

**Testimony of Donald Goldberg
Staff Attorney, the Center for International Environmental Law
and Adjunct Professor of Law, the Washington College of Law
the American University**

**Submitted on Behalf of
The Center for International Environmental Law
The Bank Information Center
The Environmental Defense Fund
Friends of the Earth
The National Wildlife Federation
Natural Resources Defense Council
Sierra Club**

**Before the Subcommittee on International Development,
Finance, Trade and Monetary Policy,
United States House of Representatives**

**on the
Global Environment Facility**

April 14, 1994

Congressman Frank:

I am testifying on behalf of the Center for International Environmental Law, the Bank Information Center, the Environmental Defense Fund, Friends of the Earth, the National Wildlife Federation, Natural Resources Defense Council, and Sierra Club.

The GEF is at a turning point. The pilot phase is nearly behind us. Almost two years of restructuring negotiations and an independent evaluation have identified a need for fundamental changes. But the GEF's mission—to help developing countries address global environmental problems—remains unchanged. Indeed, it is more important than ever that the GEF achieve this mission.

I have six recommendations that we believe will help the GEF achieve its mission:

First, we recommend that the full \$400 million the Administration has requested for the GEF be approved—**provided** that the conditions which Congress placed on its Fiscal Year 1993 contribution to the GEF are reinstated, and no money authorized for fiscal year 1995 is disbursed to the GEF until Treasury reports to Congress that all conditions have been met.

Let me review the conditions in the 1993 legislation and explain how we believe they should be interpreted:

Condition one states that *The GEF must establish clear procedures ensuring public availability of documentary information on all projects and associated projects of the GEF implementing agencies.* Full information about "associated projects" must be disclosed to the public. Associated projects are World Bank projects linked to GEF investment projects, and they usually contain the lion's share of the funding and have the greatest environmental impacts. Also, where the GEF legitimately withholds information for reasons of confidentiality, it must explain why full disclosure is not possible.

Condition two states that *The GEF must establish clear procedures ensuring that affected peoples in recipient countries are consulted on all aspects of identification, preparation, and implementation of GEF projects.* Consultation must take place with local citizens, not merely NGOs in the major cities, and the consultation must not be cosmetic only, as it often has been in the past. And adequate information must be provided far enough in advance to make the consultations meaningful.

Condition three states that *the GEF must have a governance process that will provide for contributor country oversight of individual projects in the work program.* Countries working through the Council will have the ability to review, and if need be reject, individual projects. However, they also must have access to full information about associated projects. Without this information, they will not be able to carry out their oversight function. This information must be available to the Council.

Condition four states that *specific provisions must be established for the participation of non-governmental organizations in all phases of the project cycle, including identification, appraisal, implementation, and evaluation.* NGOs must be able to participate fully in the policy and project discussions of the Council, as well as at other key points in the GEF process. This should begin with NGOs being given observer status at all Council meetings.

To sum up this point, a strong coalition of NGOs will support full authorization, if the FY 93 conditions are reinstated. Until that time, no FY 95 funds should be released.

My second point is that the GEF must leverage its funds more efficiently to protect the environment. The GEF is a relatively small fund which is being asked to perform a Herculean task. It must leverage the much larger sums spent by other international institutions and by national governments. One important way to achieve such leveraging is to develop a strict definition of, and criteria for, associated projects. The Administration could do this by submitting an interpretive statement. The GEF also should insist, as a condition of project implementation, that other projects by implementing agencies be consistent with GEF objectives.

My third point is that the Secretariat must be independent. Independence is vital to the success of the new GEF. The fact that sixty-five percent of project funding was administered by the World Bank demonstrates the extent to which the GEF was captured by the Bank in its pilot phase. The Secretariat should review projects submitted by the Implementing Agencies and by other executing agencies, including other multilateral development banks, United Nations agencies and programs, governmental and non-governmental organizations, and the private sector, to ensure consistency with GEF policies and with the policies, program priorities, and eligibility criteria established by the climate and biodiversity conventions.

This brings me to my fourth point. The Conference of the Parties for the climate and biodiversity conventions must establish the GEF's policies, program priorities, and eligibility criteria for these two program areas. The independent evaluation recommended that until these are in place, new program initiatives should not be undertaken. In the interim, the GEF should focus on convention requirements that have already been identified, such as creating and strengthening national climate and biodiversity strategies, developing in-country capacity building and endogenous technology development, and funding participation of developing country experts in the IPCC's Second Assessment.

My fifth point is that both the United States and the GEF must develop a clear strategy for international waters. The scope of the international waters portfolio needs to be defined in terms of fresh and marine waters, and linkages to other program areas, such as biodiversity, and existing international agreements, such as the regional seas agreements, need to be identified. The meaning of global benefits in the context of international waters must also be clarified.

My last point is that oversight and review mechanisms need to be put in place for the GEF. GEF/World Bank projects should be brought within the jurisdiction of the Independent Inspection Panel which this Subcommittee worked so hard to establish. This could be done by expanding the Terms of Reference for the Panel to cover all World Bank-implemented GEF projects. For non-World Bank projects, a procedure similar to the Panel should be created. The restructured GEF also will be revising its administrative procedures. As Durwood Zaelke testified at your Subcommittee hearing last month, an international administrative procedures act—modelled after the U.S. APA—would benefit the GEF and all of our other international institutions. We also agree with the independent evaluation that a permanent mechanism should be established for identifying lessons and promoting their application in GEF programs.

In conclusion, we believe the GEF can play a very important role in achieving environmentally sustainable development, and we are eager to work with the Subcommittee and the Administration to ensure that the GEF achieves its full potential. We commend the Administration for its considerable success with the restructuring and we are confident that the job can now be finished.