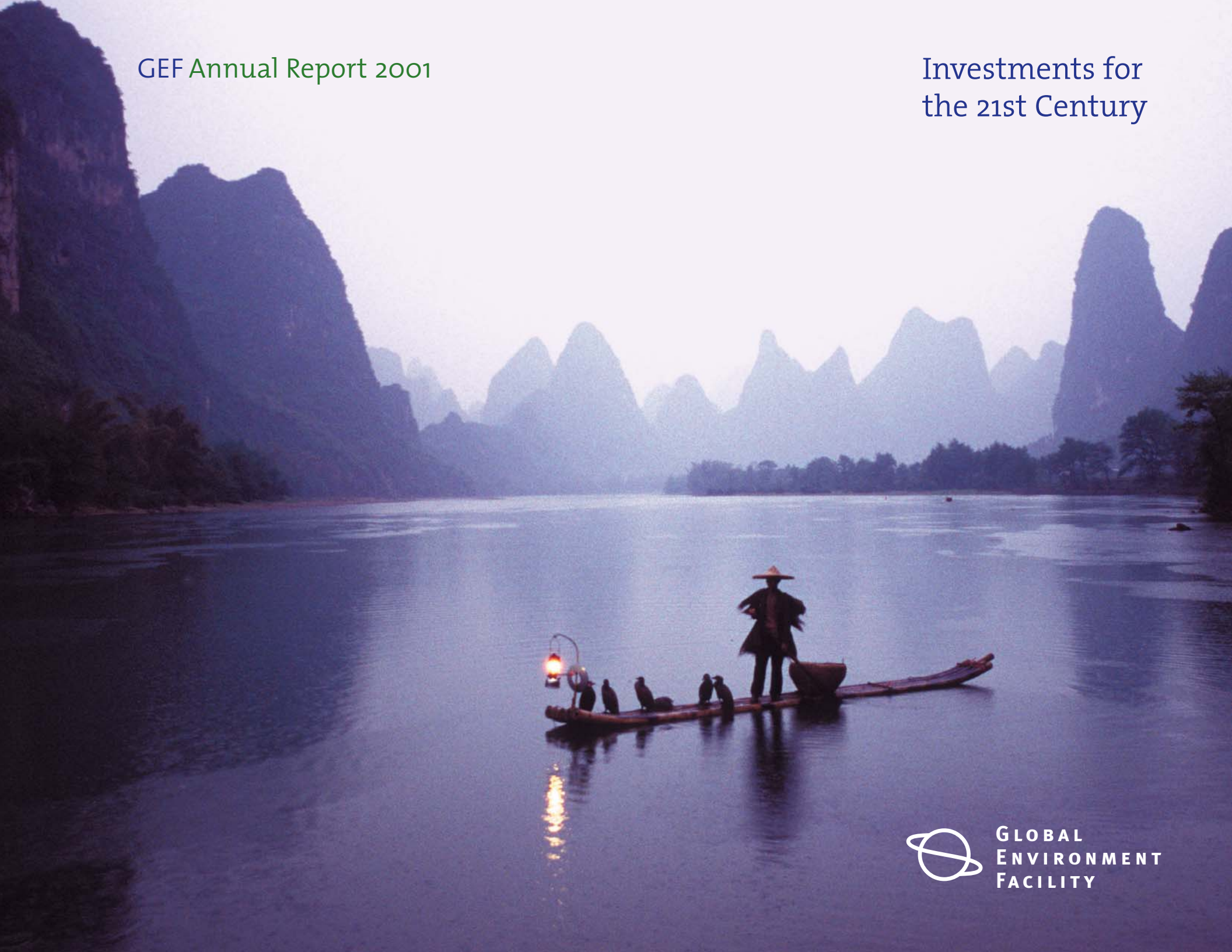


GEF Annual Report 2001

Investments for
the 21st Century



GLOBAL
ENVIRONMENT
FACILITY

GEF's mission is to strengthen the links between sustainable economic cooperation and protection of the global environment, and between environmental security and a stable social order.

About this cover

Investments to improve the global environment in the 21st century must include support for the environmental services that support traditional livelihoods. Without clean water and healthy ecosystems, the millions of people whose lives depend on fishing will bear the brunt of environmental degradation.

*Mohamed T. El-Ashry
CEO and Chairman
Global Environment Facility*

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About the GEF

The Global Environment Facility (GEF) is a major catalyst for improving the global environment. Following a three-year pilot phase, GEF was formally launched in 1994 to forge cooperation and to finance actions that address four critical threats: biodiversity loss, climate change, degradation of international waters, and ozone depletion.

During its first decade, GEF allocated \$4.2 billion, supplemented by \$11 billion in cofinancing, for more than 1,000 projects in 160 developing countries and countries with transitional economies. GEF is the only new funding source to emerge from the 1992 Earth Summit, and today counts 171 countries as members.

