of such an option is the advocacy for a World Environment Organisation, akin to the WHO in the health sector. Such an institution would be financially independent, and would be able to decide on strategies and allocation of funding. A softer version would imply granting the GEF legal personality and indeed, as we have seen previously, such an option seems to become more feasible as the positions of certain key actors evolves.

Specialisation

The "specialisation" option aims at increasing the comparative advantage of the GEF through its specialisation in one or a number of targeted activities. Ideas for specialisation could be:

- To specialise in the **provision of innovation.** The GEF could allocate its funds exclusively to those ground-breaking or risky projects that can attract funding from no other actors, and particularly not from the private sector. It could focus on developing a strong Monitoring&Evaluation system enabling the drawing out and replication of best practises, within and outside the GEF framework.
- To concentrate its funds on very particular **environmental niches** that it has good records with, or a comparative advantage for. These could be, for example, those environmental projects in politically sensitive areas for which a neutral and legitimate actor is needed. One of our contacts in an NGO mentioned a project for the training of ecoguards as an illustration.[260]
- To focus on the protection of the environment as a **global public good.** This implies having an equalizing role, taking care of those issues/actors that are not being taken care of, and a stimulating role, providing frameworks for action in risky areas and opening up new areas of work.
- To become a **nesting institution**, hosting a number of initiatives aiming at the funding of projects addressing global environmental issues as a way of facilitating the creation of ad-hoc and very targeted funds, while at the same time ensuring the legibility and efficiency of the international environmental governance architecture by providing a unitary framework.
- To take upon itself to provide a **review of the financial commitments of countries**, and particularly developed countries, with regards to the commitments taken through the ratification of multilateral environmental agreements.

Increased cost-effectiveness

The "increased cost-effectiveness" option implies making the GEF more attractive to donor countries, through the maximisation of performance and efficiency. This option is pursued by GEFSEC at present, and targeted by its reform–although the span of GEFSEC's action is not limited to such an objective.

A new communication strategy

The GEF could also consider regaining some attractiveness through the elaboration of a more active or positive, in the sense of a positive *action*, communication strategy: focus on the communication of impact, progress, development of new initiatives,

[260] Interview, Civil society actor, September 2008.

reactivity to emerging and important issues of the day, etc. One such strategy could be a strategy of "securitization". This implies framing those environmental issues addressed by the GEF as security issues, as a way of ensuring their presence, permanence and importance on the agendas of states and, by extension, the relevance of the GEF. This strategy can be quite efficient when the security "viewpoint" is adopted by a majority of actors, but it can have some drawbacks: lack of sustainability in time as other, more important issues, rise on the agenda; establishment of a security "mindframe" which can have negative impacts on individual freedoms; elusion of the "politicization" of global environmental issues, i.e. their more durable integration within the general practises of states, nationally and internationally.

GEFSEC's "Future Strategic Positioning of the GEF"

In March 2009, GEFSEC submitted its vision of a "new strategic positioning" for the GEF to the participants to the first of the GEF-5 replenishment meetings. This paper is both the continuation and the deepening of the series of reforms undertaken by GEFSEC since 2006. After having launched reforms targeting more "superficial" issues, regarding the functioning of the GEF, GEFSEC seems with this paper to target the question of the GEF's role in the field of international environmental governance. The paper exposes six objectives, or "strategic elements", which should be pursued to compose the GEF's strategic position for the next replenishment period (2010-2014). These elements sketch out the future GEF as an organisation more rooted in its epoch (diversification of disbursement mechanisms to non-grant mechanisms; expanded engagement with the private sector; focus on innovation), and more effective (redefinition of the focal areas). It also suggests a more asserted pivotal role for the GEF, as the operating entity of the financial mechanisms of several environmental conventions and as a coordinator/manager of several funds. A number of these elements, and their implications in terms of reforms to be made to the GEF, are also expressed in the scenario and recommendations that will be outlined in this report–in particular, the importance of a good and strengthened communication strategy and the stepping up of the GEF's role as a pivot in the international environmental governance field. However, the scenario proposed hereafter will focus more specifically on the redefinition and reassertion of the GEF's role and comparative advantage, in line with the report's finding that this is the most decisive challenge facing the GEF today.

OTHER THINGS NOT REMAINING EQUAL

We can expect the choice and realisation of one or a number of these options to be affected by a number of current evolutions in IEG. First, it is expected that the need to address global environmental issues will only strengthen with time, along with their effects.

Second, one can also expect the climate change "fashion" to continue in the years to come, particularly, again, as its effects becoming increasingly serious and visible–a melting ice cap, rising water levels, increase of water shortages in already vulnerable areas, increase of environmental hazards… Furthermore, the interlinkage of climate change with other issues of concern–food and water shortages, health crises, etc.[261]–is bound to reinforce its predominance on the environmental and general international agenda. This trend will increasingly express itself, as it is already doing now, through an emphasis on the carbon emission aspect of the climate change issue, rather than its climatic aspects.[262] This evolution, because of its economic implications–creation of a carbon market; establishment of taxes on carbon use or international air traffic–will probably go hand in hand with an increase in private sector investment. This political "fashion" is beneficial because it stimulates action, whether in the form of increased funding or of the progression of international negotiations. Furthermore, the negotiation process around a successor to the Kyoto protocol is bound to have institutional consequences.[263]

It is worth noting, however, that the political mobilisation around the climate change issue, and the security discourses framing it, will not necessarily be sustainable in time. The difficulty in sustaining political momentum, and the cyclical nature of political mobilisation could cause the "environmental bubble"[264] around climate change to burst and leave its place to the "new issue" perceived as having overriding priority. Furthermore, security discourses need to be monitored for they have the potential of stimulating political momentum to the detriment of perceptions of justice and equity.

