

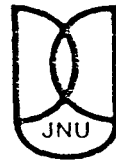
**THE GLOBAL ENVIRONMENT FACILITY:
A LEGAL STUDY**

*Dissertation submitted to Jawaharlal Nehru University in partial
fulfillment of the requirements for the award of the Degree of*

MASTER OF PHILOSOPHY

By

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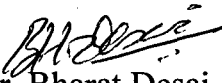



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CERTIFICATE

This is to certify that the dissertation entitled **The Global Environment Facility – A Legal Study** submitted by **Anwar Sadat** in partial fulfilment of the requirements for the award of the degree of **Master of Philosophy (M.Phil.)** is his original work and has not been submitted so far in part or in full, for any other degree or diploma of any university.

I recommend that this dissertation be placed before the examiners for evaluation.


Dr. Bharat Desai
Supervisor


Prof. K.D. Kapoor
Chairman

DEDICATED to
My ABBU and AMMI

Acknowledgement

Research work is not one man show. It requires proper guidance and useful suggestions of teachers and friends. It also requires all sorts of assistance provided by library staff of various libraries. For my dissertation I am deeply indebted to my supervisor, Dr. Bharat H. Desai, who provided not only useful suggestions but also gave me material relevant to my topic. I am indebted also to Prof. V.S. Mani, whose suggestions proved to be highly useful. I also took the help of Prof. B.S. Chimni. He boosted my morale. Though Prof. Yogesh Tyagi was not available here, I kept in my mind his emphasis on precision, correctness and rigour. I owe my thanks to the library staff of U.N. Information Centre. They provided quite a few material which was relevant to my topic. The library of Tata Energy Research Institute proved to be highly useful since the library provided membership free of cost and it had the lot of books and journals which were directly relevant to my topic. I would like to remember National coordinator of GEF Small Grant program, Mr. Alok Guha, who permitted me to go through the GEF-SGP project reports. I would also give my thanks to Mr. Sudarshan Rodriguez, a staff at UNDP office, who gave me a lot of material which made my task easier.

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Date : 24-7-2000



Anwar Sadat

Preface

This work is meant to study critically GEF's origin, organizational structure, project implementation issues and problems and whether it is helpful to a developing country. It is indeed a stupendous task to cover all these chapters satisfactorily in one work.

The method that this researcher has used in his work is inductive. International politics background of the researcher contributed immensely in the analysis. There is no denying the fact that the researcher has taken the help of a mixture of primary and secondary sources. But use of primary sources is more in the study. The researcher wants to give a word of apology to many distinguished scholars who have written on different aspects of GEF and whose writings have not been sufficiently taken note of in the work.

This work will add to the corpus of secondary source literature on GEF. It will also help those NGOs based in small towns of this country and abroad as how they could approach for a project to be financed by GEF. They would find it beneficial in tackling the problems coming in the way of project implementation. Last but not least, this work questions the sincerity of developed countries who are trying to tackle global environmental problems through GEF on the one hand and continuing with unsustainable model of development on the other hand.

Anwar Sadat

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Chapter – I

Introduction

INTRODUCTION

Problem

People driven by poverty tend to destroy their own means of subsistence. They do it not by choice, but as a necessity for immediate survival. The poor use fewer resources in comparison to the rich. They create less waste and do less harm to the global environment than the rich. The latter is involved in wasteful over-consumption and present the single most powerful threat to the global environment. As such it is argued that the rich countries must bear the cost of saving environment. But the problem with this argument, legally speaking, is that which country should bear what. It is extremely difficult to quantify the amount of damage and the amount of compensation proportionate to the damage. The developing countries could argue on the ground of general duty of industrialized countries to financially and technologically support the environmental policies in the south in so far as common concerns of humankind are concerned. Notwithstanding, the difficulty that occurs in quantifying the contribution of one industrialized country to the cumulative damage, it is certain that the contribution of the industrialized countries is much more than the poor developing countries. The latter's, first priority is poverty eradication. Therefore, they would not subordinate their developmental effort to environment. The developing countries would consider taking part in environment

protection venture but that would depend upon the financial and technological resources coming from the developed countries. That would be new and additional (separate from conventional aid) to meet the full and agreed incremental costs of the developing countries.

The incremental cost seems to be at the expense of conventional aid, since the aid to developing countries has been declining since the last one decade. The incremental cost, according to the Secretariat's estimation for implementing the terms of the two conventions (UNFCCC and CBD), is much less. The World Bank, one of the three implementing agencies of GEF is the most influential. The dominant role of the World Bank has been a source of mistrust. Developing countries have tended to argue that financial mechanisms should be established under the control of the parties to any convention, separate from existing institutions such as the World Bank, which with its weighted voting system is seen to favour the donor countries. The Bank's past environmental record is well known.

Origin of Global Environment Facility (GEF)

The genesis of GEF could be traced in the report of World Commission on Environment and Development (WCED), which recommended that serious attention be paid to setting up of "a special international banking program or facility to finance investments in conservation projects and natural strategies to enhance the resource

base for development in the developing countries ¹. In September 1989, a proposal was put forward by the French representative at the Development Committee meeting of the Organization of Economic Cooperation and Development (OECD) to establish an environment facility backed by substantial French financial facility. Germany tabled a similar proposal. Accordingly, at the same meeting International Bank for Reconstruction and Development (the World Bank) was requested to assess the requirements for additional funding and explore the potential for donor support for addressing global environmental concerns in developing countries through such an entity.² The emphasis on global concerns was developed in the World Bank by a working group that had identified the four focal areas (Climate Change, Bio-diversity, Ozone layer Depletion and International Rivers) that came later to be addressed by the GEF. The potential donor countries (all developed countries) decided the four focal areas neglecting the interests of developing countries.³ These countries asked the World Bank to consult the United Nations Environment Programme(UNEP) and the United Nations

¹ Gus Edgren, Nay Htun, Robert Piccioto The Global Environment Facility Independent Evaluation of the Pilot phase (Washington D.C.:The World Bank, 1994), P.28

² The World Resources Institute (WRI) advocated the creation of “ a Global Environment Trust Fund” to address the problem of greenhouse gases and help to maintain ecosystems in developing countries, along the lines of Montreal Protocol substances that deplete the Ozone layer. This study conducted in 1989 argued the case for the establishing an “ International Environmental Facility (IEF) to be especially geared to financing conservation required special understanding of the ecological process, gaining community support, a long term outlook, flexible project design, and willingness to work with NGOs.

³ The four focal areas were decided by the 17 developed countries numbering seventeen. (Australia, Austria,Belgium, Canada, Denmark, Finland, France, Germany , Italy, Japan, Netherlands, Norway, Spain, Sweden,Switzerland, The UK, and the United States. The developing countries were seven in number. (Brazil, China, Coted' Ivoire ,India, Mexico, Morocco and Zimbabwe.

Development Programme (UNDP) with a view to setting up a tripartite arrangement that would mobilize the comparative advantage of each institution toward the realization of the program without creating a new bureaucracy.

After knowing the interest of 17 potential donor countries and the officials of the UNEP and the UNDP for the creation of the GEF, World Bank decided to take necessary steps for the purpose. As a result of this and a subsequent Development Committee meeting held in May 1990, the World Bank began to design a framework for the proposed facility. In June 1990, the Governing Council of UNDP took note of the concept and objectives of the GEF and gave support to the idea of a partnership among the three agencies.

In order to legitimize the effort for setting up of the GEF, the seven developing countries were invited in a meeting with the seventeen donor countries, which led to a broad agreement among them. According to the Independent Evaluation of the GEF Pilot- phase, this crucial meeting defined a number of elements for GEF. Affirmation of the tripartite partnership among the World Bank, UNDP and UNEP was given in a joint statement by the three heads of the agencies in September 1990. In November 1990, more than 30 developed and developing countries met in Paris to review the final draft agreement on the establishment of the pilot phase, review examples of possible GEF eligible projects, and pledge

funds for the new facility. This founding meeting of the GEF pilot phase confirmed a number of key design elements such as the ceiling of GEF freestanding projects as a means of maximizing the associated World Bank project financing.

The World Bank management put forward a memorandum in February 1991 embodying a formal resolution for board approval to establish the GEF⁴. It was accompanied by a set of documents that described the new entity and its future functions, together with the arrangements tentatively agreed upon for its financing operational modalities, organization and governance. This was later known as the Enabling Memorandum⁵. The World Bank's board approved this proposal on March 14, 1991, by its Resolution No.91-5, which was followed later by the interagency agreement between the World Bank, UNDP, and UNEP⁶. The establishment of the GEF, however was not completed until the formal signing on October 28,1991, of the Tripartite Agreement for "Operational Cooperation" by the three heads of the implementing agencies⁷.

⁴ See, no. 1 p. 29.

⁵ Ibid.

⁶ Resolution No. 91-5 of the Board of Executive Directors of the International Bank for Reconstruction development says that "it is desirable to establish a Global Environment Facility (the Facility) in the International Bank for Reconstruction and Development (the Bank) to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development" International Legal Material, vol.30, no. 6 (1991), p. 1758.

⁷ Annex c to Resolution No. 91-5 contains procedural Arrangements for Operational cooperation among International Bank for Reconstruction and Development (IBRD), United Nations Environment programme (UNEP), and United Nations Development Programme (UNDP), for operational cooperation under the Global Environment Facility, International Legal Material vol. 30, no. 6 (1991) p. 1766.

Evolution of GEF into Permanent Mechanism

The GEF was initially on an experimental basis. The facility was designated as financial mechanism in Article 11 of the United Nations Frame Work convention on Climate Change(UNFCCC). The mechanism was to work under the guidance of and be accountable to the Conference of the parties, which should decide on its policies, program priorities and eligibility criteria related to this convention. It is only in a subsequent Article 21 of the UNFCCC that the GEF is mentioned as an interim arrangement. It was accepted as the financial mechanism only on the condition that it be appropriately restructured and its membership made universal. There was see-saw battle for restructuring between the developed and the developing countries. The former did not want to put their money in a mechanism in which their numerical inferiority will permit them to be outvoted in a one-country, one-vote ballot devised along traditional lines. The donors, generally, prefer the weighted voting system of the Bretton Woods agreement used by the World Bank and the IMF. Reflecting a similar fear of being marginalized, the developing countries did not want a Bretton-woods type decision making process utilized by GEF. They often criticises Bank's preferred way of doing business. The secretive, top-down, with a basic contempt for public

participation access to information, involvement of democratically elected legislatures and informed discussion of alternatives⁸.

The 1992 United Nations Conference on Environment and Development (UNCED) produced two conventions- Framework Convention the Climate Change, and Convention on Biological diversity as well as three other non-binding instruments, namely, the Rio Declaration, Agenda 21 and the forestry principles. There was a lot of discussion on the modality of restructuring of GEF. In the course of negotiation on climate change, Pakistan suggested the model of the Multilateral Ozone Fund. In this mechanism, which is called double weighted-voting system, the decision would be taken (in the absence of consensus) by majority vote of the donor-countries and the developing countries thereby reasonably safeguarding the position of both sides. Amidst these criticisms, changes and suggestions, the GEF was restructured⁹. The restructuring was done along the lines of Multilateral

⁸ Bruce Rich, Mortgaging the Earth The World bank Environmental Impoverishment and the crisis of development (USA: Earthscan publication, 1994) p-176

⁹ Representatives from 73 countries meeting in Geneva in March 14-16, 1994 agreed to transform the Global Environment Facility (GEF) from as an experimental programme into a permanent Financial mechanism that will provide grants and concessional funds to developing countries for project and other activities that protect the global environment. The Executive Directors of the World Bank adopted the instrument at a meeting in Washington D.C., on May 24, 1994 (Resolution No. 94-2, "The Global Environment Facility Trust Fund :Restructuring and First Replenishment of Global Environment Facility") and the Board of Governors of the Bank adopted a resolution on July 7th, 1994 approving cooperation by the Bank with other Interantional Organisations as appropriate to achieve the purposes of the GEF (Resolution No. 487, "Protection of the Global Environmet") International Legal Material vol.30 , no. 5, (1994), pp. 1279-1283. ___

Ozone Fund. Now, it came to be known as Global Environment Facility Trust Fund. During

the pilot-phase, it was called Global Environment Trust Fund. In the restructured GEF, replenishment was increased from \$ 1 billion SDR to \$ 2 billion SDR. At present, it is \$2.75 billion SDR¹⁰. In the new set-up, the agreed incremental costs of activities concerning land degradation, especially desertification and deforestation(as they relate to the four focal areas) was made eligible for funding. The GEF also does the job of leveraging¹¹. It has now authorized \$ 1.75 billion in grants, while leveraging more than \$ 5 billion from other sources. GEF continues to focus on its programs, streamline operations, build new investment partnerships with bilateral and multilateral institutions and non-governmental organizations (NGOs) and tap private sector resources. In this way, GEF can multiply its high-value grant resources many times over.

