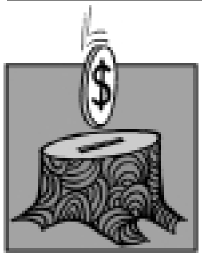
factsheet

GLOBAL ENVIRONMENTAL NEGOTIATIONS

GLOBAL ENVIRONMENT FACILITY



Global Environment Facility

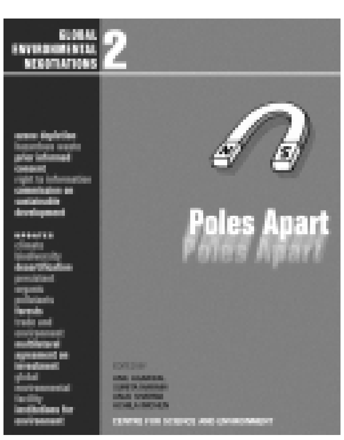
Established in October 1991

Number of members in the GEF assembly 167

Number of members in the GEF council 32

Secretariat at 1818 H Street, NW, Washington DC 20433, USA

ozone depletion
hazardous waste
prior informed consent
right to information
commission on sustainable development
climate
biodiversity
desertification
persistent organic pollutants
forests
trade and environment
multilateral agreement on investment
global environment facility
institutions for environment



Problem

In the 1980s, the South began to demand compensation for problems caused by the environmental harm of Northern lifestyles, such as the ozone hole, climate change and biodiversity loss. The South also wanted compensation for compromising their own development to safeguard the larger part of the world's remaining natural wealth. The UN and Bretton Woods institutions had failed in this task, supplying aid rather than compensation and creating rather than resolving the crisis by exporting unsustainable development paradigms to poor countries.

The institution

The World Bank designed a Global Environment Facility (GEF), which was initiated in 1990. GEF was given permanent status only in 1994. The facility was meant to focus on 'global' areas of interest — climate change, biodiversity conservation, ozone depletion and international water resources. In 1992, it became the interim mechanism for the Convention on Biological Diversity (CBD) and the Framework Convention on Climate Change (FCCC).

GEF has three 'implementing agencies' — the World Bank, the UN Environment Programme (UNEP) and the UN Development Programme (UNDP). Despite no show of faith by developing countries, the World Bank is the strongest member of the GEF trinity and controls most of its funds.

Think global, act global

Southern governments are forced to face the fact that GEF is their only source of funds to balance global environmental considerations with their development agenda. GEF was set up in vague recognition of the fact that the world's ecosystems are suffering due to lack of financial resources, not the South's call for compensation for environmental damages caused by the North. GEF funds would come as aid, not compensation. Further, the GEF seems to only address Northern problems. It has been eager to serve as a financial mechanism for the Stockholm Convention on Persistent Organic Pollutants (POPs) but refuses to provide funds for the United Nations Convention to Combat Desertification (UNCCD). Ultimately, developing countries, only marginally involved when GEF took shape, could not push the 'polluter pays' and liability principles.

Following stringent dos and don'ts by donor countries, particularly the US, GEF has a narrow mandate. It only funds the 'incremental amount' incurred to achieve 'global benefit', not national benefit. For example, if India wants to build a power plant, GEF would not fund the entire power plant, built for national benefit. It will only fund the extra cost borne by India to use better technology and reduce its carbon dioxide emissions, a 'global benefit'. This has not gone down well with recipient countries, which find the process of defining the exact 'incremental cost' of each project tedious and bureaucratic.

GEF has to become an institution that sees sustainability as much from the eyes of the poor as from the wealthy. It must be operating on principles where the North pays for their share of benefits from global commons like the atmosphere and oceans

Challenges ahead

GEF projects around the world have come up for criticism for their lack of public participation. Although some GEF initiatives claim to seek stakeholder opinion, non-governmental organizations (NGOs) are often sidelined.

Of late, GEF was appointed the temporary financial mechanism for the newly signed POPs convention. GEF is also expected to play a role in the newly signed Cartagena Protocol on Biosafety. Moreover, the GEF council has accepted the logic in the Southern position and recommended that land degradation be included as a GEF focal area at the second GEF assembly.

Over the recent years, GEF has reached a critical stage, where its work programme is likely to be affected by the lack of funds unless defaulting countries, mostly the US, make good their promises and pay their contributions in time. The resource crunch comes at a time when the facility is expanding its area of work.

At a recent council meeting, members from developing countries felt that GEF was too focussed on ‘conservation’ projects, rather than sustainable development projects. As the facility only listens to national governments, who themselves are often far removed from local realities, local community concerns simply are not finding their way onto GEF’s agenda. In order to promote sustainable development in the South, the GEF has to develop means to consult with local communities and take their concerns on board before and during designing projects.

GEF has to become an institution that sees sustainability as much from the eyes of the poor as from the wealthy. Thus, the GEF must be operating on principles where the North pays for their share of benefits from global common property like the atmosphere and oceans. The environmental cost of internationally traded commodities will have to be internalised. The growing interest in automatic sources of funding for the global environment, including global taxes and fees, may provide the answer.

Meanwhile, the question of GEF’s current financial crisis is a reflection of a global trend, where industrialised countries (the US in particular) have failed to meet their financial commitments towards global sustainable development, sending GEF in search of other ‘innovative’ methods of financing. It is an issue that will have to be addressed rigorously at both the International Conference on Financing and Development, to be held in Mexico in early 2002, and the World Summit on Sustainable Development (WSSD), to be held later during the same year. But both meetings must be careful to generate the funds in a way that does not place an extra financial burden on developing countries, or use the ‘green stick’ to force them to adopt an alternative path from the one taken by industrialised countries.

POLITICSSSS

GLOBAL ENVIRONMENTAL NEGOTIATIONS

This series provides a close analysis of important environment-related conventions and institutions from their origins, and demystifies the politics of ‘saving the environment’.

A first-ever comprehensive Southern perspective of the impact of global environmental governance on the real lives of real people.

In addition to dealing with five new issues, the second volume, *Poles Apart* contains updates on the issues dealt with in the first report, *Green Politics*. The updates cover only recent developments — a complete historical background can be found in the first report.