Third, the financial crisis that is hitting stock markets around the globe is bound to be a structuring factor in the years to come. Two scenarios are envisaged; the first one predicts the reduction of resources dedicated to global environmental issues as resources are concentrated and reallocated to address the financial crisis. This scenario could heighten tensions between developed and developing countries on, *inter alia*, the management of global environmental issues. The second scenario

---

[261] Governing Council of the United Nations Environment Programme, UNEP, *Globalization and the environment – global crises: national chaos?*, Background paper for the ministerial consultations, Discussion paper presented by the Executive Director, UNEP/G.25/16, 24 December 2008.
[262] Interview, French governmental staff, October 2008.
[263] *Ibid.*
[264] *Ibid.*

predicts rather the opposite. The economic benefits of dealing with climate change and biodiversity conservation will generate a shift of paradigms, towards "green growth", as a way out of the financial crisis, and as a way of preventing future crises through the adoption of a more sustainable and secure alternative economic model. The latter scenario may not be as utopian as it seems; private sector investment in clean technology is on the rise,[265] environmental costs are increasingly being integrated within companies' business plans, putting pressure on governments to act, and at the last World Economic Forum, held in November 2008, climate change was deemed to be a more important issue than the financial crisis.[266]

Finally, and in light of the importance that political leadership had in the creation and development of the GEF, political leaders and champions, and their position on the management of global environmental issues, will have a decisive influence on the future of global environmental management, and on the place of the GEF within it. An auspicious change in this regard is the election of Barack Obama to the presidency of the United States, a state which has always been and remains the biggest donor in nominal terms, but has traditionally held a non-committal position on environmental issues that could plague environmental negotiations with a "least common denominator syndrome". President Barack Obama has always declared its commitment to a sustainable economic development for the United States, and has made global warming a priority of its programme.[267]

THE GEF: CONSOLIDATING INTERNATIONAL ENVIRONMENTAL GOVERNANCE

In order to make the GEF more attractive, it needs, first and foremost, to become more efficient. This challenge is being addressed by GEFSEC today, and results should start being fully felt in the years to come. This in itself will greatly ameliorate the standing of the GEF amongst its users, and will most probably have a positive effect on the various frustrations perceived. Such an undertaking could therefore *in itself* respond to the challenge of increasing the GEF's attractiveness. However, it would only address the question of the GEF's *use*, leaving aside the question of the GEF's *role* in IEG: the GEF would be easier to use, more effective and thus more useful, but what role should it be made to play within a changing IEG?

---

[265] World Resources Institute, WRI, *Environmental stories to watch in 2008*, WRI, 2008.
[266] See <http://eapblog.worldbank.org/content/in-time-of-economic-crisis-influential-thinkers-contemplate-future>, last accessed 24 December 2008.
[267] See <http://www.barackobama.com/pdf/issues/EnvironmentFactSheet.pdf>, last accessed 24 December 2008.

It is crucial, beyond the challenge of efficiency, to address the challenge of the GEF's added value in IEG. Based on the GEF's capacities and experience and on the state of IEG today, the GEF could envisage basing more strongly its strategic positioning on two functions:

- working to ensure the coherence of the field of *financing* for global environmental issues
- working to ensure that the whole spectrum of actions needed to protect the global environmental public good are being funded, even those actions that are less profitable or risky in economic terms.

DEFINING A NEW ROLE FOR THE GEF

The state of the GEF and IEG today

Such a proposition is based on an observation of the state and needs of the GEF and of the international environmental governance field today.

The historical torch bearing role of the GEF has now lost some of its justification as a rising number of actors integrate a global environmental dimension within their activities. Moreover, and as we have seen, the justification for the GEF being "the only institution taking care of the environment", as opposed to having developmental exigencies, is running thin.

The GEF is today an important actor in the field of environmental governance: it remains the operating entity for the financial mechanisms of a number of MEAs, it provides a crucial source of money and technical assistance projects to countries with scarce capacities and it provides an important learning and meeting ground for all actors involved in the financing of global environmental protection. However, these responsibilities are being overshadowed by the efficiency and financial challenges faced by the GEF, as well as by the blurring of the facility's comparative advantage on other donors.

The latter phenomenon is aggravated by the proliferation of initiatives in the international environmental governance field. Indeed, since the beginning of the twenty first century, the IEG architecture has experienced very rapid growth. The field of environmental governance is today very fragmented–there are over 700 Multilateral Environmental Agreements to date[268]–but there is no common framework to structure, organise or coordinate the multitude of initiatives. The UNEP is generally perceived as the leading environmental authority setting the global agenda,[269] but there is no

[268] UNEP/GC.25/INF/9, p. 18
[269] This role of the UNEP was reaffirmed in 2000, through the Malmö Ministerial Declaration

common framework to monitor and make sense of the operationalisation of such an agenda–in terms of financial commitments, execution of projects and programmes. This acephalous structure is vulnerable to duplication and a lack of complementarity between activities, and is not conducive to accessibility for applicants. This problem is particularly visible in the area of climate change, which has grown rapidly and exponentially.