¹⁰ Environmental Matters Annual Review (Washington D.C. :The World Bank, 1999) P.66

¹¹ No definition of leveraging has been provided by the GEF Council or Secretariat, so the term has been used in different ways by Implementing Agencies and the Secretariat. The study team that studied GEF's overall performance defined leveraged financing as financing in conjunction with a GEF Project that supports activities producing global environmental benefit and that would not have been spent in the absence of GEF project or that would have contributed to global environmental degradation. The GEF also leverages money from private sector. This money is mixed with grant money of GEF to increase high-value grant resources many times over.

Objectives of the Study

The objectives of the study are to examine :

1. Whether GEF is a ploy on the part of the developed countries to continue their unsustainable model of development;
2. Practicability of GEF in the face of lack of awareness among local people regarding the importance of eco-systems, Non-GEF operations of the World Bank, Ecological sustainability through economic Globalisation and Control of green technology with the private hands;
3. Whether GEF is functioning in accordance with the provisions of the UNFCCC and the CBD.

Plan of the Study

This work is divided into five chapters. Other than this, subsequent chapters respectively are the Organizational setting of GEF, Project Implementation Issues and Problems, GEF and the Developing countries and the Conclusion. The Second chapter will discuss the role of implementing agencies-International Bank for Reconstruction and Development (the World Bank), the United Nations Development Programme(UNDP) and United Nations Environment Programme (UNEP) and their comparative advantage. It will also discuss the role of three major organs of the GEF-the Assembly, the Council and the Secretariat

The third chapter will deal with project implementation issues and problems. Discussion on the kinds of project and the stages involved in

project identification and project preparation will precede the main discussion relating to the hurdle coming in the way of implementation of a project.

The fourth chapter will focus on the issues and debates that are going on between the developed and developing countries on a wide range of issues like operationalizing the concept of additionality, the amount required to fulfill the terms of the UNFCCC and the CBD, association of the World Bank with the GEF, Global versus local environmental benefits, strategy of financing and the transfer of technology.

The last chapter will be conclusion which will provide ideas, suggestions, along with comments to strengthen the GEF.

Chapter –II
GEF-The Organizational Setting

GEF- The Organizational Setting

Introduction:

The task of addressing global environmental problem is gigantic. For, the execution of this task, the GEF or the Global Environment Facility doesn't have independent institutional personality. Nevertheless, the GEF has an organizational structure. The organization involves a wide range of activities which can be divided, according to Henri Fayol, (one of the propounders of the Formal Organizational Theory) into six groups - technical, commercial, financial, security, accounting and administrative. According to him, administration comprises five elements of forecasting and planning, organizing, commanding, coordinating and controlling¹.

In order to address global environmental concerns, the Facility needs to be able to use the best available technologies. Second, both the goals of the GEF and the technological implications need to be communicated to those in developing countries who will be responsible for formulating policies and managing environmental programs. Third, the GEF projects need to be identified, prepared, appraised, and supervised. These tasks will call for skills in training, technical

¹ Awasthi and Maheshwari, Public Administration, (Agra, 1995), Page 59.

assistance, and institutional strengthening. Fourth, the progress of the program needs to be carefully reviewed and monitored in order to provide feedback which can be an input at the three earlier stages described above. The need for putting these things into operation necessitated the joining hands between the three implementing agencies of the GEF project -the World Bank (IBRD) the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP).

Before going into the function and functionaries of the three implementing agencies , it will be appropriate to learn about the major organs of the GEF process.

Major Organs of GEF

The Assembly

The Assembly consists of all the countries participating in the GEF (164 countries are party to the GEF). Any country may participate with the expectation that developed countries will provide some financial help. The Assembly meets every three years to review policies and operations of the GEF, and can take decisions to amend "the GEF Instrument" . In a recent independent evaluation of the GEF, the Assembly in deciding allocation of the GEF resources among the implementing agencies - with 70 percent of the funds going to

investment projects and the remaining 30 percent to technical assistance projects - has called it arbitrary.² The Assembly left unresolved, however the issue of ensuring proposals, submitted by competing agencies, undergo an unbiased and in-depth review to determine their conformity with GEF objectives and criteria.

The GEF's First Assembly was held in New Delhi in April 1998³. Hundred and nineteen governments, sixteen international organizations and hundred and eighty five NGOs participated in this meet. In plenary sessions and panels, constituency meetings and press conferences, participants agreed that GEF has come a long way in a short time. They also agreed that it has far to go apply the many lessons it has learned. In the New Delhi declaration it has been clearly stated that the need for GEF is greater keeping in mind the number of its beneficiaries all over the world. The declaration underlines that GEF should remain innovative, flexible and responsive to the needs of recipient countries. In order to achieve this objective, the GEF should develop and implement an action plan to strengthen country-level coordination and to promote genuine ownership of GEF-financed activities, including the active involvement of local and regional experts and community groups in project design and implementation. The

² Gus Edgren, Nay H tun, and Robert Piccioto, The Global Environment Facility, Independent Evaluation of the Pilot Phase (Washington D.C.: The World Bank., 1994) 100.

³ Proceedings of the First Assembly of the Global Environment Facility (Washington D.C. : The World Bank, 1998), p. 9.

problem of financial sustainability was pointed out in the declaration; after the end of the project there should be National Environmental Trust Fund and the Consultative Groups or other funders for consolidation of the gains and also for the purpose of capacity building and training. Keeping in view the meagre resources that GEF has to give, it should strive to mobilize both public and private sources.

The Council

The Council is the main governing body. It meets twice a year and makes decisions about policy and operational matters taking into account decisions by the Assembly. As the financial mechanism for the biological diversity and climate change convention, the GEF is obliged to follow the guidance provided by the COPs of these conventions.⁴ The Council must also report back to the COPs on activities carried out under the financial mechanisms.⁵ The GEF is not the financial mechanism for the Montreal Protocol, but it still cooperates with its Cop. In other focal areas, such as of international river waters, GEF operational strategy is determined by the GEF Council.

The Council consists of representatives of 32 members derived from "constituency groups" of countries. It comprises 18 members from recipient countries (six for Africa, Six for Asia/ Pacific region, four for

⁴ Restructured GEF Instrument (Relationship and co operation with conventions) International Legal Material vol. 30, (1994) , p. 1291

⁵ Ibid, p. 1292.

Latin America and Caribbean and two for countries in transition) and 14 from non-recipient (developed) countries. Each Council member serves for three years or until a new-number is appointed by the constituency⁶.

It seems all Council decisions so far have been taken by consensus⁷. If a vote were necessary, it would be decided by using a double majority system (i.e a majority of donors and a majority of recipient countries is needed for a proposal to pass).

The Secretariat

The Secretariat supports and coordinates all major decisions of GEF. It is headed by a chief executive officer who reports to the Council and the Assembly. The Secretariat is located in the premises of the World Bank in Washington D.C. and has strong institutional linkage with it.

In the GEF Instrument, the role of the Secretariat is to "coordinate the formulation and oversee the implementation of program activities pursuant to the joint work program, ensuring liaison with other bodies as required" ⁸. The Secretariat carries out the functions through formal consultations with the Implementing Agencies. It also has the

⁶ Ibid, pp.1287-1288.

⁷ Stanley w. Burgiel and Sheldon Cohen, The Global Environment. Facility from Rio to New Delhi: A Guide for NGOs, (Washington D.C.: IUCN US 1997),, p.8.

⁸ Restructured GEF Instrument (The Role of the Council), Interantional Legal Material vol. 30.no. 5(1994) p. 1290.

responsibility of advising the CEO on whether or not to include a project proposal in the work programme of the GEF⁹. The Secretariat along with all implementing agencies, the Convention and STAP (Scientific and Technical Advisory Panel) constitute GEF Operations committee (known as GEFOP) which is the original mechanism for consultations on project proposals. There is a strong feeling among the participants that GEFOP tended to create unnecessary conflicts among Implementing Agencies as well as between the Secretariat and the agencies.

In July 1996, a shift in the policy of the Secretariat took place wherein management of the Secretariat, and that of the three Implementing Agencies agreed at a management retreat to a new procedure for project review. As per the new line, the Secretariat would consult bilaterally with each of the Implementing Agencies on the work program¹⁰. It was agreed that these bilateral consultations would "primarily address eligibility and programmatic aspects of activities proposed for funding in light of the GEF policies, operational strategy, and operational programs."¹¹ This shift has resulted in a reduction of conflict among the Implementing Agencies and more efficient use of

⁹ Ibid, pp.1289-1290.

¹⁰ Gareth Porter, Raymond Clemencon, Waafas Oforu Amaah and Michael Phillips, Study of GEF's overall Performance (Washington D.C.: GEF 1998) p. 60 This is the first study of the restructured GEF's overall accomplishments.

¹¹ Ibid.

time¹². However, the shift to bilateral consultations, however has left UNEP feeling more marginalized because it does not have joint upstream discussions with UNDP or the World Bank¹³. Moreover, the shift from multilateral to bilateral consultations has given much greater responsibility than previously to the GEF Secretariat for analyzing projects and determining whether they should be cleared for GEF Council Review. Implementing Agencies have believed that the Secretariat has sometimes screened projects not only for consistency with the GEF requirements but for issues of project quality that they believe are outside the Secretariat's proper purview¹⁴. The Secretariat has often raised issues of technical detail which fall within the jurisdiction of the Implementing Agencies¹⁵. The latter generally concede that the GEF Secretariat has a legitimate role to play in screening of projects to ensure that they meet the GEF eligibility requirements, are consistent with strategies underlying the operational programs, and have correctly calculated the incremented costs of the projects¹⁶. They, however, expect the Secretariat to avoid micromanaging the project preparation by the Implementing Agencies¹⁷.

¹² Ibid.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Ibid, p. 60.

¹⁷ Ibid.

The Secretariat's role on reviewing of a project relating to climate change and the incremental costs has been criticized by the World Bank coordinators and officials, from regional bureaus. Their objection is that the Secretariat questioned their judgements on technical assumptions underlying incremental cost calculations¹⁸. The Secretariat argued that in climate projects incremental costs cannot be separated from technical issues, which are therefore, a necessary part of its project function¹⁹. The management of the Secretariat recognizes the need to focus bilateral consultations on broader strategic issues rather than narrow technical issues or project quality²⁰.⁴ However, it is unwilling to give up the authority to review projects for the quality of incremental cost calculations because of the concern that, without such a Secretariat review, incremental costs will creep upward²¹. The team concluded that attempting to define precisely the scope of the Secretariat's role in project review may not be practical²².

The Role of GEF Chairman And Administrator

The guiding principle of the GEF Function was spelled out in the October 1991 agreement on procedural arrangements for the GEF which spelled out the specific responsibilities of the Agencies. According

¹⁸ Ibid, p.61.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid.

²² See, no.18 p. 61.

to this guidance and the expectations of the participants "modest modifications in the implementing agencies structures and systems would be acceptable; "consensus building" and informal arrangements" with a minimum of formal agreements would be the style of operations; external expertise would be drawn on to ensure the technical and scientific quality of proposed GEF activities.²³ In addition, the participants supported the idea that the World Bank should assume the responsibility for the chairmanship of the GEF with a view to achieving the abovementioned approaches for the GEF²⁴. The chairman would also be responsible for overseeing the administration of the Facility and GEF investment operations, which it was assumed, would be the bulk of GEF operations, as the participants originally intended²⁵.

The office of the GEF administrator and GEF investment coordinator was created in the World Bank (originally there was no such provision).²⁶ In later 1992, the World Bank reorganized and the Environment Department was placed under a newly created Vice-President for the Environmentally Sustainable Development. The GEF chairman reported to the participants that he would be assisted by the GEF Administrator appointed within the World Bank Environment

²³ See no. 2, p. 121.

²⁴ Ibid p. 121

²⁵ Ibid. p. 122

²⁶ Ibid.

Department. This function would be separate from the World Bank's coordinator for GEF Operations.²⁷

The Administrator (located at the World Bank) supports the Chairman, coordinates the world programs of the three Implementing Agencies, and oversees the administration of the GEF. The Administrator is also responsible for external affairs and communications strategy as well as the development of a policy and strategy work program to underpin the GEF and provide guidance in its implementation.

As a service support operation, the Administrator's office has performed well in meeting the increasing demands of the participants and maintaining support arrangements for their constantly increasing numbers. Its communications strategy (first outlined in 1991), included efforts to educate participants and governments about the GEF; to set up forums in country with implementing agencies staff, NGOs, the Press and government officials; support - speeches on the GEF; facilitate bilateral discussions and press briefings; and provide a range of documents, bulletins and promotional materials²⁸. This task has grown faster than anticipated and has become a major function of the office in conjunction with the demand for transparency. This

²⁷ Ibid.

²⁸ Ibid, p. 123.

strategy will need to be reconsidered in the light of the changes that occur in the GEF structures.

The major missing function of the Administrator's office is a systematic effort to capture and disseminate the experience of the Pilot phase. Planning for this work should have been laid out at the beginning of the Pilot phase and developed as the program progressed²⁹. Although the World Bank started work in February 1993 on a database for its projects, neither the UNDP nor UNEP has done so³⁰. This work may not fall directly under a communications strategy but a comprehensive GEF monitoring, evaluation, and dissemination strategy and operations plan for GEF as Whole is essential. Even with little implementation underway, the Pilot phase has brought out a number of techniques, approaches, practices and issues that would be helpful to those working on project development. The Administrator's office should have the lead in ensuring that this work is undertaken for the GEF as a whole.

