

# CRS Report for Congress

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## Global Environment Facility (GEF): Overview

Susan R. Fletcher  
Specialist in Environmental and Natural Resources Policy  
Resources, Science and Industry Division

### Summary

The Global Environment Facility (GEF), established in 1991, has served since then as a primary source of funding for several major international environmental concerns. It was designed to provide incremental additional funding for development projects, in order to allow incorporation of environmental considerations in four specified areas: climate change, ozone depletion, biological diversity, and international waters. In recent years, land degradation and persistent organic pollutants have been added to its agenda. The GEF has provided funding to 1,300 projects in 140 nations. Although the United States has participated in the GEF since its inception, its level of contributions to the GEF has varied widely, from \$30 million in 1994 to a high of \$167 million in 1999, and to \$106.6 million in 2005.

The Global Environment Facility was established in 1991 to serve as a key source of funding for international environmental needs in four areas: climate change, stratospheric ozone depletion, biological diversity, and international waters. In recent years, two other areas have been added to the GEF agenda: land degradation — particularly deforestation and desertification — and persistent organic pollutants. The GEF has not been intended or designed to fund entire projects; rather, it is to provide “incremental funding” that would cover the additional costs needed to provide environmental benefits connected to the issues on the GEF agenda. However, over the years it has evolved into functions that involve funding for a wide variety of activities for planning, national action plans, and others, in addition to incremental funding on specific projects.<sup>1</sup> According to the GEF, it has provided \$4.5 billion in grants for more than 1,300 projects in 140 countries.

The GEF has three implementing agencies: the World Bank, which administers GEF funding; the United Nations Development Program (UNDP), which oversees small grants and project development; and the United Nations Environment Program (UNEP), which serves as scientific and technical adviser.

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<sup>1</sup> Extensive information on GEF activities, projects, and operations is available on its website: [<http://www.gefweb.org>].

Some 176 nations are participants in the GEF (including both donor and recipient countries), and meet every four years in a General Assembly to agree on funding levels, called “replenishment.” Responsibility for developing, adopting, and evaluating GEF programs is vested in the GEF Council, of which 32 countries are members, 16 from developing countries, 14 from developed countries, and 2 from former communist nations (“economies in transition”). Membership in the council rotates among GEF parties. At the last replenishment in 2002, GEF participants agreed to funding of \$3 billion from 32 donor countries for operations between 2002 and 2006. The United States made a commitment of \$430 million in that period.

The GEF has been designated the primary “financial mechanism” for several global environmental treaties: the Convention on Biological Diversity, the United Nations Framework Convention on Climate Change (UNFCCC), the United Nations Convention to Control Desertification, and the Stockholm Convention on Persistent Organic Pollutants (POP). In addition, the GEF reports that it collaborates closely with agreements in two other areas: the Montreal Protocol of the Vienna Convention on Ozone Depleting Substances, and regional and international waters agreements.

**U.S. Funding.** The United States was a strong supporter of the establishment of the GEF, and has provided funding throughout the period since it began functioning. The level of funding provided by the United States has varied widely over the years, largely in response to overall budget trends. Funding since 1994 is shown below (in millions of dollars), according to figures provided by the U.S. Treasury Department through FY2002, from the FY2006 budget proposal for FY2003-FY2006, and from H.R. 3057 for FY2006. For FY2006, the House explained its zero appropriation recommendation in its report on H.R. 3057 as follows: “The Committee is disappointed to learn that the GEF has backed away from its 2002 multilateral agreement to implement a performance-based allocation system.”

1994	30.0 (million dollars)
1995	90.0
1996	35.0
1997	35.0
1998	47.5
1999	167.5
2000	35.8
2001	107.8
2002	100.5
2003	146.8
2004	138.4
2005	106.6
2006 (request)	107.5
2006 (House)	0
2006 (Senate)	107.5

Primary responsibility for GEF issues in the U.S. government is vested in the Treasury Department, following from its central role in U.S. participation in the World Bank.