The corollary of such an organisation is that the development of the field is anarchic. A number of different actors pursuing different agendas and interests are active within the IEG field, and gaps and imbalances in funding for global environmental issues can emerge. Donor states will tend to allocate money according to foreign policy interests,[270] recipients according to national priorities, actors from the private sector according to potential for economic benefits, etc.. Money from the private sector, for example, already flows inequitably among countries:

> *money from the private sector only goes to a handful of countries. $147 billion in clean energy. That's a 60% increase compared to 2006. And Africa got only 1% of it. And all the Clean Development Mechanisms focus on South Korea, China, India and Brazil,*[271]

This is also the case among focal areas. While private sector money is attracted to the economic opportunities opened up in the climate change area, flows are not expected to match up in the biodiversity area, for which "several outside studies indicate that opportunities for private-sector involvement […] may be much smaller than originally believed."[272] At present, the field of IEG is highly unbalanced, with the issue of climate change taking precedence over all others and centralising donations.

Another corollary is that the current financial architecture for global environmental issues is neither equitable nor representative. The trust funds proliferating around the issue of global climate change are not inclusive, but rather tend to have smaller governance councils, made up of like-minded participants[273] that are nowhere nearly as equitable or representative as the GEF governance structure. This feature, when added to the greater vulnerability of developing countries to the impacts of global environmental issues, risks encouraging the development of a type of "environmental fracture" between developed and developing countries.[274]

Second, the current financial architecture is still a work in progress. Indeed, the general IEG architecture is not fixed–in the case of climate change it even has an "expiry date" set to 2012–and a common strategic vision for the future is still in the process of being negotiated. The shape of the future IEG architecture will be decisive for the financial one.

---

270 J. Timmons Roberts, B.C. Parks, M.J. Tierney, R.L. Hicks, *op. cit.,* January-February 2009.
271 Interview, GEF Agency staff, September 2008.
272 Pagiola, Bishop & Landell-Mils, 2002; Ten Kate & Laird, 2000, in R. Clémençon, 2006, *op. cit*, p. 58.
273 Interview, Swiss governmental staff, November 2008.
274 Interview, French governmental staff, October 2008.

What are the needs?

On the basis of such observations, it can be suggested that one of the main vulnerabilities of the financial architecture for global environmental issues is its lack of coherence, which affects its efficiency and effectiveness. The challenge is no longer one of mainstreaming–although this function still needs to be pursued–but of consolidating the emerging architecture: making it more coherent, more legible and more balanced.

ENSURING COHERENCE AND "FILLING IN THE GAPS": NEW STRATEGIC POSITIONING FOR THE GEF

The GEF could undertake such a function, focusing its action on ensuring the coherence of the financial architecture for global environmental issues, and working to ensure that gaps in the architecture, due to less fashionable, less profitable or riskier projects, are gradually filled.

Ensuring coherence

This could be done through:

- the undertaking of a **monitoring** role

At present, no institution has taken upon itself to **monitor** the development of the financial architecture for global environmental issues. This would involve **listing** new and existing financial initiatives, **outlining gaps, duplicates and possibilities for synergies** in the financial architecture, and **evaluating** the impact, at the macro level, of such initiatives.

- the provision of an overarching framework to **nest** new funding initiatives

The GEF could work to ensure that new funding initiatives are integrated, to varying degrees, within its governance structure. This would facilitate **accessibility** of funding by recipient countries as well as the **complementarity, coordination** and **rationalisation** of initiatives.

This "nesting" role would have to be carried out *without* stymieing the "blooming" of initiatives amongst a variety of actors. Competition still provides a powerful incentive for the innovation, flexibility and reactivity of initiatives.

Undertaking such a function implies emphasising the organisational vs. financial function of the GEF, its existence as a *facility* rather than a fund.

Filling in the gaps

Building on its mission as a provider of coherence to the financial architecture, the GEF should ensure that the "gaps" thus outlined are gradually filled. This involves **encouraging** actors to address "orphan" issues through communication, "publicisation", and through the **earmarking** of some of the resources of the GEF Trust Fund. This does not mean that the GEF Trust Fund should concentrate *exclusively* on those issues that are neglected by other actors, but that specific attention should be given to those issues within the strategic programme of the GEF Trust Fund.

The GEF should also, **in partnership with UNEP**, outline and communicate on **new, path breaking areas of action** in need of financing.

What are the advantages of such a strategic positioning?

Adopting such strategic priorities would clarify the added value of the GEF on the financial IEG scene. Indeed, and as mentioned before, no actor at present works to ensure the coherence of this field and this even though, and this was mentioned by several of our contacts, the demand for it exists.[275] A number of our contacts also suggested a nesting role for the GEF, particularly with regards to the proliferation of climate change funds and the difficulty in getting an overall picture of their impact. By filling in a role for which there is a demand, the GEF would simultaneously clarify its added value and increase its attractiveness. Enabling the nesting of more targeted and specialised funds within the GEF could certainly help make the IEG architecture more legible to actors, and it would enable the GEF to be more reactive to the demands of donors or recipients through the setting-up of more ad-hoc funds, more easily "sellable" to national constituencies.

The earmarking of resources for "orphan" issues would also reassert the GEF's specificity as a provider for the global environmental public good, which is both one of its foundational rationales and main sources of legitimacy.

IS SUCH A POSITIONING FEASIBLE?

To undertake such functions, the GEF can draw on its experience and specific characteristics. The global standpoint of the GEF, and its experience in dealing with the whole spectrum of actors in the field of environmental governance, make it a qualified candidate for the monitoring of the financial architecture for global environmental issues. The GEF can indeed provide a strategic and overarching viewpoint on the state of financing for global environmental issues,[276] and facilitate the

---

[275] Interview, French ministerial staff, October 2008
[276] Porter et al., 2008, *op. cit.,* p. 15.

implementation of such guidance at the operational level through its links with a wide scope of agencies and its accumulated experience in coordinating between focal areas.[277] Its allegiance to the global environmental public good and its representative governance structure ensure its legitimacy in occupying such a role. Establishing the GEF as a global monitor could even potentially ease the tension between developed and developing countries on questions of justice and equity within the IEG.