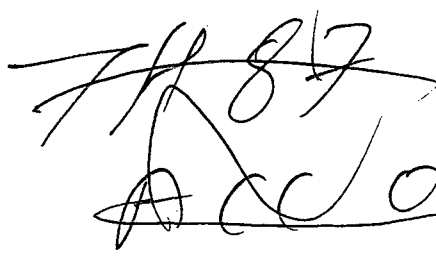

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The rotation of Chairmanship among the implementing agencies, has resulted in inconsistent leadership and decision making.³¹ However, the Administrator has been able to help moderate some of the differences among the agencies. And despite the Implementing

²⁹ Ibid.
³⁰ Ibid.
³¹ Ibid, p. 124.

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Agencies differences, the office has been able to put together five work programs for the participants³².

The evaluators reviewing the Pilot phase of the GEF pointed towards a number of inadequacies in the Administrator's office which deserve to be sorted out:³³(1) The lack of a fully developed functional statement for the Administrator and staff that spells out the office's authorities, and responsibilities for coordinating GEF operations; the Administrator's role as the Chair for interagency meetings; the office's responsibilities for leadership in policy development, resource allocations, applications of program and project criteria and the GEF system for monitoring, evaluation and dissemination;

(2) The inherent conflict in having both the GEF Administrator and coordinator for the World Bank's GEF investment projects report to the GEF Chairman who has responsibilities for the World Bank's environmental affairs, GEF operations generally, and the GEF investment operations in the World Bank; and

(3) Unequal reporting to and communication's with the implementing agencies by the Administrator.

Changes in these functions and relationships of the GEF Administrator and the staff are essential to improving the effectiveness

³² Ibid.

³³ Ibid.

of the GEF program. They are particularly important for establishing the Administrator's policy leadership and administrative authority in overseeing the work of the GEF as a distinct entity.

Functions of Implementing Agencies

The World Bank provides investment for the GEF projects, and is also the trust - fund (GETF) administrator. Within the World Bank, the GEF investment operations involve (a) the Global Environment Operations Coordination Division (ENVGC); (b) The Technical Department and Regional Environment Division; (c) the country Departments (CDS) and Sector Operations Divisions (SODs) ; and (d) the participation of other divisions within the Environment Department (ENV) and the World Bank generally.

The ENVGC is within the World Bank's ENV now under the newly created position of a Vice-President for Environmentally Sustainable Development. The Global Environment Operations Coordinator is the Chief of the ENVGC and acts as secretary of the Global Environment Operations steering committee. This committee is comprised either of senior operations Advisers or TD Directors from the World Bank's six regions who oversee GEF/MP operations in the World Bank as an advisory group to the Director of the Environment Department .

At the request of the Global Environment Operations Steering Committee, the regions have identified Global Environment Focal Points, in consultation with the newly appointed GEF Regional Coordinators. The teams will assist the regions with planning and development for the GEF work program and budget and with operations coordination.

Other organization units involved in GEF activities are the other divisions of the ENV (the office of the Director; Land, water and Natural Habitats; Pollution and Environmental Economics; and social Policy and Resettlement. They are frequently involved in GEF policy, strategy, and program review and development. Also the office of the Legal Adviser, Environmental Affairs, within the legal operations Divisions coordinates GEF legal matters and supports the legal counsel assigned to each GEF operation. The International Finance Corporation (IFC), a World Bank affiliate maintains an Environment Unit within its Technical and Environment Department, which coordinates GEF activities within IFC. Finally, the Trust Fund's Administration within the Controller's Department handles the financial management of the GEF, including the budget of the Administrator's office and the other implementing agencies and the allocations to the other implementing agencies .

United Nations Environment Programme (UNEP)

Unlike the World Bank and the UNDP, the UNEP is not a funding agency and does not normally implement country level development related projects. It has a budget approximately one - thirtieth the size of UNDP's and that budget has shrunk drastically in the last few years.³⁴

The main role of the UNEP, as one of the Implementing Agencies of the GEF, has been to:

- (1) Play a key role in strategic planning to set the operations of the GEF in the global and national environmental context and to ensure that the global policy framework of the GEF is consistent with the existing and emerging conventions and related legal instrument and agreements;
- (2) Play a key role in helping developing countries define their need to address global environmental issues supported by the GEF;
- (3) Ensure a better focus on high - priority projects in light of their expected global benefits, through identifying a number of GEF projects, participating in project development, providing technical opinions to STAP and the other implementing agencies, and

³⁴ Ibid, p. 100.

identifying suitable experts to be used by the implementing agencies ; and

- (4) Establish STAP made up of experts with a high level of skill and integrity and facilitate the panel's work as an independent advisory body by providing Secretariat Services.

According to the independent evaluators of the GEF Pilot - phase, it is not clear how much UNEP has contributed to ensure the global policy framework to be consistent with the intentions of the bio-diversity , the climate and the London dumping conventions, and the Montreal Protocol³⁵. The evaluators said that UNEP largely failed to ensure the consistency of the GEF policy framework with other global and regional legal agreements and inter- governmental programs relevant to the GEF focal areas³⁶. UNEP has played active role in disseminating information on existing and emerging technological developments through its normal programs and activities. According to the evaluators report, no major impact of UNEP on the GEF projects was noted in this regard³⁷.

The GEF unit of UNEP has made a concerted effort to facilitate the flow of information to UNEP focal points in countries throughout the world, the NGO community, and government personnel in a number of

³⁵ Ibid, p. 125.

³⁶ Ibid .

³⁷ Ibid, p. 126.

developing countries. It has also made a concerted effort to popularize idea about either GEF itself or the role of UNEP within the GEF. The evaluators observations of the GEF's evaluators have taken the view that the GEF unit of UNEP has failed to achieve high level of awareness, and develop a cohesive and coherent approach to communications and information dissemination³⁸. The evaluators observed that UNEP has not paid attention towards helping the developing countries in identifying their environmental problems and formulating projects that would be acceptable to the GEF. Instead of focusing on such activities, UNEP developed a large number of project proposals for implementation by GEF itself³⁹. The UNEP has made good effort by starting enabling activities which is due for the developed as well as developing countries as per the climate change convention. The enabling activities include descriptions of programs to address climate change and its adverse impacts, measures for abatement and enhancing sinks for green house gases, policy options for monitoring systems and for strategies for responding to the impact of climate change, and policy framework for implementing adaptation measures and response strategies.

³⁸ Ibid .

³⁹ Ibid.

The UNEP's personnel helped in formulation of the country studies and global bio-diversity assessment projects. The development of the bio-diversity project concepts and project documents has been undertaken by two units of UNEP: the GEF unit and the Bio-diversity Unit. The UNEP, with the support of the GEF, is initiating a Global International Water Assessment.⁴⁰ This action is based on the idea that environmental problems and issues are linked with the societal and economic causes⁴¹. There are sixty-six geographic units of assessment which are grouped into nine mega-regions for management purposes⁴²

STAP

The UNEP has set up STAP (Scientific and Technical Advisory Panel) and it provides the secretariat facility for STAP. The latter is a body of experts, that gives advice on broad scientific and technical issues. The selection of experts for the STAP is made on the basis of agreement among the three Implementing Agencies. They are appointed as STAP members by the Executive Director of UNEP. This body's status is independent of the implementing agencies.

The STAP was established with the following main purposes⁴³:

⁴⁰ John C. Pernetta "Rescuing the source of life", Our Planet (Extra) vol. 9, no.4, (1999) p. 11.

⁴¹Ibid.

⁴² Ibid.

⁴³ See, no.2,p.128.

- (1) to advise the implementing agencies on generic technical issues related to the implementation of environmental projects and programs under GEF; (2) to provide the Implementing Agencies with priority criteria for projects and programs in relation to global environmental objectives; (3) to advise on technological options and their cost effectiveness of addressing key environmental issues in countries where projects are planned.

STAP was expected, *inter alia*, to:

- (1) discuss the appropriate actions needed to address problems in the four GEF focal areas and may also consider whether other topics should be incorporated into GEF;
- (2) consider in each area of concentration the state of scientific Knowledge, the availability of new technologies and their suitability for application in particular country settings, and the relative priority different actions with the expectation that a set of guidance and criteria will emerge from these discussions; and (3) regulatory review evaluation and performance reports on the implementation of activities supported by GEF.

The screening of the project proposals through the meeting of STAP, and the attendance of STAP's Chairman and Vice - Chairman of the meetings of the Implementation Committee were the only steps

involving STAP substantively in the project development cycle. STAP has no influence on, or insight into the development of the projects before or beyond these steps, in spite of its Terms of Reference envisaging that it should regularly review evaluation and performance reports on the implementation of activities supported by the GEF⁴⁴. The STAP was not able to give a comprehensive strategy which would have guided the GEF⁴⁵. The STAP was always confronted with high pressure from the implementing agencies which were keen to obtain STAP's endorsement for their project proposals even before STAP had enough time to develop any meaningful strategy⁴⁶.

UNDP

UNDP, after the World Bank, is the second in importance among the Implementing Agencies since both the agencies are primarily responsible for the development of GEF projects. The UNDP/GEF Trust Fund rests with the Manager of the Environment and Natural Resources Group which organizationally falls under the Bureau for Programme Policy and Evaluation (BPPB). An executive coordinator for the UNDP/GEF office was appointed in early 1993 and the responsibility for the Trust Funds was turned over to him in June.

⁴⁴ Ibid, p. 129.

⁴⁵ Ibid.

⁴⁶ Ibid.

Under the central coordination of the GEF core unit, GEF operations are decentralized to the Regional Bureau for Africa, Arab States, Asia and the Pacific, and Latin America and the Caribbean, and the Division for Europe and the confederation of Indian states, each of which has a GEF Regional coordinator reporting to both the Regional Bureau Directors and the GEF Executive Coordinator. The various Bureaux are also involved in GEF Focal points, normally the Bureaux Deputy Directors.

Other organizational units participating in the GEF effort are the United Nations Sahelian office which has listed GEF funding for two of its projects and the revision for Global and Inter - Regional programs, which oversees the six global projects in the GEF portfolios. The Office for Project Service (OPS) provides the GEF with administrative support under the umbrella project for program development particularly in recruiting consultants. Operational links exist with several central finance and administrative services of UNDP. The latter oversees Small Grants Programs (SGP) for projects costing up to US \$ 50,000⁴⁷. The Small Grant Programs serve the purpose of the GEF through initiatives at local level.

⁴⁷ Stanely w. Burgiel and Sheldon Cohen, The Global Environment Facility from Rio to New Delhi: A Guide for NGO's (Washington D.C. : IUCN US 1997) p. 14.

The SGP Programs are managed by National Coordinators - either an NGO representative or an official based at the local UNDP office. National Coordinators are supported by National Selection Committees composed of other NGO representatives (mostly drawn from the local NGO community and usually from the better-known and larger NGOs that have their base of operations in the capital cities as well as government and UNDP representatives). The latter two act as observers but participate as requested by the committee's NGO members. These National Selection Committees review and approve Small Grant Project proposals for inclusion in the national GEF/SGP work program. The objectives of SGP are⁴⁸ to:-

- (1) demonstrate community level strategies and technologies that can contribute to reducing threats to the global environment if they are replicated over time;
- (2) draw lessons from community-level experience and support the spread of successful community-level strategies and innovations among community groups and NGOs, host governments, GEF development aid agencies and others working on a larger scale; and
- (3) build partnerships and networks of local stakeholders to support and strengthen the capacities of community groups and NGOs to

⁴⁸Ibid, p. 43.

address environmental problems and promote sustainable development.

Legal Status of the GEF

The main legal instrument of the GEF pilot phase was the World Bank Resolution that established the Facility, set up the Global Environment Trust Fund, and determined the conditions whereby countries would contribute to and participate in the Facility⁴⁹. The Resolution sets out its first stage project cycle for operation of the GEF by the Bank in its role as Trustee of the Fund and Administrator of the Facility. The Bank had the decision-making power for the Facility. It had the power to prepare work program and allocate the resources between itself and the other two implementing agencies .

The World Bank entered into agreement on procedural arrangements for operational cooperation with the UNDP and the UNEP, which provides legal basis for the pilot-phase GEF.⁵⁰ These entities of the UN were created through passing of Resolution in the United Nations

⁴⁹ It is the Bank's implied power to establish trust funds which provided a convenient legal basis for setting up the Facility without the need for external inter governmental negotiation or endorsement. The Bank is one of the specialised agencies of the U.N. and only specialised agency has the power to create such an entity. The UNDP and UNEP are programmes of UN. These were created through Resolutions passed in the General Assembly. They cannot create such an entity. See also no . 50.

⁵⁰ It is desirable to make arrangements for cooperation under Article V, section 2 (b) (V) of the Articles of Agreement of the World Bank among UNDP, UNEP and the World Bank, with the governing bodies of global environmental conventions and with other international organizations in order to promote achievement of the purposes of the World Bank and the Facility and the Executive Directors of the World Bank are recommending to the Board of Governors to adopt a resolution to make arrangements for such cooperation, International Legal Material, Executive Directors Resolution no. 94-2 Para (F) vol. 30 no.(1994) p. 1281.