GEF is the designated financial mechanism for international agreements on biodiversity, climate

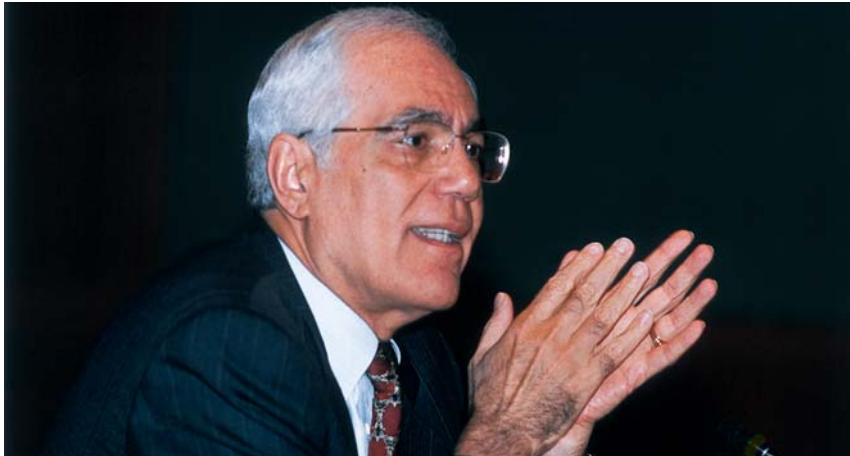
change, and persistent organic pollutants; GEF also supports the work of the global agreements to combat desertification and protect international waters and the ozone layer.

GEF projects are carried out by a wide range of public and private partners. The U.N. Development Programme (UNDP), the U.N. Environment Programme (UNEP), and the World Bank have managed GEF projects in their capacity as implementing agencies since 1991. In 1999, the GEF Council expanded the opportunities for seven other agencies to work on GEF projects. Today the Food and Agricultural Organization (FAO), the United Nations Industrial Development Organization (UNIDO), the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction

and Development (EBRD), the Inter-American Development Bank (IADB), and the International Fund for Agricultural Development execute GEF projects under this policy.

Broad representation in GEF's governing structures reinforces a strong emphasis on participation. Representatives from all GEF member-states provide direction to the GEF through the GEF Assembly, which meets every three years. GEF's governing council develops, adopts, and evaluates GEF programs; its 32 members represent 16 developing countries, 14 developed countries, and 2 countries with transitional economies. GEF is unique among international financial organizations and welcomes the participation of representatives of nongovernmental organizations in its deliberations.

The First Decade of GEF



Due to concerns in the late 1980s about widespread global environmental degradation, the international community envisioned a special partnership to focus on these critical threats and the closely intertwined problems of poverty, hunger, and security. The Global Environment Facility (GEF) was established to reach across disciplines and international boundaries to bring together public and private partners and enable them to protect the global environment and to promote the sustainable development that must underpin it.

When the GEF celebrated its first decade in 2001, its focus was as much on the future as on its past

achievements. Reflecting the culture of evaluation that has come to symbolize GEF, the GEF Council requested a comprehensive assessment of virtually all aspects of the GEF's operation. Under the guidance of a senior advisory panel, an independent team of experts (the review team) led by Leif Christoffersen of the International Center for Environment and Development, Agricultural University of Norway, thoroughly reviewed the results and the impact of GEF activities.

Over a 12-month period, the review team consulted with the implementing agencies and GEF's scientific and technical advisory panel

(STAP), they visited 11 countries to meet with stakeholders, and they went into the field for a firsthand look at 23 GEF projects. The result is an in-depth, open, and independent report that is intended to provide guidance for GEF's replenishment and help shape debate at the second GEF Assembly in October 2002. Most importantly, the assessment seeks to provide a compass and strategic direction for the GEF of the future.

The review team's 173-page draft report was presented to the GEF Council and to donors at the replenishment meeting in December 2001. The final report was made available in January 2002 and is being disseminated globally to policymakers, non-governmental organizations (NGOs), private-sector representatives, and civil society.

An Improved Global Environment

A ringing endorsement summarizes the findings of the review team. Team members unanimously concluded that even though the GEF portfolio is still young, and overall funding has been relatively modest, GEF has been a "catalyst

for innovative programs" and has produced "significant results" to improve the global environment.

The review team highlighted accomplishments in GEF's four major focal areas.

■ **Ozone Depletion:** GEF has had a significant impact in reducing ozone-depleting substances (ODS) in Eastern Europe and Central Asia. Twenty-seven percent of total global ODS reductions in 1999 were directly attributable to GEF investments. In the 14 countries with the most advanced GEF projects, ODS consumption has been reduced by more than 90 percent.