Furthermore, the GEF has already started nesting funds, as it hosts the Special Climate Change Fund (SCCF), the Least Developed Countries Fund (LCCF) and the Adaptation Fund. The modalities of the "nesting" arrangement could shadow those found for the establishment of the SCCF and the LCCF within the GEF, whereby the GEF serves as the operating entity of the funds. They could also be looser, as is the case with the Adaptation Fund for which the GEF only provides secretariat services, or even be merely in the form of intensified information and coordination channels and activities.

RECOMMENDATIONS

Increasing efficiency

Reforms undertaken by GEFSEC should be pursued, and increased emphasis put on:

- strengthening coordination between actors:
    - the GEF Evaluation Office should assess the benefits of the principle of "comparative advantage" between the implementing agencies compared with the benefits of establishing a more competitive relationship between agencies. The principle of "comparative advantage" is not easily implemented in practise as a specific division of labour does not exist and as the enlargement of the pool of implementing/executing actors has *de facto* increased competition. If the "comparative advantage" principle is retained, a specific allocation of responsibilities for projects on the ground should be elaborated.
    - coordination between the global and the local levels should be improved. Inspiration could be taken from the GFATM, whose Governing Board at the global level is mirrored at the local one through Country Coordination Mechanisms. This facilitates communication and the transfer of knowledge between actors. While such an organisation

[277] J. Werksman, 2003, *op. cit.*, p. 15.

would be difficult to establish within the GEF's already highly complex governance structure, one could imagine upstreaming experience from the field more systematically, as used to be done by the GEF/NGO network during GEF Assemblies. Web pages such as the ones operated by UNDP to keep its representations updated on latest GEF procedures could also be integrated to the GEF's website.

- attenuating tensions in the governance process. The recent string of reforms targeting the GEF's efficiency issues causes some tension among actors, because it modifies the balance of power between actors, for instance by giving more power over operations to the GEF Secretariat. These tensions seem to be aggravated by the fact that they occur as the implementation of the RAF itself, which predates GEFSEC reforms, generates a more profound reshuffling of the relations of power between actors–decreasing share of implementing agencies' projects with relation to executing agencies; decreasing participation of NGOs; increase in the power of countries with relation to IAs and ExAs in the project cycle with the implementation of individual country allocations and the decrease in projects with a regional or a global scope, etc. all issues that we mentioned throughout this report. While such tensions cannot be avoided and are a natural corollary of the GEF's loose governance structure particular attention should be given to governance *style* or *form* in order to attenuate tensions.

  It is difficult to elaborate strategies to *change perceptions*, particularly when such perceptions are deeply-rooted, as is the case for the North/South rift. Ideas could be to:

  - reduce the dependency of the GEF towards donor countries by diversifying replenishment options for example (cf. infra)
  - re-evaluate the move towards a performance-based allocation framework
  - integrate more actors with decision-making power within the GEF Council–NGOs, actors from the private sector, etc. This could have the effect of toning down the rift between developed and developing countries, of increasing the legitimacy of GEF's governance, and of drawing in the private sector. However, such an initiative also risks complicating even more the governance process within the GEF.

Sustaining financial flows

The replenishment process of the GEF should be diversified and made more flexible; this would increase financial security for the GEF by reducing GEF dependency on donor contributions. It is important in this process, however, to conserve the GEF's comparative advantage as a *grant*-giving, rather than a loan-giving mechanism. Ideas could be to:

- open the GEF to individual donations. Such a type of fundraising can bring in significant amounts of money
- take inspiration from GAVI's International Finance Facility for Immunisation, or from the GFATM's (product) RED initiative to devise new and more attractive replenishment mechanisms
- create a solidarity mechanism between the different funds nested within the GEF and the GEF Trust Fund (cf. supra)

The GEF "is a function of its actors". [278] Sustaining financial flows also implies keeping the GEF high on agendas, through a strengthened communication strategy. Monitoring&Evaluation capacities should be strengthened and results publicised both inside and outside the GEF. Donor and recipient countries need to know that the GEF is effective, and to what extent.

- National decision-making bodies, such as Parliaments, Senates, etc., should be specifically targeted as a way of integrating global environmental issues on the agendas of states from the bottom-up.
- A strategy of high level advocacy should be implemented through the selection of political champions, working from the top-down.
- The GEF's website could be improved through: better design, more visibility of ongoing projects through the posting of more and more active blogs (there is currently only one blog on the GEF's website: "Conservation Science News", http://www.gefblog.org/), a more user-friendly interface on current procedures, links to other websites of interest.

A securitization strategy may be considered as a communication option. By heightening the security dimension of the environmental issues addressed by the GEF, such issues, could be raised on the agendas of states and benefit from an increased public/political mobilisation–as was the case with climate change, thus potentially securing political momentum around the GEF. This implies elaborating a communication strategy framing questions of biodiversity; international waters; desertification, etc. as security issues posing a threat to our existence as we know it. It is important to remember however that the ideal option is an increased politicisation–rather than securitization–of global environmental issues, for the latter can bear negative externalities.

[278] Interview, Civil society actor, September 2008.

Regaining comparative advantage

The GEF should work to provide more legibility and ensure the efficiency of the current financial architecture by:

- keeping a record of all new funding initiatives
- monitoring their development and impacts
- providing annual reports on the state of the financial architecture for global environmental issues, outlining gaps, duplicates and areas for future action. This could be undertaken by the GEF Evaluation Office, which already has proficient experience in drawing on and bringing together the different evaluation bodies of the GEF's Agencies in a common working programme.