General Assembly. These entities are programs of the UN, and not specialized agencies. The Bank's entering into agreement with these entities for operational cooperation rests on the idea of comparative advantage of these entities in the area of their specialization. Although the agreement takes the form of a formal interagency agreement, and is signed by officials from each of the agencies, its primary obligation is for the agencies to cooperate with one another, with the participants, and with the countries receiving assistance under the GEF. The countries receiving assistance could contribute to the GEF. During the pilot-phase, the eligibility criteria for a developing country to become participant was four million special drawing rights (SDRs). They had to pay their contribution of SDR four million over 8 years at 5 lakhs SDR. In return, the resolution entitled the participants to receive and review work programs and reports. The participants did not have formal powers to determine GEF policy or to approve GEF projects and consequently no rules of procedure governed their activities.

The legal and institutional basis for the pilot-phase GEF, established before the conventions were adopted at Rio. The developing countries got ready to accept GEF as interim financial mechanism of the UNFCCC on the condition that it would be restructured in such a way as to make it institutionally more compatible with the governing bodies of the two conventions (conference of the parties) it was to serve.

The main point on which the debate for restructuring hinged on was the relationship between GEF and the Conference of Parties (COP). GEF was a funding facility within the Bank and did not have the independent legal capacity to enter into an agreement or arrangement directly with the CoP, which had the legal capacity to enter into agreement with other entities⁵¹. The developing countries wanted that restructuring of the GEF should be done in such way so as to enable it to enter into legally binding agreements with the COPs. It was felt that such personality would enable the COPs to hold the GEF independently and formally accountable. This would have put a brake on the World Bank to keep the GEF under its complete control. At the same time, it was very difficult to do restructuring without the involvement of the Bank. It was necessary not only to retain the confidence of the donors, but also because neither UNDP nor UNEP had the legal or institutional capacity to create a GEF equivalent on their own.

The restructuring took place without making quite clear confusion over legal personality of the GEF. The restructuring took place in accordance with the present instrument. It was accepted in March 1994, by the representatives of the states participating in the GEF at their meeting in Geneva, (Switzerland). It was also adopted by

⁵¹ The provisions of Resolution No. 91-5 say that it is desirable to establish Global Environment Facility in the International Bank for Reconstruction and Development (IBRD) International Legal Material, vol.30, no. 6 (1991)p. 1758.

the Implementing Agencies in accordance with their respective rules and procedural requirements.

At the core of the GEF is the trust fund established within the Bank by a Board of Executive Directors⁵². The Bank acts as a trustee for the trust fund. As per the restructured GEF Instrument, GEF has to be accountable to the Conference of Parties, which has to decide on policies, program priorities and eligibility criteria for the purpose of the conventions⁵³. But the Instrument leaves unresolved the issue of what form the links between the GEF and CoPs might take. Apart from it, the GEF has an intergovernmental Council capable of taking decisions that direct the utilization of GEF funds and has the authority to hold accountable other international organizations i.e. UNEP, UNDEP, and the World Bank, for their GEF financed activities.⁵⁴

The Council has to ensure the effective operation of the GEF as a source of funding activities under the conventions. The use of the GEF resources as a source for such conventions should be in conformity with the policies, program priorities and eligibility criteria decided by the of each of those conventions⁵⁵. The Council has to ensure that any

⁵² Restructuring and purpose of GEF, International Legal Material, vol. 30 no. 5 (1994), p. 1285.

⁵³ GEF's Relationship and Cooperation with conventions, International Legal Material vol. 30 no. 5 (1994) p. 1291.

⁵⁴ The Implementing Agencies shall be accountable to the Council for their GEF financed activities, International Legal Material vol. 30 no. 5 (1994) p. 1290

⁵⁵ Restructured GEF Instrument (Relationship and Cooperation with Conventions), International Legal Material vol. 30 no. 5 (1994) p. 1291.

arrangement or agreements that are made are made in conformity with the conventions provisions⁵⁶.

As has been discussed, the state of GEF establishment and the text of the instrument appear not to give the GEF and its Council the full legal independence and capacity to enter into formal agreements. It appears, instead that the Trust Fund and the Trustee remain at the core of the Instrument. The Council may consider and approve such arrangements. However, the final authority rests with the Bank as Trust to "formalize" them.

Conclusion:- The organizational setting of the GEF is a bit large and complex too. It comprises of international agencies, Governments, NGOs, Community Based Groups, academic Institutions, and Individuals. In order to manage the flexible and responsible relationship among these agencies and groups, innovative techniques and informal arrangements are needed.

⁵⁶ Ibid, p 1292.

Chapter – III
Project Implementation : Issues and
Problems

Project Implementation: Issues and Problems

Project Preparation to Project Approval

There are three categories of project implemented by the GEF: (1) Full term project; (2) Medium size.Project; (3) Small Grant Programme.

The full term project has three main phases encompassing six steps. The first phase covers project identification to approval by the GEF Council; the second covers Council approval to Implementing Agency approval; and the third covers project start up, implementation, and completion.

The first phase involves the development of ideas into project proposals that must meet national and local priorities and are eligible for the GEF funding. This is usually coordinated by national operational focal points, usually a person or office in a relevant government department liaises with the GEF on all projects. During this first step, the Implementing Agencies work with the national operational focal points to develop project ideas and prepare project proposals. The project preparation is available through the GEF project preparation and Development Facility (PDF), which has three funding thresholds known as blocks ¹. Block A funds (upto US \$ 25,000) would be available at

1. Stanley w. Burgiel and Sheldon Cohen, The Global Environment Facility From Rio to New Delhi: A Guide for NGOs, (Washington D.C. : IUCN US, 1997), p. 14.

very early stages of project identification. Block B (upto US \$ 350,000) would be used for completing project proposals and preparing necessary supporting documentation. Finally Block C funds (upto US \$ 1 million) would be used in large-scale projects to complete technical design and feasibility studies².

STAP (Scientific and Technical Advisory Panel) reviews the project. It is recommended by the GEF secretariat to CEO, who submits it to the Council. The Council considers four proposed work programs per year: two at the Council meetings and two between meetings.

In the third step once a project is on the work program, the relevant Implementing Agency, prepares a final draft taking into account the Council's comments. The draft is then circulated to Council members. The fourth step in the project cycle, if there are no objections, covers the CEO endorsement of the project, and the Implementing Agency and the recipient country government can give their final approval of the project document.

Most of the actual project implementation is undertaken by the executing agency in the host country. The executing agency could be a government ministry, another UN Agency or an NGO. Often, components of the project are subcontracted to NGOs for implementation.

² Ibid.

For the Medium-size Project (MSP), there is little information regarding how NGO proposals will be received. The Implementing Agencies (the World Bank and the United Nations Development Program) are receiving proposals. The Governments, local community organizations, NGOs and academic institutions are eligible to apply. MSPs must be based on the national priorities of the country in which they are to be conducted, (i) Coincide with the GEFs operational strategy and operational programs, and (ii) be endorsed by the host country to countries.

The UNDP oversees small Grants Programme for projects costing up to US \$ 50,000³. Proposal for a project will arise at any level. Anyone who has a project should send a concept paper to National coordinator outlining the purpose, outposts and likely impacts of the project and the methodology and time table one proposes to follow. It should present a summary budget indicating contributions sought from SGP-India project makers on contributions and those from other sources. The concept paper should not be longer than three pages and should give the salient features and a brief organizational profile. After that, National coordinator will inform whether the proposal can be considered for funding and will provide him with necessary guidelines for preparing a detailed project proposal.

³ Ibid, p:14.

The detailed project proposal in all the three categories of project involves a number of activities- enabling activities, mass awareness programs, research, capacity building, training demonstration, travelling expenses and investments in the projects- that are going to be implemented.

Project implementation is a long-drawn out effort, since it requires involvement of a wide range of stakeholders. Participation of common man in environment related project is not an easy task in such a situation when they are faced with the basic problems like poverty, hunger, malnutrition and homelessness. In desperate circumstances, they prey upon natural resources to survive. On the one hand their immediate necessity should be fulfilled; on the other hand long-term global benefits for which the GEF provides fund in the four focal areas have to be kept in mind.

Biological Diversity Projects

Protection of environment and sustainable development is intertwined. Unless resources are sustainably used protection of environment is not possible. Sustainable use of resources is knowledge intensive venture. It requires skilled people with basic minimum knowledge of ecosystem. It can be justified on the basis of projects implemented by the GEF. In the project relating to protection of Olive Ridley Sea Turtles by the use of Turtle Excluder Device (TED) on the

Orissa coast, it was observed that fishermen considered sea Turtle of no use. It is harmful to fish. They killed turtle while bringing out fish from the net. The project report says that over 47,000 sea turtles are caught each year by the US shrimp fleet of which approximately 12,000 die.⁴ The local people and fishing communities need to be made aware of by the combined efforts of media, NGOs and Government that their long-term interest lies in the healthful survival of the very eco-system in which the endangered species like turtle, dolphin and horse hoe crabs live and move. The food chain of such ecosystems bind together the shrimps and fishes that the fishermen run after for their survival with the endangered species, just as the food chain in a forest ecosystem bind the tiger, deer and vegetation by the way of an organic interlinkage⁵. Thus the turtle being an indicator species in a typical marine ecosystem as that of Orissa, its survival shall be guarantee of the abundance of shrimp and fishes that the fishermen want so much.

In this direction, role of educators is very important. The project report says that the Government officials, who have shown indifference, routinism and at times gullibility while implementing sanctuary regulations need to be specially trained to handle the tangled issues like

⁴ See Project Report on Protection of Olive Ridley Sea Turtles by the use of Turtle Excluder Device (TED) Orissa coast. This project has been financed by GEF during 1996-1998. The project report is available in the Delhi based NGO, the Development Alternatives, which is the National Host Unit for Small Grants Programme.P-15

⁵ Ibid,p. 16.

conserving the endangered bio-diversity in the face of livelihood risks of the local people⁶.

In order to supplement their efforts, people have also to contribute. Increasing use of sea turtle products or eggs by people must stop to contribute the conservation efforts⁷. They should not throw plastic litter into the sea or coastal waterways. People living along the sea, should organize plastic clean-up campaigns. The coastal people have often been found to be involved in disturbing hatchlings wherever they go to sea turtle nesting beaches⁸. They rarely follow the instruction like avoiding use of white light. They are instructed to cover flash lights with red plastic and do not take photographs until the females have actually began to lay their eggs⁹. Thus without cooperation and sincere effort by people living in the coastal town and along the coastline, conservation efforts can prove futile.

The inadequacy of laws relating to environment protection have proved to be bottlenecks in the success of a project. In the Project-Distribution Behavior and Conservation of Endangered Gangetic Dolphin and Awareness Program for its protection- inadequacy of laws surfaced. The Indian Wild life Act (1972) that prohibits the catching of dolphins

⁶ Ibid.

⁷ Ibid, p. 4.

⁸ Ibid.

⁹ Ibid.

should not only be more effectively enforced. The Act provides for the designation of sanctuaries but no river sanctuaries have been created¹⁰.

The Environment Protection Act (No.57-c, 1986) is primarily concerned with environmental pollution from industrial discharges with hazardous substances. It lays out the powers of the central government to take action to prevent environmental pollution. It defines "environment" to include water, air and land and the interrelationship, which exists among and between water, air and land and other living creatures. This law does not specifically provide for a procedure to assess the environmental impact of various industrial projects or other sorts of development¹¹. The procedure of environmental impact assessment could be included in the law by amending it¹². The people associated with implementation of the project said environment impact reviews could be useful for protecting river dolphins as industrial pollution, water diversion and dam construction are considered to be major factors in influencing the decline of the Gangetic dolphin (*Platanista gangetica*)¹³. In this project also, perennial problem of absence of awareness among people posed difficulty. Most people were not aware of the National

¹⁰ See Project Report, Distribution Behaviors and conservation of Endangered Gangetic Dolphin and awareness Program for its Protection (1997-1998), p-4 This GEF financed small Grant Project Report is available in the Development Alternatives, which is the National Host Unit for SGP Small Grants Program (SGP).

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

Chambal River Sanctuary (NCRS) (600km stretch) nor about Ganges River Dolphin¹⁴.

The local people are aware of the ill effects of the forest cover and have participated in 'social forestry' programs. They are unable to appreciate the ecological aspects of bio-diversity loss that is outside the scope of their local knowledge systems¹⁵. They are acutely aware of the loss of species for which they have specific uses and names. Most other species that they use as fuelwood and for small timber having no local names are clumped into a rather amorphous category of jungali plants¹⁶. They appreciate that protecting species is important but are unclear about the cause and effects of extinction. These issues again highlight the same problem that lack of knowledge and awareness among local people is a big hurdle to the bio-diversity conservation.

One of the shining examples of bio-diversity program matching the variety of needs of different groups is in the New Ireland province, an island in the Papua New Guinea (PNG) archipelago facing threat from industrial logging. The UNDP (United Nations Development Program) along with the Lak Integrated Conservation and Development Project (ICAD), sought to address the development needs of local population in a sustainable way that also conserved biological resources. The advent of

¹⁴ Ibid, p. 5.