■ **Climate Change:** GEF has effectively promoted energy efficiency to reduce fossil fuel usage, which contributes to the earth's steadily warming climate. Five million energy-efficient lights have been installed through GEF projects in developing countries and countries with transitional economies. In Poland, for example, the number of households using compact fluorescent lights has increased from 11.5 percent to 19.6 percent. Since its incep-

tion, GEF has given more than \$1 billion for climate change projects, and it has leveraged more than \$5 billion in cofinancing—five times the initial investment. The GEF allocation includes \$570 million for renewable energy projects in 47 developing countries and transitional economies, with co-financing bringing the total project costs to \$3 billion.

■ **Biological Diversity:** Using a participatory approach, GEF has steadily improved the standards of management for protected areas that are home to some of the world's most threatened plant and animal species. In partnership with governments, institutions, NGOs, and communities, GEF has invested nearly \$1.4 billion, and it has leveraged an additional \$2.8 billion in cofinancing for the conservation and sustainable use of biological diversity in more than 160 countries.

■ **International Waters:** GEF has made significant contributions to the implementation of existing global and regional agreements on the protection and

restoration of freshwater and marine systems. In the Danube River Basin, unprecedented cooperation by 17 countries on a GEF project is helping to reduce Black Sea pollution.

The report from the review team notes that GEF is “the only major source of funding specifically supporting international environmental agreements.” It recognizes GEF for its leadership and efficient management as the designated financial mechanism for the international agreements on biodiversity and climate change and, as of 2001, the Convention on Persistent Organic Pollutants. The report cites GEF's effective efforts to combat land degradation, including desertification, and to protect international waters and the ozone layer. The report encourages GEF to build on its strengths and comparative advantages and to work closely with the convention secretariats to update and clarify priorities.

A Message of Hope for the Future

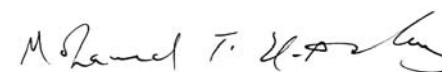
Just as the GEF assessment report provides important insights into our progress on the global environ-

ment, the World Summit on Sustainable Development (August 2002) will focus world attention on the momentum toward sustainable development and provide strategic direction for the 21st Century. The Summit offers a remarkable opportunity to address the disturbing environmental trends that permit the growth of poverty, disease, hopelessness, and conflict.

Environmental degradation robs people of their livelihoods, their homes, their health, and their hope. It clouds the future, endangering our security, our natural endowment, and the beauty and splendor of life on Earth. These realities are at the core of the GEF's mission as it strengthens the links between sustainable economic development and protection of the global commons, and between environmental security and a stable social order.

The GEF is a young organization and only a small defense, considering the range and scale of today's environmental degradation challenges. Nonetheless, it provides the world community with a strong foundation and valuable lessons for expanded cooperation as it

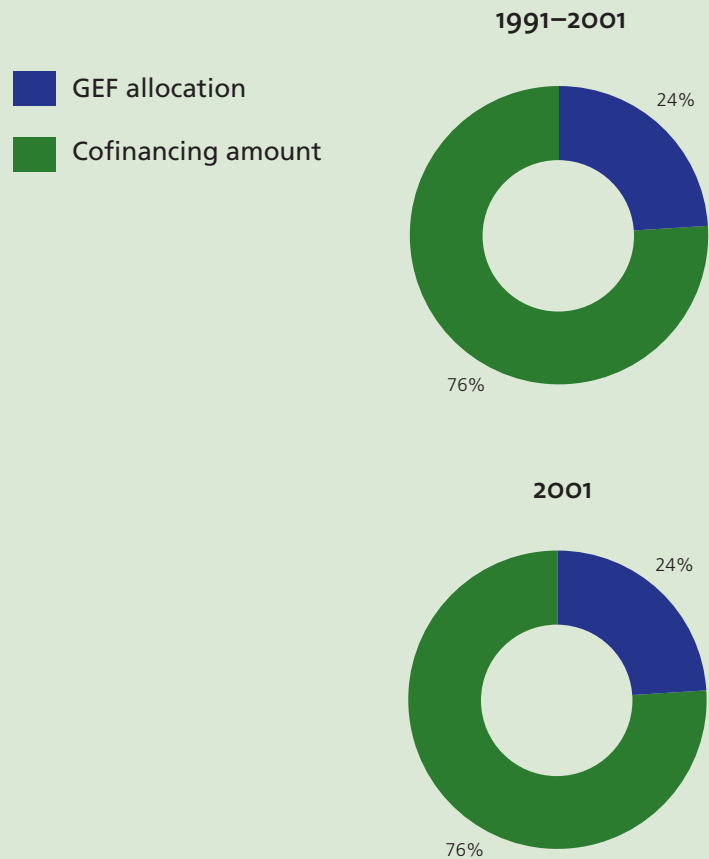
addresses the global environmental agenda. What counts more than anything else is the will and ingenuity to create and preserve a setting in which material well-being increases without exhausting the natural wealth on which it rests. We welcome the opportunity to facilitate development that can improve the environment and make a real difference in the lives of the poor. As we begin our next decade, we look forward to working closely with all of our partners to help fulfill our many hopes and aspirations for a healthy environment and a peaceful world.