Ideally, all such information should be centralised on dedicated pages of the GEF's website. The website www.climatefundsupdate.org could provide inspiration.

The GEF should work to ensure the coherence of the financial architecture for global environmental issues by integrating new funds or funding initiatives within its framework, in response to demands by donors and recipients. Relationships between the GEF and initiatives need not all be governed by similar arrangements, but can be ad-hoc:

- provision of operational services, as in the case of the SCCF and LDCF
- provision of Secretariat services, as in the case of the Adaptation Fund
- establishment of formal coordination mechanisms between GEFSEC and governing boards of the new initiatives.

In all cases:

- integration within the governance and operational structures of the GEF: participation of representatives to GEF Assemblies as observers; creation of ad-hoc coordination groups according to themes, geographical areas, type of action, and coordinated by GEFSEC focal points.

In all types of arrangements, giving a nesting role to the GEF implies:

- extending the size of the GEF Secretariat, and particularly of focal area staff, to increase coordination capacities. Existing focal points for focal areas should take upon themselves to centralise and disseminate information, as well as coordinate the different funding initiatives in the focal area under their responsibility.
- ensuring the efficiency of the framework (cf. supra)
- upholding the legitimacy of the GEF's thus extended governance structure.

The GEF should also focus on those "orphan" activities that lack funding and/or attention and for which there is a need in global environmental terms:

- strengthen focus on those countries or environmental issues that may be perceived as being "less economically profitable" such as, for example, countries in sub-Saharan Africa; countries with little or no capacities to implement projects; the focal areas of desertification, biodiversity.
- strengthen focus on capacity-building. A path for improving the GEF's record could be the enlargement of the Small Grants Programme (SGP), which has a better record than "regular" GEF projects on ownership and sustainability of projects. At present, the SGP's funding is capped to 5% of total GEF money; such a cap could be brought up and the SGP could provide the mechanism for accessing GEF funding in case of insufficient capacities.[279]

This implies letting go of the performance criteria in the allocation of GEF funds to the benefit of a needs-based allocation framework.

- strengthen focus on innovation. Focus should be put on the communicating and mainstreaming *existing* innovative technologies rather than on research for innovation.[280]

Difficulties are bound to arise at the beginning in terms of finding funding for such less fashionable issues. One could imagine, in a first phase, establishing a solidarity mechanism between the different funds nested within the GEF and the GEF Trust Fund, whereby a "global public good" fee is extracted from the proceeds of the funds and transferred to the GEF Trust Fund. In a second phase, once impacts can be measured, a communication strategy targeting donors could be established.

The GEF is an important and original institution, which has the potential to play a structuring role in the financial architecture for global environmental issues. In order to fully embrace this role, however, it needs to impel some changes within its structure and mandate, and should be fully supported, particularly financially, to this effect.

[279] Interview, other, November 2008.
[280] This point is attributable to the UNIDO reviewers of the GEF's "New Strategic Positioning Framework". See UNIDO, "UNIDO comments on the draft paper "Strategic Positioning of the Global Environment Facility for its Fifth Phase", accessible on the GEF's website: http://www.gefweb.org/interior.aspx?id=24216, last accessed 15 April 2009.

BIBLIOGRAPHY

GEF official literature

M. Barbut, "Rising to the Global Environment Challenge, Update on the GEF Reform Agenda", GEF Council Meeting, Washington DC, 12 June 2007.

M. Barbut, "Environment, the Main Issue of the 21st Century", Speech given at the Montreal Council on Foreign Relations, Montreal, Quebec, Canada, 30 November 2006.

M. El-Ashry, *The Global Environment Facility: A Self-Assessment*, GEF, 1997.

M. El-Ashry, "CEO's Report on the Policies, Operations and Future Development of the GEF", *GEF/A.2/5*, Washington D.C., GEF, 3 September 2002.

Global Environment Facility, GEF, "Future Strategic Positioning of the GEF", *GEF/R.5/7/Rev.1*, March 2009.

Global Environment Facility, GEF, "The GEF NGO Network has a new interim Central Focal Point",<http://gefweb.org/interior_right.aspx?id=24278>, last accessed 16 March 2009.

Global Environment Facility, GEF, "GEF projects", <http://www.gefweb.org/interior_right.aspx?id=16784>, last accessed 30 January 2009.

Global Environment Facility, GEF, "Project Development Facility", <http://www.gefweb.org/Projects/projects-projects/Project_Development_Facility.html>, last accessed 17 February 2009.

Global Environment Facility, GEF, *Policies and Procedures for the GEF Project Cycle,* GEF Policy Paper, November 2008.

Global Environment Facility, GEF, "Management of the GEF Project Cycle Operation: A Review", *GEF/C.34/Inf.4*, Council Meeting November 11-13, 2008, 14 October 2008.

Global Environment Facility, GEF, "GEF Project Cycle", Sub-Regional Workshop for GEF Focal Points in the Pacific SIDS, Auckland, New Zealand, 18-19 September 2008.

Global Environment Facility, GEF, *Instrument for the Establishment of the Restructured Global Environment Facility*, Washington D.C., March 2008.

Global Environment Facility, GEF, “Note on the Adaptation Fund”, *GEF/C.32/5*, GEF Council Meeting November 14-16 2007, 16 October 2007.

Global Environment Facility, GEF, “Comparative Advantages of GEF Agencies”, GEF Council June 12-15, 2007, Agenda item 11, 18 June 2007.

