



# United Nations Environment Programme

برنامج الأمم المتحدة للبيئة • 联合国环境规划署  
PROGRAMME DES NATIONS UNIES POUR L'ENVIRONNEMENT • PROGRAMA DE LAS NACIONES UNIDAS PARA EL MEDIO AMBIENTE  
ПРОГРАММА ОРГАНИЗАЦИИ ОБЪЕДИНЕННЫХ НАЦИЙ ПО ОКРУЖАЮЩЕЙ СРЕДЕ

Our Reference: GEF

14 November 2001

Dear Mohammed,

The Note on the structure of the GEF is one of the most important policy documents since the establishment in 1994 of the restructured GEF.

The videoconference meetings of the Heads of Agencies held on 13 November 2001, was useful. As indicated in my letter sent to you the same day, such a meeting will need to be convened on a more regular basis.

The revised draft is indeed an improved version. However, I am afraid that my concerns, as expressed during the meeting of the videoconference have not been incorporated. I would like therefore to share with you, once again, my concerns.

Let me first of all, reiterate my full commitment to work closely with you and the other Heads of Agencies to equip the GEF to raise the challenges of its new phase and to be more responsive to recipient needs as well as to donors' expectations.

For the reason indicated to you, I am not in a position, without the concurrence of the UNEP governing bodies to agree with the option of the revision of the Instrument contained in paragraphs 64, 65 and 67 on issues related to the role of the Secretariat.

The legal authority for the GEF Secretariat to act on behalf of the GEF family can be addressed through appropriate delegation of authority from the World Bank to the CEO without amending the Instrument. As indicated by Mark Mallock Brown during the videoconference, similar delegation of authority is a common feature in the United Nations, including between UNEP and its administered conventions.

I have been very pleased to note that significant progress has been achieved on this issue lately, between you and senior management in the Bank. I will encourage you to continue your discussion with the World Bank in order to find a mutually agreed solution as soon as possible.

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I will suggest that the outcomes of these discussions be reviewed at our next Heads of Agencies meeting that we have agreed to convene in Washington during the second half of January 2002. We will then assess collectively what the best course of action may be suggested to the Council for the May 2002 meeting.

Accordingly, I will suggest that the option of revising the Instrument be deleted. The revision of the Instrument during the second Assembly in 2002 should be limited to the incorporation of POPs and hopefully Land Degradation as a new focal area of the GEF.

If this proposal is not agreeable, I will suggest that the cover note indicates that the Executive Director of UNEP is not in a position to support such an option as he is of the view that the issues identified in Section III can be addressed through appropriate delegation of authority between the World Bank and the CEO. The Executive Director of UNEP indicated that the option of amending the Instrument will require prior approval of UNEP's Governing Council / Global Ministerial Environmental Forum. The next Governing Council meeting / GMEF to be held in Cartagena, Colombia on 11 – 13 February 2002 will provide the first opportunity to seek the advice of UNEP's state members that have endorsed the current Instrument in June 1994.

As indicated to you, I believe that the Overall Performance Study II has done a very good job. Their recommendations are interrelated and should be approached in a comprehensive manner.

The OPS II has documented that the partnership between the Bretton Woods institutions and the UN is key to the success of the GEF and its potential has yet to be fully exploited.

The OPS II team recommended strengthening the role of the GEF Secretariat as well as giving it legal authority in the context of the partnership between the three Implementing Agencies.

The overwhelming majority of the participants at the Edinburgh meeting on replenishment strongly advocated the strengthening of the partnership between the three Implementing Agencies.

Accordingly any adjustment to the role of the Secretariat arising from the new developments in the GEF and the challenges of its next phase should be approached in the context of the current GEF partnership between the three Implementing Agencies. Some of the paragraphs of the note regarding the suggested role of the GEF Secretariat related to Business planning, country coordination for programming and the programmatic approach would need to be redrafted accordingly. This applies also to the suggested role of the GEF Secretariat with NGOs and the private sector contained in paragraph 50. Such a role should take into account the role of the Implementing Agencies as provided in Article 22 of the Instrument.

The suggested role for the GEF Secretariat on issues related to coordination between the GEF operational focal points and the national focal points of global environmental conventions also raises concerns.

The revised note also suggests new arrangements with the Implementing Agencies. Instead of advocating new modalities, it may be necessary to fully implement the provisions of the existing Instrument.

As you are aware, Article 22 of the Instrument calls for an interagency agreement to be concluded by the three Implementing Agencies on the principles of cooperation set forth in Annex D. It seems to me that more than seven years after the adoption of the Instrument, the time has come to consider preparing such an agreement.

Regarding country priorities, it is important to ensure that GEF interventions are in line with the priorities of countries as reflected in their national strategies and action plans prepared or under active preparation through GEF support for assisting countries to implement their commitments under the GEF related conventions. The country priorities as identified by countries through their relevant environmental policy documents should drive GEF business and strategic planning. No reference is made in this draft to such major policy documents financed by the GEF.

We need as a family to provide adequate and urgent responses to country concerns regarding the length and complexity of, and country drivenness of, GEF operations. Therefore an agency driven approach should be avoided in favour of the country-driven and bottom-up approach. It is our understanding that regional, sub-regional and global projects are also country-driven. The ecosystem approach as well as transboundary collaboration is key to achieving the objectives of the GEF as well as its global conventions such as the Convention on Biological Diversity.

The business planning is only one tool to achieve strategic impact. One additional way to ensure that the GEF responds to country priorities is to review the global policy documents of the GEF as well as the GEF *Operational Programs*. The ten *Operational Programs* of the GEF were adopted in 1996 before receiving the appropriate guidance from the COPs. Recently 4 additional operational programs have been added. There is a need to review this major policy document guiding the operations of the GEF in order to promote an integrated approach, which will take into account the guidance of the COPs as well as the evolution of the GEF. The document is silent on this important issue.

Regardless of the outcomes of the third replenishment of the GEF, the financial resources will not match the demands. There will be a huge financial gap between the level of financial resources available and the increased demands on the GEF arising from new areas of intervention and increased requests from countries. This gap will continue to be, in the foreseeable future, a permanent feature of the GEF.

This is a major development that requires the GEF family to review the way that we do business. In line with my comments, you will find attached concrete amendments to the suggested text.

Accordingly, there is a need to establish an inter-agency task force to review the current pipeline with a view of contributing to strategic input.

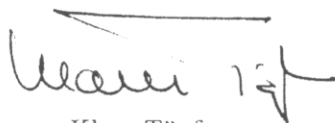
This also requires that any proposal on the structures of the GEF should take into account this new development and avoid diverting scarce financial resources from operations to support bureaucratic growth and ignoring existing capacity available with the GEF family.

Let us work together to ensure a strong replenishment which is a prerequisite for a coherent structure of the GEF in accordance with its Instrument as well as the new evolution of the GEF.

As indicated to you, there is a close relation between the on-going negotiation on International Environmental Governance carried out under UNEP's Ministerial Committee which will culminate at the World Summit on Sustainable Development and the discussion on the structure of the GEF.

Let us also work together to ensure that these two processes are mutually supportive.

Yours sincerely,



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