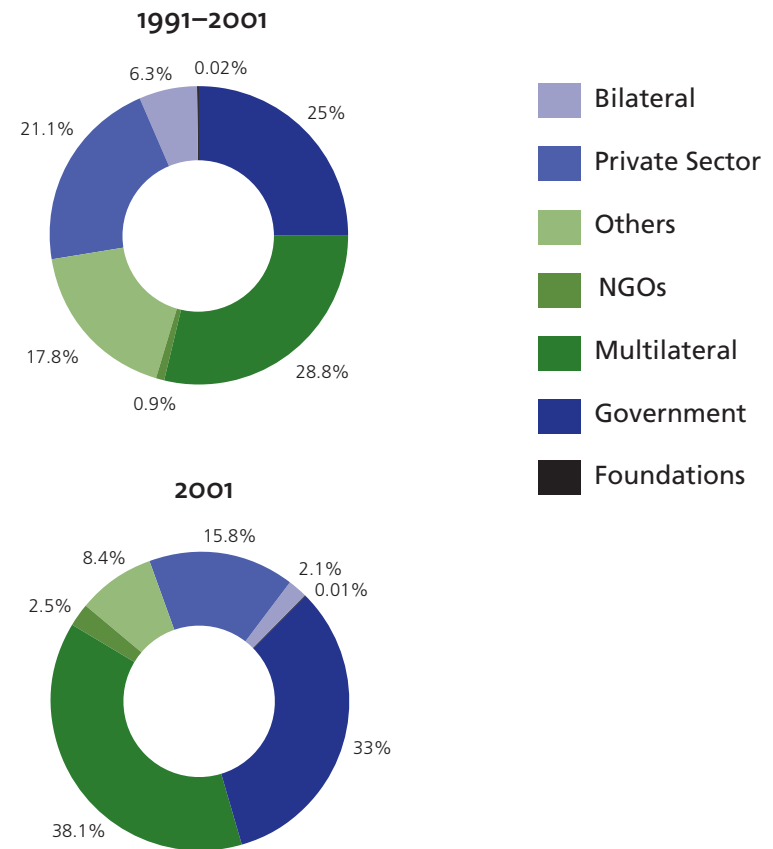
Mohamed T. El-Ashry
*CEO and Chairman
Global Environment Facility*

The GEF Portfolio Allocations and Cofinancing

The Leveraging Effect of GEF Support

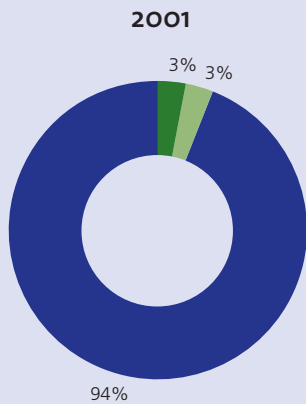
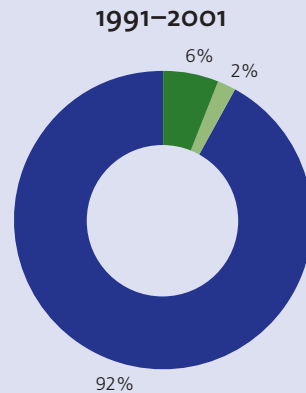


Sources of GEF Cofinancing

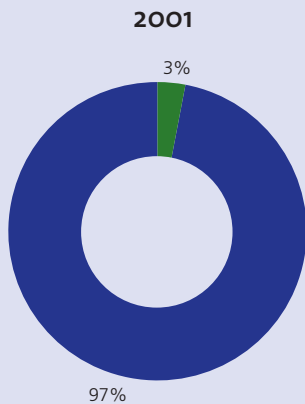
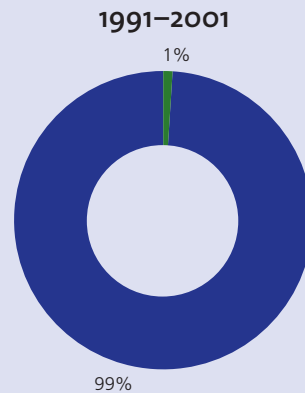