Global Environment Facility, GEF, “GEF Project Cycle”, *GEF/C.31/7*, GEF Council Meeting, June 2007.

Global Environment Facility, GEF, *Revitalizing the GEF,* April 2007.

Global Environmental Facility, GEF, “Chair’s Summary of the First Assembly, Cape Town, South Africa, August 29-30 2006”, Assembly Documents, August 2006, <http://www.thegef.org/3rd_assembly/chair%27s_summary.pdf>.

Global Environment Facility, GEF, *Talking Points*, August 2006.

Global Environment Facility, GEF, *Achieving the Millennium Development Goals, A GEF progress report*, 8 September 2005.

Global Environment Facility, GEF, *Rules of Procedure for the GEF Council*, May 2004.

Global Environment Facility, GEF, *The First Decade of the GEF. Second Overall Performance Study*, 25 January 2002.

Global Environment Facility, GEF, *Joint Summary of the Chairs,* GEF Council Meeting May 9-11, 2001, May 2001.

Global Environment Facility, GEF, *Joint Summary of the Chairs,* GEF Council Meeting May 5-7 1999, 10 May 1999.

Global Environment Facility, GEF, “GEF Business Plan FY96-97 and Budget FY96”, *GEF/C.4/4*, GEF Council Meeting, Washington D.C., May 3-5 1995, May 1995.

Global Environment Facility Evaluation Office, GEF EO, [Powerpoint presentation] “Mid-Term Review of the Resource Allocation Framework”, 34th Council Meeting, Agenda Item 8, 11 November 2008.

Global Environment Facility Evaluation Office, GEF EO, “Mid-Term Review of the Resource Allocation Framework”, *GEF/ME/C.34/2*, GEF Council November 11-13 2008, 15 October 2008.

Global Environment Facility Evaluation Office, GEF EO, *GEF Annual Country Portfolio Evaluation Report 2008*, October 2008.

Global Environment Facility Evaluation Office, GEF EO, *GEF Annual Performance Report 2007*, October 2008.

Global Environment Facility Evaluation Office, GEF EO, *Mid-Term Review of the GEF Resource Allocation Framework,* Technical Paper #3, 6 October 2008.

Global Environment Facility Evaluation Office, GEF EO, *Fourth Overall Performance Study, Terms of Reference*, 17 July 2008.

Global Environment Facility Evaluation Office, GEF EO, *Resource Allocation Framework: Mid Term Evaluation, Approach Paper,* 20 July 2007.

Global Environment Facility Evaluation Office, GEF EO, *Evaluation of Incremental Cost Assessment,* Evaluation Report n° 34, May 2007.

Global Environment Facility Evaluation Office, GEF EO, *Joint Evaluation of the GEF Activity Cycle and Modalities*, Report n° 33, 2007.

Global Environment Facility Evaluation Office, GEF EO, *The GEF Monitoring and Evaluation Policy, Evaluation Document*, n° 1, 2006.

Office of Monitoring and Evaluation of the Global Environment Facility, *OPS3: Progressing Towards Environmental Results*, 2005.

Books and journal articles

L. Boisson de Chazournes, M.M. Mbengue, "Mécanismes Financiers Internationaux. Fonds pour l'Environnement Mondial (FEM)", *Jurisclasseur-Environnement,* Fasc. 2800, 2007, pp. 1-23.

L. Boisson de Chazournes, "The Global Environmental Facility (GEF): A Unique and Crucial Institution", *RECIEL*, vol. 14, n° 3, 2005, pp. 193-201.

L. Boisson de Chazournes, "The Global Environmental Facility Galaxy: On Linkages Among Institutions", *Max Planck Yearbook of United Nations Law*, n° 3, 1999b, pp. 243-285.

L. Boisson de Chazournes, "Le Fonds pour l'Environnement Mondial: Recherche et conquête de son Identité", *Annuaire Français de Droit International*, vol. 41, 1995, pp. 612-632.

B. Buzan, O. Waever, J. De Wilde, *Security: A New Framework for Analysis*, Boulder, Lynne Rienner, 1998.

R. Clémençon, "The Bali Road Map. A First Step on the Difficult Journey to a Post-Kyoto Protocol Agreement", Conference Report, *The Journal of Environment and Development*, vol. 17, n° 1, March 2008, pp. 70-74.

R. Clémençon, "Funding for the Global Environment Facility Continues to Decline", *Journal for Environment and Development,* vol. 16, n° 1, 2007, pp. 3-7.

R. Clémençon, "What Future for the Global Environmental Facility?", *The Journal of Environment and Development*, vol. 15, n° 1, March 2006, pp. 50-74.

A. Clunies-Ross, "Alternative Ways of Paying for Global Public Goods", *Journal of International Development*, vol. 16, 2004, pp. 971-982.

P. Cornut, B. Dessus, “Le nerf de la solidarité; Changements climatiques: le rôle des mécanismes financiers specialisés (FEM et FFEM)”, *Les Cahiers de GLOBAL CHANGE*, n° 8, July 1997, pp. 43-52.

J. Gupta, “The Global Environmental Facility in its North-South Context”, *Environmental Politics*, vol. 4, n° 1, Spring 1995, pp. 231-253.

S. Halpern, *The United Nations Conference on Environment and Development: Process and Documentation*, Providence, RI: Academic Council for the United Nations System (ACUN), 1992.

G. Hardin, “The Tragedy of the Commons”, *Science,* 162, 1968, pp. 1243-1248.

G. Labbate, “The incremental cost principle and the conservation of globally important habitates: A critical examination”, *Ecological Economics*, vol. 65, 2008, pp. 216-224.