¹⁵ See Project Report, Nurseries for Indigenous Plant Species of the Western Ghats Through local initiatives in schools, The Project Report is available in the Development Alternatives (1997-1998)p.34.

¹⁶ Ibid.

regular meetings of the ICAD committee and village communities quickly revealed that Lak villagers were far from committed to implementing an ICAD project¹⁷. Industrial logging was well under way and the community was not about to dismiss the potential royalties. The implementation of the project depended entirely on gaining local cooperation, due to PNG's particular social and political environment. Although the government has taken legislative and other steps to demonstrate its commitment to conservation, it has limited ability to influence land by enforcing regulatory measures. Clan groups hold customary tenure of more than 97 percent of the nations land and water resources¹⁸. They often regard conservation and development as mutually exclusive and use their forestry and mineral resources as leverage to demand development benefits from outsiders¹⁹. Villagers view royalties from logging as an attractive windfall especially compared with self-help initiatives promoted by conservationists, which require much more work and reap smaller immediate benefits. To compound matters, Papua New Guinea's high-risk business climate give logging operators a short-term view of forest management; the government has come to depend on revenue from logging and mining companies²⁰. As a result conservation policies and programs were accorded low priority. The

¹⁷ GEF lessons Notes (Washington D.C.: GEF 1998) p. 2.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

project staff continued their concerted effort to gain cooperation of local people by offering an “early rewards schedule”, a package of immediate, and small scale development initiatives as visible sign of commitment by conservation proponents toward local communities²¹. After two years of concerted effort, however, the community continued to waffle in its support for long-term integrated conservation and development and logging continued to deplete the forest resources needed to support sustainable development. In August 1996, UNDP and DEC decided to terminate field operations at Lak.

In such a situation the way project staff interacts with communities especially at the outset, is critical for gaining and keeping their respect and avoiding expectations of rapid or easy returns. New skills are frequently needed by project staff and organizations (including NGOs). So is patient and continued support from project executing agencies. Project implementers often need to resist pressures for rapid project implementation in order to have time to build sufficient trust and understanding in communities. Only in this way can they help communities identify their own solutions and development options, which are critical steps in the long term conservation and sustainable use of bio-diversity and natural habitats.

²¹ Ibid.

Experience of the three of the bio-diversity projects included in the Project Implementation Review 1997, show that community involvement can give rise to short term difficulties as communities and other groups have a voice for the first time. This can be especially true when project implementers do not have the right skills or when attention to social issues is inadequate. In Cameroon, efforts to involve communities exacerbated potential conflicts among stakeholders by bringing them into the open²². In Uganda, local politicians tried to direct funds intended for conservation to broader community needs²³. And in Panama, issues arose about the extent to which traditional authorities represented the views and interests of forest communities²⁴. These problems do not argue for avoiding increased stakeholder involvement. On the contrary, resolving issues like these may well be essential for achieving long-term sustainable development and global environmental benefits. But they illustrate some of the complications more participatory approaches can entail.

It has often been seen that a lot of time is consumed in building broad support from political leaders and middle managers and from the variety of government agencies that influence a project. It requires conscious effort and often as much attention as project activities. For

²² Project Implementation Review (Washington D. C. : GEF 1997) p.19.

²³ Ibid.

²⁴ Ibid

example, securing agreement to pump water back into the Azraq Oasis to restore it was the result of persistent efforts over more than two years to generate political and community support²⁵. An information campaign, including media coverage of the plight of the oasis and the communities who depend on it, was developed. The project also helped create a local organization, Friends of Azraq, which became a strong advocate for rehabilitation and sustainable management of the wetland²⁶. Similarly, the NGO that executed the Patagonia project in Argentina was led by influential people from the region who, together with the director of its US based partner NGO , played a valuable role in fostering government support²⁷.

The politics of the concerned country also confront the implementation of a project. In Bolivia, the Protected Areas Project developed a very close relationship with one administration, but when the government changed following elections it cast doubt on the project sustainability²⁸. Upcoming elections in Belize delayed passage of legislation crucial to the Coastal Zone Management Project's success²⁹. It is essential that project must remain neutral. If not, they risk compromising their integrity following changes of local or national leadership. However, integration of a project with national and local

²⁵ Summary Report Study of GEF Project Lessons (Washington D.C. :GEF, 1998) p.8

²⁶ Ibid.

²⁷ Ibid.

²⁸ Ibid.

²⁹ Ibid.

interest in addition to aiming to achieve global environmental benefits is key to gain recipient ownership and commitment. It is also important keeping in view project's long-term replication and sustainability. At times, weak recipient commitment has proved to be hurdle in the successful implementation of a project. In a few cases, it so happened that it led to a shift in implementation responsibility from national institutions to the implementing agencies³⁰.

The Role of Government And its Agencies

The study team (the team which studied GEF's overall performance) found that the Implementing Agency has usually failed to obtain formal assurances from government in project agreements about policies and activities that could affect project success. In only two of the seven projects did the Implementing Agencies obtain formal assurances from the government that were adequate³¹. The difference between taking project assurance and not taking project assurance can be judged from the India Eco-development project. The World Bank raised the problem of development activities that might impinge on project success-logging practices, road building, mining, cement manufacturing, and tea and teak plantations- during project development and insisted that the

³⁰ Ibid.

³¹ Gareth Porter, Raymond Clemenson, Waafas Ofosu-Ammah and Michael Phillips, Study of GEFs overall Performance (Washington D.C. : GEF,1998). P.60 This is the first study of the restructured GEF's overall accomplishments. The study was conducted by the GEF Senior Monitoring and evaluation Coordinator.

project agreement include assurances that the government would not permit such activities either in the project area or areas adjoining it³². As a result, the Indian Ministry of Environment and Forest drew up a list of twenty-nine development projects that had to be kept at a reasonable distance from the project sites³³. In the case of the Egypt Red Sea Coastal and Marine Resource Management Project, the World Bank identified unregulated tourism, but did not identify government subsidies to develop tourism, in the form of the sale of coastal land at bargain basement prices, as an issue that had to be addressed in the project preparation stage³⁴.

In addition to taking formal assurances from governments in project agreement, it is essential to integrate bio-diversity conservation with relevant sectoral or cross-sectoral plans, programs and policies. This is emphasized in Article 6(b) of the Convention on Biological Diversity, which requires parties to “integrate, as far as possible and as appropriate, the conservation and sustainable use of biological diversity into relevant or cross-sectoral plans, programs and policies”³⁵. The cross-sectional issues emanate from laws, policies and incentives in economic development sectors such as agriculture, forestry, mining transportation,

³² Ibid.

³³ Ibid.

³⁴ Ibid, p.34.

³⁵ Article 6 of the Convention on Bio-diversity prescribes certain measures which a contracting party should take in accordance with its particular conditions and capabilities., Interantional Legal Material , vol.3 no.4 (1992). p.825.

hydropower irrigation, and even in international trade agreements and export and import subsidy policies of other countries³⁶.

The key agencies responsible for land use decision-making in such areas as agriculture, forestry, mining, transportation and energy have been relatively uninvolved in National Bio-Diversity Strategy Action plan preparation³⁷. The main reasons seemed to be (i) lack of bio-diversity knowledge and awareness outside the traditional bio-diversity constituency, (ii) institutional arrangements that do not encourage bio-diversity into other sectors in ways that are meaningful to planners and most seriously, (iii) a lack of support to pursue sector specific pilot enabling activities through the Enabling Activity Window, and (iv) an unwillingness to identify and begin addressing the real and politically difficult trade offs required in countries if current rates of bio-diversity loss are to be reduced³⁸.

The officials from key sectors (fishery, agriculture, and forestry) took part in the National Bio-diversity Strategy Action Plan consultation. But they did not participate in their official capacity. It was often not clear whether the issues or messages emerging from the National Bio-diversity Strategy Action Plan preparation being transmitted to let alone seriously considered by senior officials in these other sectoral agencies³⁹.

³⁶ Interim Assessment of Bio-diversity Enabling Activities(Washington D.C.: GEF, 1999) pp. 44-45

³⁷ Ibid ,p.45.

³⁸ Ibid.

³⁹ Ibid.

For serious consideration among the various sectors, it is important that economic value of bio-diversity should be recognized. For the conservation of bio-diversity economic policies or instruments have a key role to play. There is need to recognize synergistic importance between tourism and conservation. This lack of in-depth consideration of economic aspects of bio-diversity conservation seems to have contributed to many of the bio-diversity action plans appearing heavily dependent on funding from international donors and to the economic value of bio-diversity not being emphasized sufficiently to help bio-diversity be appreciated by ministries dealing with overall economic planning⁴⁰.

In countries faced with high-population density and low growth, bio-diversity programs are particularly vulnerable. In most countries, it has been clearly seen that exploitation of natural resources almost takes precedence over conservation. The most glaring irony with regard to the bio-diversity projects (World Bank Quality Assurance Groups Review of Africa Projects) is that it is unlikely to be sustainable in countries with stagnant economy where many of the world's ecosystems are most diverse abundant or threatened⁴¹.

⁴⁰ Ibid.

⁴¹ Global Environment Facility Project Performance Report (Washington D.C.: GEF, 1998 p.26 This is result of the World Bank's Quality Assurance Group (QAG) which assessed four bio-Diversity projects in Africa; fifth was assessed in 1998.

Climate Change Projects

After bio-diversity, climate change drew the highest allocation by the GEF. Unlike bio-diversity, implementation of climate change related project is less problematic because of the fact that the number of stakeholder involved is comparatively less. The focus of the climate change related project is on renewable resources. The renewable resources are of five types: biomass, gasification, wind, solar photovoltaics (PV) or water heating, solid waste, and geo-thermal. In addition to it, there are projects aimed at energy efficiency and conservation. There are five basic types of projects in this category: demand-side management, efficient lighting buildings, boiler conversion and transport. There are projects which come under the category of enabling activities that help developing country parties to the United Nations Framework Convention on Climate Change (UNFCCC) prepare their national communications to the convention. The ultimate objective of all these projects are to replace green house gas emitting energy by clean energy.

The lack of awareness among people relating to clean energy and its long-term impact on our planet proved to be the main obstacle. The awareness among people pushes the agenda for the adoption of the clean energy policy framework by the government. The latter on its part has to provide incentives for the adoption of alternate energy and more energy

efficient products and technologies. But owing to a number of factors (keeping the price of food low, keeping the farmer satisfied or wooing them) the government provides subsidy. It has been closely observed that underpricing of energy has led to misuse of energy. The implementation of the GEF related project in the area of generating clean energy became possible at the expense of the subsidies. The sustainability of a project remains in doubt after the completion of GEF funding. For the long-term financial sustainability of the project, creation of conservation trust fund is needed.⁴² For this, funds from income-generating activities can be raised. Besides it, impact of supportive policy framework and incentives for the adoption of alternate energy and more energy efficient products and technologies is required. It has led to involvement of private sector. For example, the wind farm component of the India alternate Energy Project helped bring about policy changes by state governments that created incentives to attract private investment in wind power facilities⁴³. A local manufacturing base producing wind generation equipment emerged as a result. In the China Sichuan Gas Transmission project, pricing policies were clearly identified as the key factor to sustain incentives for reducing gas leaks⁴⁴.

⁴² Project Implementation Review of the Global Environment Facility (Washington D.C.: GEF1997), p.13

⁴³ Ibid,p12.

⁴⁴ Ibid.

The lack of stakeholder involvement has been a key reason for poor progress in several projects. For example, inadequate stakeholder consultations at the outset delayed implementation of the India Development of High Rate Bio-Methanation Processes and Optimizing Development of small Hydel Resources in the Hilly Region projects⁴⁵. The level of community participation in the Hilly Hydel Project has led state governments in India to reconsider the importance of stakeholder participation in the small hydro sector⁴⁶. Lack of stakeholder consultations also created delays in the selection of sites for several projects.

The technologies which are aimed at reducing the long-term costs of new low GHG emitting technologies are often limited to one or two countries. This limits opportunities to gain experience under a variety of settings⁴⁷. The energy service companies are supposed to play significant role in the removal of barriers to energy efficiency and energy conservation. There are several issues-legal, regulatory, institutional and financial-which often limit effectiveness of the energy service companies⁴⁸.

⁴⁵ Ibid, p.13.

⁴⁶ Ibid,

⁴⁷ Ibid.

⁴⁸ Ibid.

International River Water

The protection of international water ways is the least prominent of the three GEF areas of action, considering the allocation made for it for the period 1998-2002. For the international river water project emphasis is on regional solutions to pollution concerns and the use of coordinated sets of policies at the national level. Given this, it is perhaps not surprising that international waters projects clearly will be the most difficult to coordinate and implement. The river water project is also difficult to design, because of lack of experience in project development in this area. Some projects also suffer from more specific problems. The Danube River Project, for example, involves countries that may not be eligible for GEF funding.