The GEF Portfolio Project Types

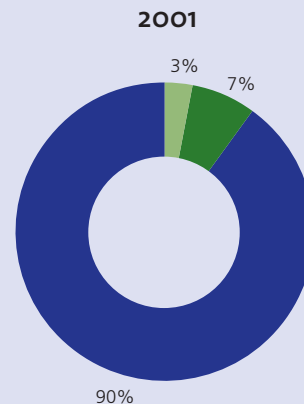
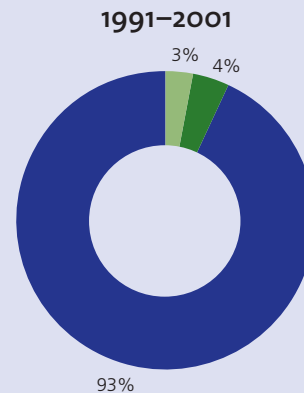
GEF Allocations for Climate Change Projects



GEF Allocations for International Waters Projects

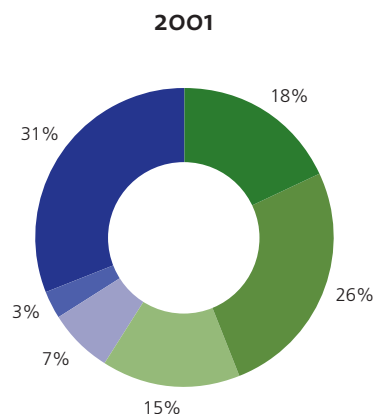
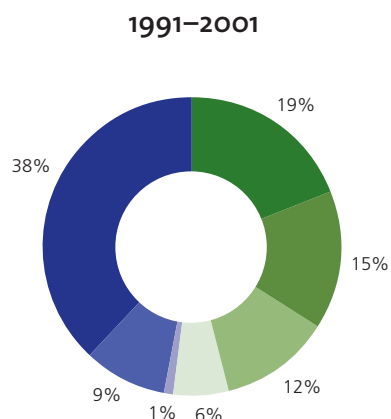


GEF Allocations for Biodiversity Projects



- **Full-size projects:**
\$1 million and higher.
- **Medium-size projects:**
Up to \$1 million; projects are accessible to NGOs.
- **Enabling activities:**
Typically up to \$450,000.

The GEF Portfolio Investments in Biodiversity



Sustainable Forestry. *Example:* GEF's project to help place a minimum of ten percent of Brazil's Amazon ecosystem—more than 37 million hectares—under "strict protection," with no mining or logging permitted.

Mountain Ecosystems. *Example:* GEF's project to protect the rich ecological landscapes and biodiversity of the Karakoram, Hindu Kush, and Western Himalayan mountain ranges of northern Pakistan.

Integrated Ecosystem Management. *Example:* GEF's project to support the conservation and sustainable use of natural resources in critical wetland ecosystems in Rwanda.

Enabling Activities. *Example:* GEF's assistance to South Africa to prepare its first national report for the Conference of Parties to the Convention on Biological Diversity.

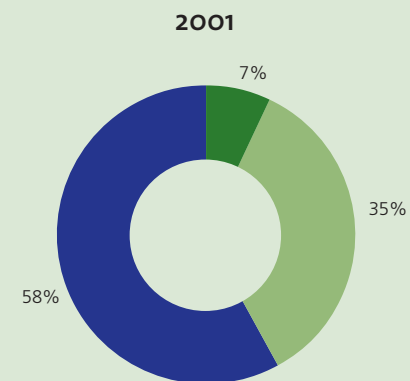
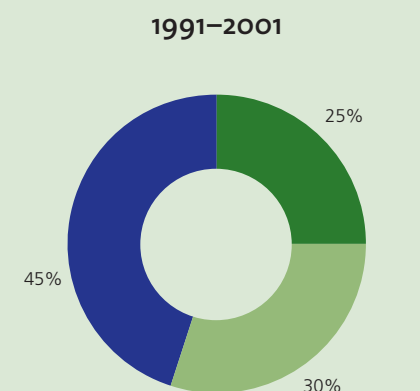
Short-term Responses to Conserve Biodiversity.* *Example:* GEF's project to protect the endangered Mediterranean Monk Seal, including the Cap Blanc colony in Mauritania.

Arid and Semi-arid Lands. *Example:* GEF's project to ensure the conservation of biodiversity important to agriculture in the Fertile Crescent.

Coastal, Marine, and Freshwater Resources. *Example:* GEF's project to conserve the biologically rich wetlands of República Bolivariana de Venezuela's Orinoco Delta.

*No project requests were received in 2001.

The GEF Portfolio Investments in



International Waters

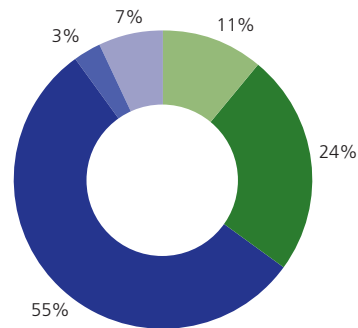
Integrated Land and Water Resource Management. *Example:* GEF's project to promote environmentally sustainable development within the Bermejo River Basin of South America.