M.J. Mace, “Funding for Adaptation to Climate Change : UNFCCC and GEF Developments Since COP-7”, *RECIEL,* vol. 14, n° 3, 2005, pp. 225-246.

N. Matz, “Financial Institutions Between Effectiveness and Legitimacy–A Legal Analysis of the World Bank, Global Environment Facility and Prototype Carbon Fund”, *International Environmental Agreements*, vol. 5, 2005, pp. 265-302.

B. Müller, H. Winkler, “One Step Forward, Two Steps Back? The Governance of the World Bank Climate Investment Funds”, *Oxford Energy and Environment Comment,* London, Earthscan Publications Ltd, February 2008.

R.A. Payne, “The Limits and Promise of Environmental Conflict Prevention: The Case of the GEF”, *Journal of Peace Research*, vol. 35, n° 3, May 1998, pp. 363-380.

D.W. Pearce, Blueprint 4: Capturing Global Environmental Value, Earthscan, Centre for Social and Economic Research on the Global Environment, 1995.

W.K. Reilly, "The Road from Rio: The success of the Earth Summit depends on how well we follow through on its principles and programs", *EPA Journal*, September/October 1992.

N. Stern, *The Economics of Climate Change: The Stern Review*, Cambridge, Cambridge University Press, 2007.

R. Stivers, *The Sustainable Society: Ethics and Economic Growth*, Philadelphia, Westminster Press, 1976.

C. Streck, “The Global Environment Facility–a Role Model for International Governance ?”, *Global Environmental Politics*, vol. 1, n° 2, May 2001, pp. 71-94.

R. Wolfrum, V. Röben, *Developments of International Law in Treaty Making*, Secaucus, Springer, 2005.

Z. Young, *A New Green Order? The World Bank and the Politics of the Global Environmental Facility*, London, Pluto Press, 2002.

Official documents, reports and strategies

L. Boisson de Chazournes, *The Global Environmental Facility as a Pioneering Institution–Lessons Learned and Looking Ahead*, GEF WP 19, GEF, 2003.

Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, CMP, "Decision -/CMP.4, Report of the Adaptation Fund Board", Advance Unedited Version, December 2008.

Défense et Sécurité nationale: Le livre blanc, Paris, Odile Jacob–La Documentation Française, 2008.

Cabinet Office, *The National Security Strategy of the United Kingdom. Security in an interdependent world*, March 2008.

W. Easterly, T. Pfutze, *Where Does the Money Go? Best and Worst Practices in Foreign Aid*, Brookings Economy & Development, Working Paper 21, June 2008.

Independent Commission on Disarmament and Security Issues, *Common Security: a Programme for Disarmament: the Report of the Independent Commission on Disarmament and Security Issues*, London, Pan, 1982.

T. Inomata, *Management Review of Environmental Governance Within the United Nations System*, JIU/REP/2008/3, Joint Inspection Unit of the United Nations, 2008.

International Energy Agency, IEA, *Energy Technologies Perspective 2008*, Executive Summary, 2008.

A. Leboeuf, E. Broughton, "Securitization of Health and Environmental Issues: Process and Effects. A Research Outline", *Document de travail*, May 2007.

L. Lefebvre, E. Pondard, J. Bénéfice, A. Lafontaine, E. Da Costa, *Evaluation de la Dotation de la France au Fonds pour l'Environnement Mondial. Synthèse,* Février 2009.

A. Möhner, R.J.T. Klein, *The Global Environmental Facility: Funding for Adaptation or Adapting to Funds?*, Climate and Energy Programme–Working Paper, Stockholm Environment Institute, 2007.

I. Mulder, *Biodiversity, the Next Challenge for Financial Institutions*, The World Conservation Union (IUCN), Switzerland, 2007.

Department of Defense, United States of America, *National Defense Strategy*, June 2008.

OECD, "Key Elements in Breaking the Climate Change Deadlock", Meeting Report, 31 March–1 April 2008.

OECD, Centre pour la Coopération avec les Economies en Transition, *Les Fonds pour l'Environnement dans les Economies en Transition*, Paris, OCDE, 1995.

R.K. Pachauri, Speech by Mr Rajendra K. Pachauri at the Opening Ceremony of the UNFCCC COP 14, Poznán, Poland (1 December 2008), Intergovernmental Panel on Climate Change, 1 December 2008.

G. Porter, N. Bird, N. Kaur, L. Peskett, *New Finance for Climate Change and the Environment,* Heinrich Böll Stiftung, July 2008.

G. Porter, R. Clémençon, W. Ofosu-Amaah, M. Phillips, *Study of GEF's Overall Performance*, Global Environmental Facility, 1998.

F. Sagasti, K. Bezanson, *Financing and Providing Global Public Goods; Expectations and Prospects*, paper prepared for the Ministry of Foreign Affairs, Sweden, IDS, November 2001.

H. Sjöberg, *Restructuring the Global Environment Facility*, GEF WP 13, Washington D.C., GEF, September 1999.

H. Sjöberg, *From Idea to Reality: The Creation of the GEF*, GEF WP 10, Washington D.C., GEF, 1994.

Department of Defense, United States of America, *The National Security Strategy of the United States of America,* , September 2002.

United Nations Conference on Environment and Development, UNCED, *Agenda 21: programme of action for sustainable development*; New York, United Nations Department of Public Information, 1993.

United Nations, UN, *Convention on Biological Diversity*, United Nations Treaty Series, 5 June 1992, Preamble.

United Nations, UN, "United Nations Framework Convention on Climate Change", *FCCC/INFORMAL/84*, 1992.