Issues Of Incremental Cost

The issue of incremental cost also creates problems for GEF funded project. The cost that is to be given to the developing countries should be full. It is mentioned in Article 20(2) not to permit transfers less than full incremental cost unless agreed by the Conference of the Parties⁴⁹. If transfer is less than full, then domestic benefits which play a role in determining transfer of resources disappear. If transfer is less than the full, then transfers simply cease to be relevant.

⁴⁹ Article 20(2) of the Convention on Biological Diversity says that the developed countries have to provide the agreed full incremental costs to developing country for implementing measures to fulfill the obligation of the Convention., International Legal Material .vol.31. no.4 (1992), p.830.

Second issue concerning the incremental cost is the cost-efficient transfer. The question arises as to how cost-efficient transfer the resources would be. One possible way is some portion of domestic benefits can be deducted from the transfers for each individual project. Otherwise the transfer will be larger than if they were deducted⁵⁰. The question is whether this outcome is consistent with the intentions of the convention. The convention itself does not talk about cost-efficiency. This could also be held to be inconsistent with the focus of the GEF on country-driven activities. Another view is that emphasis of cost-efficiency diverts attention away from efforts to increase the overall size of the budget for bio-diversity conservation⁵¹. That is incremental cost is whatever it costs to secure given commitments under the convention, and the sum of all the incremental costs is then the budget required⁵². It means that there is no need to consider priorities because the budget will always respond to whatever the priorities are in such a way that they can all be met⁵³. This is not the correct way to think since endowments for the financial mechanism have already been made⁵⁴. They might indeed be revised upwards as the scale of the problem is recognized, but it

⁵⁰ David pearce, Capturing Global Value (London : Earthscan. , 1995 p. 167.

⁵¹ Ibid, p. 168.

⁵² Ibid.

⁵³ Ibid.

⁵⁴ Ibid.

seems unlikely that the budget simply respond to whatever projects happen to be presented⁵⁵.

The analytical rules suggest a distinction between 'gross' and 'net' incremental cost. Gross incremental cost is the cost of meeting the global or domestic environmental objective relative to what the country would have done. Net incremental cost is the gross cost minus some proportion of domestic benefit⁵⁶. The latter interpretation is indifferent to the primary concerns of the developing countries. The national benefit bonus is the price for accepting projects, which meet the priority concerns of the North, not the South. Those priority concerns are made very clear in CBD itself.

Article 20(4) states: The extent to which developing country parties will effectively implement their commitments under the convention will depend on the effective implementation by developed country Parties of their commitments under this convention related to financial resources and transfer of technology and will take fully into account the fact that economic and social development and eradication of poverty are first and overriding priorities of the developing country parties⁵⁷.

Moreover, the national benefits obtained will help to contribute to the sustainability of the project by providing an incentive to local people to comply with project objectives. The argument in favour of the net cost principle does not take the objective of sustainability. The argument that domestic benefits may be legitimately cut down in the calculation of the

⁵⁵ Ibid.

⁵⁶ Ibid.

⁵⁷ Article 20(4) of the Convention on Biological Diversity, International Legal Material ,vol.31 no.4 , (1992) p.830

transfer, which is an outcome of the GEF money. The intervention result is less pollution. This benefits bio-diversity, but it also benefits the host country's population at large⁵⁸. Now suppose that reducing pollution for the benefit of the population was not a national priority in the host country prior to the intervention. This amounts to saying it was not in the baseline. If this was not in the baseline, then it should not be regarded as benefit to the host nation in the context of the project. It is rather like a 'free good' that is not highly valued⁵⁹. Suppose pollution reduction was in the baseline, then its achievement in the project means that it is netted out-alternative is always relative to the baseline⁶⁰. In otherwords, some of the apparent domestic benefits arising from GEF interventions are likely to make little or no difference to the calculation of incremental cost.

The cost effectiveness principle certainly makes sense. But in order to conserve bio-diversity cost-effectiveness principle is not the all-important. There is a real risk that focussing on very narrow legal interpretations will result in less conservation that could otherwise be achieved with the modest resources available.

To calculate incremental costs requires a baseline in order to answer the questionnaire "incremental" to what? Establishing the

⁵⁸ See, no. 50, p. 168.

⁵⁹ Ibid.

⁶⁰ Ibid.

baseline is difficult, partly because the baseline is never actually observed if the project is completed and partly because the baseline and economics of the project itself will be affected by the policy background⁶¹.

Conclusion

Project implementation is a long drawn out effort, since it requires involvement of a wide range of stakeholders. Moreover, project is to be implemented in developing countries where exploitation of natural resources almost takes precedence over conservation owing to poverty and ignorance among local people about the importance of ecosystems. In such a situation, bio-diversity programs are particularly vulnerable. In the case of implementation of climate change related project, problem is less problematic because of the fact that the number of stakeholder involved is comparatively less. There is urgent need on the part of various ministries to recognize synergistic importance between environment and development. They will have to work in consultation with various stakeholders and also they will have to make serious effort to address the immediate necessity of local people.

⁶¹ Ibid, p. 173.

Chapter – IV
GEF and the Developing Countries

GEF And The Developing Countries

Perspective

Environment has emerged as one of the important areas, which has witnessed consistent involvement of the developed and the developing countries. Both have their own viewpoints on environmental degradation. The developing countries have held the developed countries responsible for excessive emission of green house gases (GHGs) as a result of unsustainable consumption of fossil fuel. They have also accused them of raising impediments in their path of development by raising the issue of environment. The developed countries consider that developing countries having approximately eighty percent of the World's population are the potential future polluter. They are also likely to be the main victims. Many developing countries (particularly small island states) are extremely vulnerable to the impact of climate change. A relatively high proportion of their income is derived from climate sensitive activities such as agriculture and fisheries. Furthermore, climate change is likely to hit poor countries the hardest because they cannot afford to pay for adaptation measures and do not possess the infrastructure and technology which are needed to implement them.

It has been estimated that one metre rise in sea level will result in inundation of hundred coastal towns including New York city and the loss of 970 billion dollar. The biggest of the world industry today is

tourism. Most of it is in coastal areas and brings in billions of dollars in revenues in every year.¹ The developed countries are required under Articles 4 (3) and 20 (2) of the United Nations Framework Convention on Climate Change and the Convention on Bio-diversity respectively to provide new and additional resources including technology to the developing countries to meet the agreed full incremental costs.²

A treaty enters into force and becomes binding on its parties on the basis (*pacta sunt servanda*) of the underlying principle of customary law. There are arbitral judicial precedents (Trail smelter award and the Corfu Channel Case) which support the view that a state is obliged not to cause injury by fumes to the territory of another, or it is the every state's obligation not to allow knowingly its territory to be used for acts contrary to the rights of other states.³ The judgement does not suggest what the environmental rights of other states might be, and its true significance may be confined to a narrower point about warning other states of known dangers.⁴

The developing countries have based their claims for assistance by industrialized countries to finance environmental policies on two legal

¹ Edward Goldsmith and Caspar Henderson, "The Economic costs of climate change" *The Ecologist* vol.29, no.21, (1999) pp. 98-100.

² Article 4 (3) of the UNFCCC, *International Legal Material*, vol.31 no.4 (1992), pp.855-859. Article 20(2) of the CBD, *ILM* vol.31, no. 4 (1992), P.830.

³ Corfu Channel Case, *ICJ Report* (1949), p. 22.

⁴ Patricia W. Birnie and Alan E. Boyle, *International Law & The Environment* (Oxford: Clarendon, 1992) p.90

grounds: (i) reparation for wrongful conduct or (ii) a general duty of industrialized countries to financially and technologically support the environmental policies in the south for issues of "common concern of humankind."⁵ There is an ample evidence of continued international support for the broad principle that states must control sources of harm to others or to the global environment. In particular, Principle 21 of the 1972 Stockholm Declaration is important because it affirms both the sovereign right of states to exploit their own resources 'pursuant to their own environmental policies' and the responsibility' to ensure that activities within their jurisdiction or control do not cause damage to the environment of other states or to areas beyond the limits of national jurisdiction.⁶

There is emerging trend in the last one decade to finance the environment protection efforts in the South by the North. The creation of Multilateral Ozone Fund concerning phaseout of ozone depleting substances (ODS) strengthened the ground to finance projects in the South. These arguments ranging from political, economical and legal appear to have pushed the idea of having Global Environment Facility. But it is not as simple. The advocacy to protect environment by the developed countries lacks of sincerity, universality, and full of vested interests. The arguments in support of this view follow now.

⁵ Frank Biermann, "Common Concern of Human Kind." The Emergence of a New concept of International Environmental Law Band 34 Heft 4 (1996) pp. 426-441

New And Additional Cost

It appears fine that the developed countries have agreed to provide fund to check environmental degradation in the developing countries. It has been insisted that the fund which would flow out of the purse of the developed countries through Global Environment Facility would be new and additional. It means that the cost would be in addition to conventional aid. The aid would meet the agreed full incremental cost or the extra cost that will be incurred in meeting the cost by replacing environment unfriendly component by an environment friendly component.

In operationalizing the concept of additionality, a lot of difficulties were encountered. The most important difficulty arose on the selection of a base year against which Official Development Assistance (ODA) and GEF resource flows could be compared.⁷ Although developing countries tend to consider 1992 (the year of the Rio Conference) as the base year, many donor countries maintain that “new and additional” simply refers to funding efforts that go beyond the level of ODA resource that would have been allocated without the existence of GEF.⁸

⁷ Gareth Porter, Raymond Clemencon, Waafas O fosu –Amaah, and Michale Philips, Study of GEF's Overall performance (Washington D.C: GEF 1998), p5.

⁸ Ibid.

“Only a definition of new and additional funding that is based on the level of development assistance level in a base year can be operationalized to be used to determine whether donor countries have actually met the obligation.⁹ A definition that requires the use of a counterfactual (what would have been the level of ODA in the absence of GEF?) cannot be used for that purpose, because there is no objective basis for determining if allocation of GEF resources in donor country budgets has come at the cost of ODA resources¹⁰. And it is not clear what base year would be chosen for the purpose of comparison: should it be 1991 or 1992. Should new and additional resources be calculated for each successive GEF replenishment on the basis of the ODA level at the beginning of the replenishment”¹¹.

The second source of difficulty is the lack of clarity in answering the question about what data should be used for the base year and subsequent years. Should it be only grant assistance? Grants and concessional loans? Non- concessional loans? The official development assistance tools provided by the OECD (Organisation for Economic Cooperation and Development) Development Assistance Committee (DAC) include a range of financial flows going beyond grant assistance,

⁹ Ibid .

¹⁰ Ibid .

¹¹ Ibid .

including bilateral debt relief, bilateral loans, and contributions to multilateral institutions, including the World Bank and multilateral development banks. However, it has never been established what should be included in the yardstick for determining “new and additional”.¹²

The demand of developing countries to recognize the year 1992 as the base year for determining new and additional financial flow in comparison to the gross ODA is counted, the OECD DAC figures show a decline in the total from close to \$ 61 billion in 1992 to a little more than \$ 55 billion in 1996¹³. If only bilateral grants were counted, the trend would be shown to have gone up since 1992.¹⁴

It seems that many of the donor economies are recession bound. If any new money is to be forthcoming, it will probably be of limited quantity targeted at global environmental problems rather than poverty alleviation and transferred via the donor’s conduit: GEF.

Secondly, the extent to which the developing countries will be expected to fulfil their responsibilities under the two conventions hinges largely on whether the Developed country parties effectively fulfil their commitments in accordance with Articles 4 (3) and Article 20(2) of the

¹² Ibid .

¹³ Ibid .p.6

¹⁴ Ibid.

UNFCCC and CBD respectively concerning the financial resources and the transfer of technology. Thirdly, the developing countries will condition the implementation of their commitments on the notion that economic and social development and poverty eradication are their first and overriding priorities. Hence, it is clear that progress towards the objective of the convention depends on the provision of adequate funds and technology to the developing countries as on the recognition that their developmental objectives cannot be subordinated to purely environmental goals.

Estimation of the Amount Required

In the estimation of UNCED, the amount that is required to implement Agenda 21 is \$ 600 billion per year from 1993 to 2000¹⁵. The expectation was that the South would provide the bulk of this new money but that the developed countries would still have to contribute annually \$125 billion of additional grant and concessional financing, (roughly double that which is currently giving).¹⁶ On average, the contributions of the member countries of the organization for Economic Cooperation and Development (OECD) amount to about 0.33 percent of

¹⁵ Andrew Jordan, "Financing the UNCED Agenda. The controversy over Additionality," Environment vol.36, no.3, (1994)pp.18-31.