Contaminant Reduction. *Example:* GEF's global program to improve water quality in developing country ports by reducing the release of harmful organisms from ship ballast water.

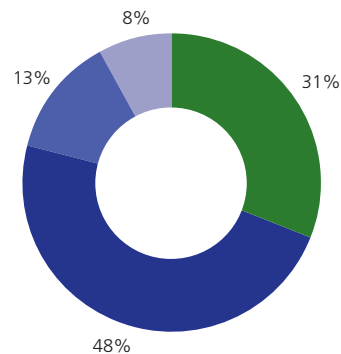
Restoring Water Bodies. *Example:* The partnership of 17 countries in support of a GEF program aimed at reducing pollution of the Danube River and Black Sea.

The GEF Portfolio Investments in Climate Change

1991–2001



2001



Renewable Energy. *Example:* GEF's initiative to accelerate the commercialization and financial viability of photovoltaic technology in Kenya, Morocco, and India.

Sustainable Transportation. *Example:* GEF's project to commercialize the development of public transit buses powered by hydrogen fuel cells in India.

Energy Efficiency. *Example:* GEF's project to replace CFC-based chillers in commercial buildings in Thailand with more energy efficient systems that do not use ozone-damaging chemicals.

Short-term Measures to Reduce Greenhouse Gases.* *Example:* GEF's project to separate municipal solid waste to reduce methane emissions in Indonesia.

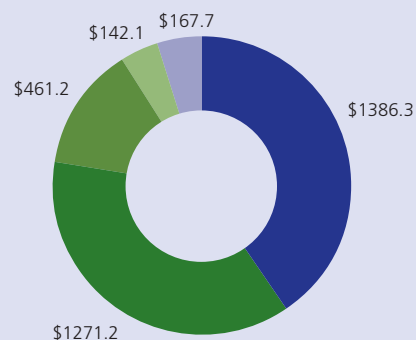
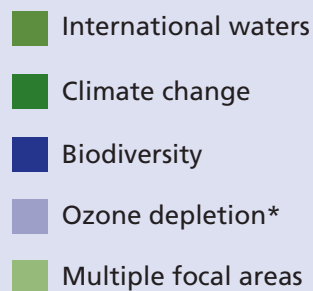
Enabling Activities. *Example:* GEF's assistance to China to assess its vulnerability to climate change and inventory its greenhouse gas emissions.

*No project requests were received in 2001.

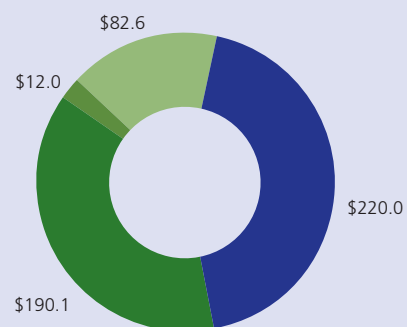
The GEF Portfolio Focal Areas and Regions

Total GEF Allocation
by Focal Area
(in millions of dollars)

1991–2001



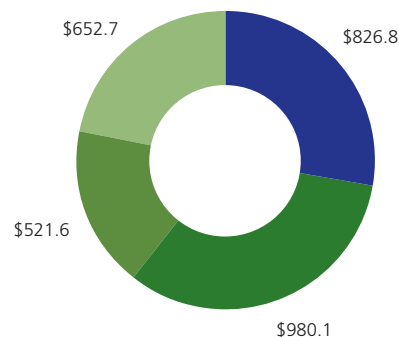
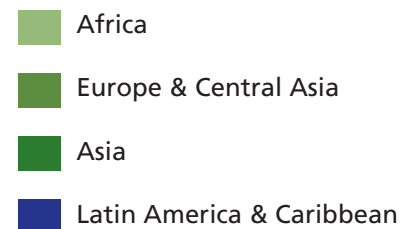
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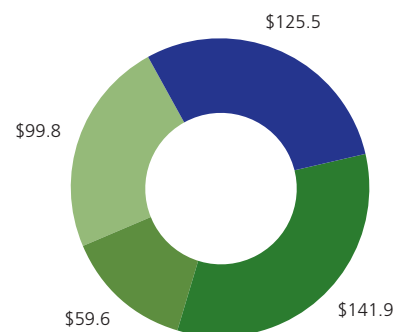
*No project requests were received in 2001.