United Nations, UN, *Our Common Future: Report of the World Commission on Environment and Development*, *UN General Assembly Document A/42/427*, 20 March 1987.

United Nations, UN, "Declaration of the United Nations Conference on the Human Environment", *A/CONF. 48/14/Rev.1*, 16 June 1972.

Governing Council of the United Nations Environment Programme, UNEP, *Globalization and the environment–global crises: national chaos?*, Background paper for the ministerial consultations, Discussion paper presented by the Executive Director, UNEP/G.25/16, 24 December 2008.

J. Werksman, "Consolidating Global Environmental Governance: New Lessons from the GEF?", *in Global Environmental Governance: the Post-Johannesburg Agenda*, Yale Center for Environmental Law and Policy, New Haven, CT, October 2003.

World Bank, *2007 Trust Funds Annual Report, Year ended June 30, 2007*, 2007.

World Bank, “GEF Council Adopts Major Reform Program”, *World Bank News Release n° 2006/065/ESSD*, 6 September 2005.

World Resources Institute, WRI, *Environmental stories to watch in 2008*, WRI, 2008.

World Resources Institute, WRI, Natural Endowments: Financing Resource Conservation for Development, WRI, 1989.

Press articles

A. Abdullah, B.P. Jallow, M. Reazuddin, “Operationalising the Kyoto Protocol’s adaptation fund: A new proposal”, *Sustainable Development Opinion, International Institute for Environment and Development,* 2006, p. 1.

G. Alagna, “A Revamp at the GEF?”, *Devex,* 27 December 2008, <http://www.devex.com/articles/a-revamp-at-the-gef>, last accessed 12 March 2009.

P. Brown, "Earth Summit: Long and troubled road to Rio", *The Guardian*, 3 June 1992.

D.M. Goldberg, “The Global Environment Facility : Green fund or green folly?”, Wise News Communique, 27 November 1992.

IISD Reporting Services, “Third GEF Assembly Bulletin”, *IISD Reporting Services*, vol. 14, n° 8, 29 August 2006.

IISD Reporting Services, “Third GEF Assembly Bulletin”, *IISD Reporting Services*, vol. 14, n° 9, 29 August 2006.

O.S. Spadavecchia, “New $500m fund to help developing countries adapt to climate change”, *Engineering News,* 11 December 2007.

Pew Center on Global Climate Change, “Fourteenth Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change and Fourth Session Meeting of the Parties to the Kyoto Protocol”, *Summary of COP 14 and COP/MOP4 prepared by the Pew Center on Gobal Climate Change,* December 2008.

IISD, “Summary Report of the Second Assembly of the Global Environment Facility”, *Sustainable Developments,* vol. 14, n° 7, 20 October 2002.

IISD, “Summary Report of the First Assembly of the Global Environment Facility, 1-3 April 1998”, *Sustainable Developments,* vol. 14, n° 4, 4 April 1998.

J. Timmons Roberts, B.C. Parks, M.J. Tierney, R.L. Hicks, “Has Foreign Aid Been Greened?”, *Environment,* January-February 2009.

Electronic resources

GAVI Alliance, *About IFFIm* [Internet], <http://www.iff-immunisation.org/01_about_iffim.html> .

Global Environment Facility, GEF, *About the GEF* [Internet], <http://www.gefweb.org/interior.aspx?id=50> , last accessed 30 January 2009.

Global Environment Facility, GEF, *Country Support Programme* [Internet], <http://www.gefcountrysupport.org/report_detail.cfm?projectId=17>, last accessed 30 January 2009.

Global Environment Facility, GEF, *Focal Areas* [Internet], <http://www.gefweb.org/projects/Focal_Areas/focal_areas.html#cc>, last accessed 30 January 2009.

Global Environment Facility, GEF, *GEF projects* [Internet], <http://www.gefweb.org/interior_right.aspx?id=16784>, last accessed 30 January 2009.

C. Hedegaard, "The Winding and Stony Road to Copenhagen" [Internet], United Nations Climate Change Conference Dec 7–Dec 18 2009, <http://en.cop15.dk/about+cop15/information+for/delegates/show+article?articleid=304>, last accessed 9 March 2009.

United Nations, UN, *UN Conference on Environment and Development* (1992) [Internet], UN Department of Public Information, 27 May 1997, <http://www.un.org/geninfo/bp/enviro.html> , last accessed 30 January 2009.

United Nations Development Programme, UNDP, *SGP at a glance* [Internet], http://sgp.undp.org/index.cfm?module=ActiveWeb&page=WebPage&s=AboutSGP, last accessed 30 January 2008.

United Nations Environment Programme, UNEP, *List of Acronyms and Glossary Terms*, [Internet], <http://www.unep.org/dec/onlinemanual/Resources/Glossary/tabid/69/Default.aspx?letter=T>, last accessed 30 January 2009.

United Nations Framework Convention for Climate Change, UNFCCC, *Adaptation Fund* [Internet], <http://unfccc.int/cooperation_and_support/financial_mechanism/adaptation_fund/items/3659.php> , last accessed 30 January 2009.

World Bank, *Climate Investment Funds* [Internet], <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/ENVIRONMENT/EXTCC/0,,contentMDK:21713769~menuPK:4860081~pagePK:210058~piPK:210062~theSitePK:40786400.html>, last accessed 30 January 2009.

World Bank, Renewable Energy Scale-Up Program (CRESP) [Internet], <http://web.worldbank.org/external/projects/main?pagePK=64312881&piPK=64302848&theSitePK=40941&Projectid=P067828>, last accessed 30 January 2009.