¹⁶ Ibid.

the OECD gross national product (GNP) ¹⁷. The Secretariat's estimate of the annual cost of implementing the terms of the two conventions, on climate change and bio-diversity ranged from \$30 billion to \$70 billion.¹⁸ The worldwide cost of phasing out of production of CFCs (ChloroFluro Carbon) has been estimated to be \$ 1.8 billion per year from 1990 to 2008.¹⁹ Moreover, the annual cost between 1990 and 2000 of implementing various sustainable development packages has been estimated to be between \$ 60 billion and \$ 100 billion.²⁰

The high expectation from the developed countries that they would be ready to bear the entire burden of expenditure that is required to address the field of four focal areas of climate change, the biological diversity the ozone layer depletion and the international river waters does not look promising. The developing countries transfer \$ 50 billion each year in debt service payments, capital and interest to the creditor nations. If the developed countries were to divert part of this sum towards global environmental protection and sustainable development, our World would be a better and safer place to live.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

The GEF and the World Bank

The World Bank is the most influential implementing agency in comparison to the other two, UNDP and UNEP. The influential position of the World Bank could be traced to handing over the role of mobilizing resources with the intention that it would be easier to mobilize resources with the World Bank at the helm. The GEF came into existence with the directive passed by the World Bank. The latter is the trust fund administrator. Therefore, it can be argued that GEF is closely linked to the World Bank.

The dominant role of the World Bank has been a source of mistrust. Developing countries have tended to argue that financial mechanisms should be established under the control of the parties to any convention, separate from existing institutions such as the World Bank, which, with its weighted voting system is seen to favour the donor countries. Once it became clear that the OECD countries would not accept a separate climate fund because of their concerns about creating a potentially open ended obligation, the developing countries had no choice but to accept the GEF as an interim mechanism.²¹ The Developing country's choice to join the GEF was restricted by entrance fee barrier to the tune of 4 million SDR. The barrier continued till 1993 (the pilot phase). The entrance fee was eliminated in 1994. During the pilot-

phase, developed countries dominated the decision-making. According to Tickell and Hildyard, early discussions about the GEF were held only among Northern countries (primarily G7) with a select group of Southern governments being included only after the World Bank had been selected as the lead agency.²² Another reason of mistrust had been the World Bank's recent role in structural adjustment programme which had systematically crippled developing economies, burdening them with an insupportable debt responsibility.

The Bank's past environmental record is well known. Over the years, and drawing on their own research and field experience as well as the bank's own reports and those commissioned of independent experts, NGO's have publicised a number of Bank funded projects which resulted in environmental degradation and dislocation of large number of people. Such a list would include the Carajas iron ore project, the Singrauli coal mine and coal fired electricity generation, the Narmada Valley Dams (the Sardar Sarovar and Narmada Sagar) as well as the Bank-funded transmigration programs in Brazil (the Polonoereste) and Indonesia.²³ The independent Morse Report, commissioned by the World Bank, found that, Bank management had abused and neglected policies

²¹ Irving M. Mintzer and J.A Leonard (edited), Negotiating climate change the Inside story of the Rio convention" (Great Britain : Cambridge University Press 1994) p.197

²² Oliver Tickell, and Nicholas Hildyard, " Green dollars, green menace." The Ecologist. vol.22, no. 3, (1992) pp.82-83.

²³ Lorraine Elliot , The Global politics of the Environment (London: MacMillon Press limited, 1998), 201-202.

on environment and resettlement, and that this attitude pervaded the bank's hierarchy of decision-making and project implementation²⁴.

This past record has given rise to concerns about the Bank's (and therefore the GEF's) present and future environmental record. Some have expressed concern that the majority of projects funded in the first period of the GEF were tied to existing world bank projects, decisions were made by existing World Bank staff and the funds were to be disbursed through existing agencies some of which had a less than satisfactory record as far as development projects were concerned.²⁵ According to Rich, "the first tranche of projects was approved before STAP project selection guidelines were developed. Tickell and Hilyard have argued that some of those early projects, in Nepal and Congo, for example have had environmentally negative impacts."²⁶ El-Ashry argues, however, that loans for environmental management have been the most rapidly growing segment of the Bank's portfolio.²⁷ He does not provide figures, but Piddington observes that in fiscal year 1991 approximately 7 percent of Bank lending went to environmental projects.²⁸ Rich counters this with his suggestion that Bank project funding continues to marginalize environmentally sustainable projects, noting that on the

²⁴ Ibid., p. 202.

²⁵ Ibid.

²⁶ Ibid, pp.202-203.

²⁷ See, Tickell and Hildyard, no. 22, p. 83.

²⁸ See, Elliot n. 28, p. 203.

Bank's own figures only 1 percent of its energy lending for the period 1992-95, which went to support end-use energy efficiency.²⁹

In a critical view, "greening the World Bank and, through it the GEF, requires not simply procedural mechanisms such as Environmental assessments (EAs) and an increase in staff but at minimum, a reorienting of the World Bank culture, a greater commitment to integrating environmental concerns into development and lending priorities, a greater acknowledgment of the social and environmental costs of project assistance, increased transparency and accountability and opportunities for local, community and NGO participation".³⁰

Global Versus Local Environmental Benefits

One of the eligibility principles of GEF is that it will finance a project in the four focal areas having global environmental benefits. The donor countries are not much bothered about local problems, which also have international dimension. It is very difficult to say when a biological diversity conservation would stop being a local environmental issue deeply connected with the livelihoods and knowledge of innumerable poor rural communities and when it would start becoming a global issue.

²⁹ Ibid.

³⁰ Ibid.

The involvement of local people for the sake of preserving of a bio-diversity 'hot spots' of global significance requires addressing their immediate concerns. But it should not be overstretched to mean that GEF should devote its meagre resources on eradicating unemployment. The only significance of this logic is that GEF should not rigidly stick to this eligibility principle at the expense of irreparable damage.

The demonstration of this reality came to be noticed during implementation of a bio-diversity project in the New Orleans province of Papua New Guinea.³¹ An important eligibility criteria for Global Environment Facility is that it would not fund the adaptation of local conditions. Although GEF takes flexible attitude towards it, many OECD countries have made clear that they do not want to be involved in funding adaptation costs³². The adaptation of local conditions would be more effective in terms of damage limitation than would be the option of emission reduction³³. Making a distinction between global and local is not fair enough keeping in view the irreversible damage faced by small island states as a result of rise in average temperature of the world.

³¹ See, GEF Lessons Notes July 1998.

³² Sloep B. Peter & Andrew, Blowers, (edited) Environmental Problems as conflicts of Interest (Open University of the Netherlands 1996), p.213.

³³ Ibid.

One metre rise in sea level would completely eliminate these islands from the globe. The stance of the donor countries not to provide fund for the adaptation of local conditions is not in accord with Article 3 of the UNFCCC which reads as follows: "The parties should take precautionary measures to anticipate, prevent or minimise the causes of climate change and mitigate its adverse effects".³⁴ Where there are threats of serious irreversible damage, lack of full scientific certainty should not be used as a reason for postponing such measures. It is interesting to note also that most of the island states are excluded under this principle, since most do not have large industrial concerns, which despoil the global environment.³⁵

An international team argues that the division of environmental problems into global and local has left the south "holding exclusive responsibility for local problems" and that many in the south believed that this dimension is artificial. It denies and hides the international dimension of many so-called local problems. According to Johan Holmberg of the International Institute for Environment and Development, (IIED) says that there are several local issues, which do not

³⁴ Article 3, of the United Nations Framework convention on climate change, International Legal Material vol., no.4, (1992), p.854

³⁵ John W. Ashe, Robert Van Lierop, and Anilla Cherian, "The role of the Alliance of small island states (AOSIS) in the negotiation of the United Nations Framework convention on climate change (UNFCCC), Natural Resources Forum, a United Nations Journal, vol.23 no3 (1999), p. 216.

require extra-finance that could be implemented in low-income countries at little or no cost. The measures contained in Agenda 21 like regarding the right and appropriate role of trade unions, indigenous peoples, and women for example go far beyond the provision of extra-finance.³⁶It is important that those issues not be ignored in the polarized debate about money and that the issue of providing extra-finance not be accorded more importance than it merits.³⁷These are the issues that can be tackled at local level but the most important local issue having international dimension that forces people to destroy their own means of subsistence is poverty. They do it not by choice but as a necessity for immediate survival. For instance, unemployment forced many people to depend on slash-and-burn agriculture resulting in destruction of tropical forests. For the unsustainable use of natural resources in a poor country which results in drought thereby further worsening the condition of poverty, the poor country will have to do at least something on their own. The policy makers, government agencies working at local level, NGOs, CBOs (Community Based Organisations), scientific community, academic community will have to develop partnership. They will have to make concerted effort to give effect to the idea of sustainable development of natural resources at local level with the help of local people.

³⁶ See n. 15, p. 19.

³⁷ Ibid.

The free trade agreements have pushed down the environmental concerns. One singular premise of General Agreement on Tariffs and Trade underpins Rio's declarations, action agendas, and non-binding treaties ecological sustainability through economic globalization.³⁸ Agenda 21 (section 1) emphatically declares that sustainable development would be achieved through trade liberalization. This was the strategic vision of Rio, whose tragic failure is now increasingly evident.

In a recent "scenarios Report" World Business Council for Sustainable Development (WBCSD) explains that "globalization and liberalization of markets along with the pressures of rapid urbanization have raised the degree of social inequity and unrest to a level that threatens basic survival of both human and environmental ecosystems³⁹. Globalization has shifted control over planetary health from communities to corporations with no government oversight⁴⁰. Fierce competition forces firms to shift ecological cost onto society in order to satisfy the demands of global financial markets⁴¹.

³⁸ Victor Menotti, "Globalization and the Acceleration of Forest Destruction since Rio", The Ecologist vol. 28, no. 6, (1998) p.354.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ Ibid.

Globalization has rendered nations vulnerable to forces that go far beyond their control as seen in the recent financial turmoil that has rocked the so-called emerging markets⁴². The crisis has not only subjugated the economies of Mexico, Indonesia, Russia and Brazil to the crushing demands of foreign investors but it has also deepened the vulnerability of forests as a desperate means for indebted nations to repay their foreign creditors⁴³. The destruction of forests by firms not only depletes the bio-diversity but also increases the chance of global warming. The effort that is being made by the donor countries through the GEF is being rendered ineffective by the impact of globalization. In addition to economic globalization, the developing countries face challenge in securing finance from the GEF with the emerging of the eastern European block, and especially the Russian federation, as claimants for assistance the aid allocation will become even more competitive.⁴⁴ As a result, the middle income countries may be satisfied with whatever extra global environmental finance they can lever from the North, and the least

⁴² Ibid, p 355.

⁴³ Ibid.

⁴⁴ See n. 15, p. 30.

Developed countries may have to depend on whatever extra-financial handouts they can secure from anyone⁴⁵.

Strategy of Financing

The Strategy to finance projects in the four focal areas –climate change, bio-diversity, ozone layer and international river water- is aimed at taking care of the interests of the industrialized countries. This strategy neglected other crucial developing world concerns such as toxic waste pollution, landlessness, and desertification. For instance hole in the ozone layer was found to cause cancer particularly to white skin. Some analysts have suggested that the projects approved for funding were those that would benefit the industrialized countries and the elites in the developing countries. About 60 percent of the fund approved under the first round of GEF funding targeted bio-diversity projects. The Chair of GEF was particularly interested in targeting important gene pools and economically significant species, which is consistent with the TNCs interest in bio-technology and the efforts to patent life forms and germ plasm⁴⁶.The allocation of fund for bio-diversity projects still accounts for much more than the other three focal areas. Out of the total GEF financing for the period (1998-2002) conservation of bio-diversity

⁴⁵Ibid.

⁴⁶ See Tickell and Hildyard, n. 22, p. 82.

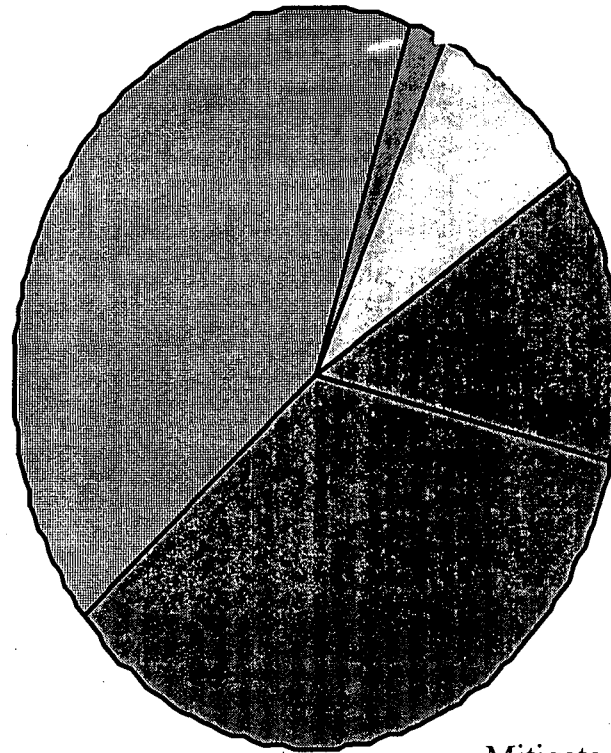
Distribution of GEF Lending, For the period 1998-2002

Conserve Biodiversity 41%

Projects Targeting Multiple GEF sectors 2%

Phase out Ozone – Depleting Substances 9%

Protect International Waters 13%



Mitigate Climate Change 35%

Source:- [Environmental Matters Annual Review 1999 p. 61]

accounts for 41 % of it. For instance in India, the number of bio-diversity related projects implemented so far outweighs overwhelmingly the project implemented in the field of climate change. The biasness in favour of bio-diversity projects provides strength to the view that the nature of funding is aimed at benefiting the industrialized countries and the elites in the developing countries.