Total GEF Allocation by Region
Excluding Global and Regional Projects
(in millions of dollars)

1991–2001

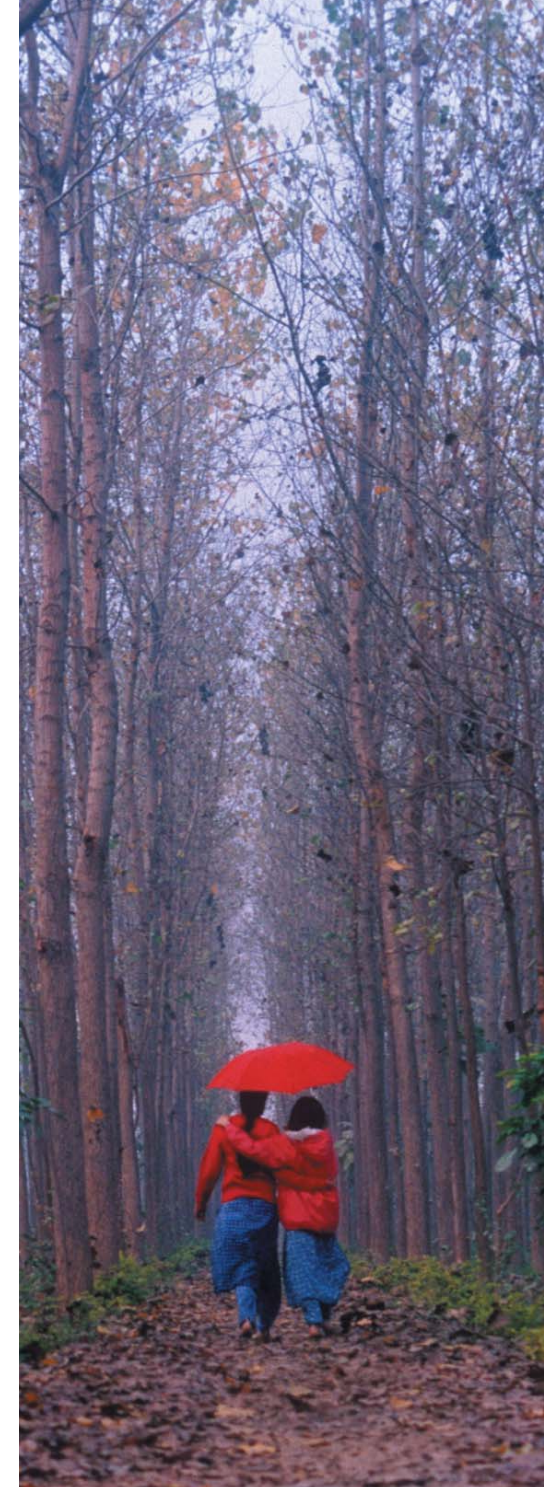


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New Projects and Programs

LOCATION	PROJECT NAME	IMPLEMENTING AGENCY	GEF ALLOCATION	TOTAL COST (MILLIONS)
BIODIVERSITY				
Global	Critical Ecosystems Partnership Fund (CEPF)	World Bank	25.00	100.00
Global	Development of National Biosafety Frameworks	UNEP	26.09	38.43
Latin America and Caribbean	Conservation and Sustainable Use of the Mesoamerican Barrier Reef	World Bank	10.62	17.78
Burkina Faso	Natural Ecosystem Management	World Bank	18.68	23.68
Chile	Water Resources and Biodiversity Management	World Bank	10.33	320.33
China	Sustainable Forest Development Project, Protected Areas Management Component	World Bank	16.35	62.50
Colombia	Conservation of Montane Forest and Paramo in the Colombian Massif, Phase 1	UNDP	4.03	10.90
Ecuador	National Protected Areas System	World Bank	8.35	14.75
Guatemala	Western Altiplano Integrated Natural Resources Management	World Bank	8.35	51.45
India	Conservation and Sustainable Management of Dryland Biodiversity, Phase 1	UNDP	2.04	3.83
Kazakhstan	Integrated Conservation of Priority Globally Significant Migratory Bird Wetland Habitat	UNDP	8.85	38.54
Mexico	Biodiversity Conservation in the Sierra Gorda Biosphere Reserve	UNDP	6.73	20.66
Mexico	Consolidation of the Protected Areas Program (SINAP 2)	World Bank	16.45	76.75
Mexico	Integrated Ecosystem Management in 3 Priority Ecoregions	UNDP	15.65	77.37
Nigeria	Micro-Watershed and Environmental Management Project	World Bank	8.35	115.35
Russian Federation	Demonstrating Sustainable Conservation of Biological Diversity in Four Protected Areas in Russia's Kamchatka's Oblast, Phase 1	UNDP	2.36	5.13
Sri Lanka	Protected Areas and Wildlife Conservation Project	World Bank/ADB	10.20	34.70





LOCATION	PROJECT NAME	IMPLEMENTING AGENCY	GEF ALLOCATION	TOTAL COST (MILLIONS)
CLIMATE CHANGE				
Global	Assessments of Impacts and Adaptation to Climate Change in Multiple Regions and Sectors (AIACC)	UNEP	7.85	12.46
Global	Solar and Wind Energy Resource Assessment	UNEP	6.81	9.32
Europe and Central Asia	Balkans Energy Efficiency Program (BEEP)	World Bank	6.00	6.00
Latin America and Caribbean	Caribbean Renewable Energy Development Programme	UNDP	4.43	16.88
Cambodia	Renewable Energy Promotion	World Bank	6.08	16.58
Chile	Removal of Barriers to Rural Electrification with Renewable Energy	UNDP	6.07	32.40
China	Demonstration of Fuel Cell Bus Commercialization in China (Phase 2, Part 1)	UNDP	5.82	15.93
China	Barrier Removal for Efficient Lighting Products and Systems	UNDP	8.14	26.20
China	Wind Power Development Project	UNDP/ADB	12.00	98.70
China	Renewable Energy Scale Up Program (CRESP), Phase 1	World Bank	41.57	171.15
China	Targeted Research Related to Climate Change	UNDP	1.72	3.41
Croatia	Removing Barriers to Improving Energy Efficiency of the Residential and Service Sectors	UNDP	4.59	13.25
Croatia	Energy Efficiency Project	World Bank	7.08	30.48
Ecuador	Power and Communications Sector's Modernization and Rural Services Project (PROMEC)	World Bank	3.19	27.90
Egypt	Fuel Cell Bus Demonstration Project in Cairo, Phase 1	UNDP	6.54	13.62
Hungary	Public Sector Energy Efficiency Programme	UNDP	4.20	17.70
India	Fuel Cell Bus Development in India (Phase 2, Part 1)	UNDP	6.28	12.12
Lithuania	Vilnius District Heating	World Bank	10.00	65.30
Malaysia	Biomass-based Power Generation and Co-generation in the Malaysian Palm Oil Industry, Phase 1	UNDP	4.03	14.84
Mexico	Demonstration Project of Hydrogen Fuel Cell Buses and an Associated System for Hydrogen Supply in Mexico City, Phase 1	UNDP	5.42	10.47
Namibia	Barrier Removal to Namibian Renewable Energy Programme, Phase 1	UNDP	2.70	7.43
Romania	Energy Efficiency Project	World Bank	10.35	50.35
Senegal	Energy Sector Investment Project	World Bank	5.00	120.58
Ukraine	Removing Barriers to Greenhouse Gas Emissions Mitigation through Energy Efficiency in the District Heating System, Phase 1	UNDP	2.03	2.13

LOCATION	PROJECT NAME	IMPLEMENTING AGENCY	GEF ALLOCATION	TOTAL COST (MILLIONS)
INTERNATIONAL WATERS				
Global	Reduction of Environmental Impact from Tropical Shrimp Trawling through Introduction of By-catch Technologies and Change of Management	UNEP/FAO	4.78	9.22
Africa	Environmental Protection and Sustainable Management of the Okavango River Basin	UNDP	5.77	8.19
Latin America and Caribbean	Implementation of Strategic Action Program for the Bermejo River Binational Basin, Phase 2	UNEP	11.04	19.77
Regional	Development of National Implementation Plans for the Management of Persistent Organic Pollutants (POPs)	UNEP	6.19	9.32
Europe and Central Asia	Control of Eutrophication, Hazardous Substances, and Related Measures for Rehabilitating the BLACK SEA Ecosystem, Phase 1	UNDP	4.35	8.29
Europe and Central Asia	Danube/Black Sea Basin Strategic Partnership on Nutrient Reduction, Phase 1	UNDP/ World Bank	29.70	40.30
Asia and the Pacific	Reversing Degradation Trends in the South China Sea and Gulf of Thailand	UNEP	16.75	33.15
Europe and Central Asia	Strengthening the Implementation Capacities for Nutrient Reduction and Transboundary Cooperation in the Danube River Basin, Phase 1	UNDP	5.35	11.95
Europe and Central Asia	Project Short Title: Danube Regional Project, Phase 1	UNDP	5.35	11.95
Romania	Baltic Sea Regional Project, Phase 1	World Bank/UNDP	5.85	12.45
	Agricultural Pollution Control Project	World Bank	5.45	11.10

MULTIPLE FOCAL AREAS

Global	Technology Transfer Networks, Phase 1	UNEP	1.28	2.55
Latin America and Caribbean	Integrated Silvo-Pastoral Approaches to Ecosystem Management	World Bank	4.77	8.67
Senegal	Integrated Ecosystem Management in Four Representative Landscapes of Senegal, Phase 1	UNDP	4.35	14.85