Transfer of Technology

The Articles 4(3) and 20(2) of the UNFCCC and CBD not only talk of new and additional financial resources, it also talks of transfer of technology by the developed country parties to the developing country parties to meet the agreed full incremental costs.

The Article 4(c) of the UNFCCC provides: "All the parties to the UNFCCC are committed in accordance with the principle of common but differentiated responsibilities to promote and cooperate in the development application and diffusion, including transfer of technologies that control, reduce or prevent anthropogenic emissions of green house gases⁴⁷. The Article 4(5) says that the developed country parties shall take all practicable steps to promote, facilitate and finance as appropriate the transfer or access to environmentally sound technology

⁴⁷ Article 4 (c) of the UNFCCC talks of transfer of technology to the developing countries leading to mitigation of anthropogenic emissions, International Legal Material , vol 31, no. 4, (1992), pp. 855-859.

and know-how to other parties particularly developing countries⁴⁸. From this it can be inferred that the onus of transfer of technology rests with the developed countries. The rationale behind technology transfer is that if developing countries are to meet obligations under various international environmental agreements, then they will require the technology to do so. But the transfer of technology is not as easy as the transfer of finance is. Problem in technology transfer arises from the fact that the donor country does not have control over it, it rests with the private companies. The latter would not transfer it without being adequately compensated. On the other hand, the developing countries demand it on less than market price. Neither GEF nor Multilateral Ozone Fund has enough resources that out of which both technological and investment needs could be met. As reported by the study team of the GEF's overall performance, GEF has not been able to leverage enough money. The delay in transfer of technology by the developed countries has resulted in slow progress in dismantling of CFCs (chlorofluorocarbon) in many developing countries, including India.

In order to ensure transfer of technology between developed and developing countries, creation of commercial incentives is considered as one of the best means by the developed countries. Commercial incentives

⁴⁸ Article 4 (5) also says that developed countries shall support the development and enhancement of endogenous capacities and technologies of developing country parties. Other parties and organisations in position to do so may also assist in facilitating the transfer of such technologies, International Legal Material vol. 31, no. 4, (1992) pp 855-899.

are aimed at attracting private sector participation. Commercial incentives have been introduced in the Kyoto Protocol for climate change mitigation in the form of "flexible" mechanisms, such as emissions trading and joint implementation, which allow Annex-1 countries to offset their green house gas abatement target by trading with or investing in other countries.⁴⁹ However, flexible mechanisms also have been bitterly contested by many developing countries. They are seen to reduce the responsibility of developed countries to reduce their own emissions, or to advance international development through actions such as technology transfer⁵⁰. Flexible mechanisms of climate change technology transfer may be defined as investment opportunities that allow Annex-1 countries to offset their targets for green house gas abatement by transferring environmentally sound technology to non-Annex 1 (usually developing) countries.⁵¹

In the case of bio-diversity also, the transfer of technology is an area of much debate and discussion between the developed and the developing countries. The former has the technology, the latter has the bio-diversity.

⁴⁹ Timothy Frosyth, "Flexible Mechanisms of Climate Change Technology Transfer" Journal of Environment & Development - vol. 8, no. 3, (1999), p. 239

⁵⁰ Ibid.

⁵¹ Ibid.

The industrialized countries have the advanced bio-technology companies. The private companies controlling the technology do not want to give technology without being compensated. They took the position that the biological resources only gain value with the application of their technology and that, therefore compensation was justified. The developed states and corporations were concerned that any commitment to technology transfer might have negative consequences for the protection of intellectual property rights. They want access to the available resources at the lowest possible cost, and they want to establish and retain property rights over as many related products. The financial resources that are provided through GEF for purchase of bio-technology applications and commodities help develop market for commodities produced by northern transnational corporations rather than helping the third world to increase its technological capacity, to protect its biodiversity⁵².

The constraint to the transfer of technology also comes from the socio-economic requirements, which determined whether there was sufficient market demand and local support necessary for successful adoption. For instance in Philippines, application of gasifier for pumping out of irrigation water did not evoke much enthusiasm among the

⁵² Vandana Shiva," Critique of UNCED paper on Bio-Technology": The Bio- diversity convention And its impact on The Third World,(New Delhi : Navdanya, 1993),p.49-50.

farmers⁵³. The latter had agreed to accept the technology because it was free of charge, but in practice preferred to use rainwater because this was seen to be more reliable⁵⁴.

Conclusion

The effort of Global Environment Facility to check environmental degradation seems to be offset by the forces of economic globalization. The safety of environment demands complete sincerity rather than piecemeal gesture. The developed countries will have to rise above private motive and display sacrificial zeal.

⁵³ See no.50, p243.

⁵⁴ Ibid.

Chapter – V
Conclusion

CONCLUSION

Global Environment Facility was created to deal with some of the urgent global environmental problems facing humankind today. Tackling it requires long-term effort and vision. Long-term effort means that the effort of GEF should be supplemented. The question of financial sustainability arises after the end of a project, which has been noted as a serious problem by the GEF team, which completed the study of its overall performance. The problem of financial sustainability is very serious in a bio-diversity project. In the case of a climate change project, the situation is not like that. Climate change projects are often able to draw on private sector financing. The study team had suggested some kind of an environmental, consultative group consisting of bilateral donors, philanthropic organizations within the country and globally. There may be business houses, which are interested in supporting environmental causes. There has to be proper coordination to achieve the task.

In contrast to the money required to fulfil Agenda 21 or the UNFCCC and the CBD, the money that GEF provides is very limited. There is a dire need to spend the money judiciously and efficiently. It has been observed that money is put in the name of environment but much of it really goes for servicing and various other activities. There is an urgent need to minimize the transaction cost. One way of minimizing transaction cost is to employ national consultants and experts instead of

experts from abroad since there is wide disparity between national and international salaries. Another way of optimum utilization of resources is to improve the distribution of financial resources. A lot of money is spent on endless discussions, presentations, consultations and briefings rather than on community-oriented groups where actual on the ground action is taking place. Money should be spent where the most significant results can be obtained, such as on information exchange systems, strengthening education, training and public awareness program and building on community level initiatives. NGOs and grass roots organizations and even dedicated individuals have shown that limited financial resources can go a long way. Louis Mora Coredó, a small farmer in Costa Rica is one such example. His pioneering work in watershed restoration on his own 18 hectares farm has inspired comparable work in 17 different communities. In India, villagers of Bhaonta-Kolyala (Rajasthan) through setting up of small dams have succeeded in raising the level of water in their village.¹ Much of the task was accomplished by the villagers, whose knowledge, wisdom and hard work has turned a water-starved village into a fertile land. The task was achieved without unnecessary expenditure on seminars and presentations. There is urgent need to strongly propagate and promote the example of Bhaonta Kolyala village through out India and in many parts of the third world countries.

¹ Anil Agarwal, "A belief in Tradition" Down to Earth, 30 April 2000, pp. 24 -31

This example teaches two lessons that GEF also needs to learn. One is the participation of local people is a key to success. Their involvement and understanding of a project's advantages in terms of employment generation and meeting food and fodder problem is central to the effort. Second is that the tackling of environment related problem requires traditional knowledge also. Adoption of modern means like tube wells for drinking water and other purposes resulted in downing of water level to abysmally low level. Traditional methods of small dams and canals are urgently needed so as to put a brake on the drought, which is man-made. Success of small-scale project is substantially higher than the large-scale project. Among the GEF supported projects, over 1000 projects have done very well. Most of them have done very well under the small grant projects. They are fairly easy to cooperate and involve a broad spectrum of stakeholders. Keeping in view the results of small grant project, ceiling of small and medium-sized grants should be raised. The GEF Council should examine this issue on the basis of the experience gained, without losing the rigor of examination of the projects, of raising the ceiling to the medium-sized and small-sized projects. This might take care of a very large number of urgent requirements.

The success of GEF project depends on strengthening of partnerships and strategy. There is an urgent need to have enlarged partnerships with convention secretariats, as well as with the academic and scientific community.

The style of the World Bank to get a project clinched before it is being adequately assessed by Scientific and Technical Advisory Panel (STAP) is not advisable. There are many projects, which require a lot of scientific underpinning. The role of NGOs in implementing small grants program is very important which is proved by its contribution to high success rate of grant projects. In order to increase the involvement of NGOs and community-based organizations, the number of implementing agencies needs to be expanded. GEF should be a place where the best project ideas and most promising implementers with genuine comparative advantage can compete. The role of NGOs as a watch dog on GEF projects, especially where there are negative social impacts also needs to be appreciated, supported, and formalized to the extent possible and necessary.

It may be a good idea to integrate global environmental concerns into the non-GEF operations of its three implementing agencies. One of the implementing agencies, the World Bank, along with the International Monetary Fund contributes in opening up market by introducing Structural Adjustment Programs (SAPs) in the developing countries, which laid the ground work for large multinationals to enter their economy, access to resources and export them with minimal restrictions. Environmental damage and particularly deforestation, was often direct consequence of export oriented policies imposed by the Bank and the Fund . In other words what it gives from one hand (through GEF) is

taken away from another hand through structural adjustment program. The World Bank should be responsive and accountable in the environmental concerns. There is an urgent need to restructure it so as to make it transparent and democratic. For this weighted voting system should be done away with.

The role of World Bank in environmental degradation needs a closer scrutiny. The model of development that it is exporting needs to be replaced by sustainable development oriented model. The former takes no account of the impact of growth on the environment nor of the inevitable loss of natural resources. In the current reckoning, the felling of trees in a forest can be counted as a marketable asset with a plus for the balance of trade. But in development terms it can be a disaster since it converts a living asset into a dead desert.² The project Green India 2047, done by the Tata Energy Research Institute (TERI) says that over ten percent of the country's GDP is lost on account of environmental damage and degradation of natural resources.³ Estimates provided by the project 2047 indicate a loss of 11 to 26 % to total agricultural output as a result of soil erosion.⁴ It is submitted that GEF's effort would get a new lease of life if paradigm of development based on the idea of meeting the needs of the present generation without compromising the ability of

² Nicola Steen, Sustainable Development And the Energy industries Implementation and Impacts of Environmental Legislation , (London : Earthscan Publications, 1994), p.29

³ R.K.Pachauri " Preservation of environment:- An Input to Development" Yojna, August 1998, Independence Day 98 special, p.35

⁴ Ibid p.36

future generations to meet their needs become part of a country's development strategy.

The small island states are highly vulnerable in a situation of rise in sea level. In these states, funding adaptation of local conditions would be more effective in terms of damage limitation than would be the option of emission reduction. The GEF does not include adaptation of local conditions in its fundable activity. When the small island states are facing irreversible damage, the GEF should include in its fundable activity adaptation of local conditions as part of precautionary measures. The developed countries must avoid seeking full scientific certainty as a reason for postponing such measures, when there are threats of serious or irreversible damage.

The GEF provides fund to a developing country to deal with global environmental problem in the four focal areas (climate change, biodiversity, ozone layer depletion, and international river water). These are the concerns of the developed countries. Thus, they have neglected other crucial third world concerns like such as toxic waste pollution and land lessness. GEF should include these areas also in its fundable activity.

One may argue that poverty is the basic cause of environmental degradation. Therefore, it should be part of fundable activity of GEF. It can be argued that as one of the three implementing agencies of the GEF, the World Bank could do away with those conditionalities whose

implementation as part of loan package have spelt disaster to many recipient countries in Africa, Asia and Latin America.

The responsibility of GEF also includes, transfer of technology. But it is helpless since it does not have control over environment friendly technology. Technology is essential to mitigate the impact of climate change. The MNCs controlling the technology do not want it to be transferred likewise of granting of financial resources by the GEF without being adequately compensated. Failure to transfer technology by the MNCs , is one of the main reasons of slow progress of ODS phase out in India. For this, GEF has to build partnership with the private companies. These companies are based in the rich nations. The latter being donor countries could initiate regulation or take up legislative measures. When they can declare unilateral sanction barring the companies from having trade with the particular country. They could display similar gesture in the field of environment since degradation of which could spell disaster. They are in favour of offsetting their green house gas abatement target by transferring environmentally sound technology to non-Annex [developing countries]. The developed countries (not all) are not in favour of meeting their target of green house gas reduction within the given time. If global environmental problems are to be tackled in an effective way, the developed countries should abandon their vested interests.

Creation of GEF is certainly a good step. It is a small step in nudging the world towards a sustainable world. It is an attempt at integrated rather than sectoral action between three major UN organs, each traditionally jealous of their autonomy. But it is not enough. Every person living on the planet has to be a green consumer. Every person, every country, development and financial institutions, scientific bodies, private companies should take a longer perspective and looking to future and present generations. There is an urgent need for both the North and the South to work together to formulate comprehensive development strategies that reflect the complex interactions of population, consumption, technology and resources, but in a way that will tackle the curse of poverty, hunger and environmental insecurity. This will require a major commitment on the part of the developed North, not just to donate modest amounts of aid but also to demonstrate an eagerness to work for a more equitable international economic system and more moderate levels of material consumption.

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