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The Global Environment Facility (GEF)

Multilateral Environmental Assistance

Many governments believe that environmental degradation and climate change pose international and trans-boundary risks to human populations, economies, and ecosystems that could result in a worsening of poverty, social tensions, and political stability. To confront these global challenges, countries have negotiated various international agreements to protect the environment, reduce pollution, conserve natural resources, and promote sustainable growth. While some observers call upon industrialized countries to take the lead in addressing these issues, there is recognition that efforts are unlikely to be sufficient without similar measures being implemented in developing countries. However, developing countries, which tend to be focused on poverty reduction and economic growth, may not have the financial resources, technological know-how, and/or institutional capacity to deploy such measures on their own. Therefore, international development assistance has been a principal method for governments to support developing country action on global environmental problems.

The United States and other industrialized countries have committed to providing financial assistance for environmental initiatives through a variety of multilateral agreements (e.g., the Montreal Protocol [1987], the U.N. Framework Convention on Climate Change [1992], and the U.N. Convention to Combat Desertification [1994]). International financial assistance takes many forms, from fiscal transfers to market transactions, and includes official development assistance, contributions to multilateral development banks and other international financial institutions, export credits, loan guarantees, insurance products, and foreign direct investment.

The Global Environment Facility

The Global Environment Facility (GEF) is an independent international financial institution that provides grants, promotes cooperation, and fosters actions in developing countries to protect the global environment. Established in 1991, it unites 183 member governments and partners with international institutions, nongovernmental organizations, and the private sector to assist developing countries with environmental projects related to six areas: biodiversity, climate change, chemicals, land degradation, international waters, and forest management. Since its inception, the GEF has allocated \$13.5 billion—supplemented by more than \$65 billion in co-financing—for more than 3,900 projects in over 165 countries. Information on GEF activities, organization, policies, projects, and contributions is available on its website, at <http://www.thegef.org/gef/>.

Organizational Structure

International Agencies: The GEF partners with 14 international agencies that contribute to the development, management, and delivery of its projects. They include the International Bank for Reconstruction and Development (the World Bank), U.N. Development Program, U.N. Environment Program, Asian Development Bank, African Development Bank, Conservation International, Development Bank of Southern Africa, European Bank for Reconstruction and Development, U.N. Food and Agriculture Organization, Inter-American Development Bank, International Fund for Agricultural Development, International Union for Conservation of Nature, U.N. Industrial Development Organization, and World Wildlife Fund.

International Conventions: The GEF is the primary fund administrator for four Rio (1992 Earth Summit) Conventions, including the Convention on Biological Diversity, the U.N. Framework Convention on Climate Change, the Stockholm Convention on Persistent Organic Pollutants, and the U.N. Convention to Combat Desertification, as well as the Minamata Convention on Mercury. The GEF also establishes operational guidance for ocean and ozone protection activities, the latter consistent with the Montreal Protocol on Substances That Deplete the Ozone Layer.

Internal Organization: The GEF's main decision-making body is the GEF Council, which is an independent board of governors responsible for developing, adopting, and evaluating operational policies and programs. The council is composed of 32 appointed members—16 from developing countries, 14 from developed countries (including the United States), and two from countries with economies in transition. The council meets every six months. Formal voting goes before the GEF Assembly, which is composed of representatives from all member countries. The GEF Secretariat, based in Washington, DC, services and reports to the council and the assembly and formulates the work program, oversees implementation, and ensures that operational policies are followed.

Funding

The GEF is funded by contributions from member governments. GEF funding is designed to provide grants to cover the “incremental” costs associated with transforming a development project with national benefits into one with global environmental benefits (e.g., choosing wind technology over coal technology meets the same national development goal of power generation but may be more

costly, excluding long-term environmental externalities; GEF grants aim to cover the difference or “increment” between investing in a less costly, more polluting option or a costlier, more environmentally sound option). In this way, GEF funding is structured to “supplement” base project funding and provide for the environmental components in national development agendas.

Replenishments: GEF member governments pledge money every four years through a process known as the GEF replenishment. The process of replenishment was designed to allow for program flexibility, strategic planning, and periodic performance evaluations. The original GEF pilot program of \$1 billion has been replenished six times with \$2.01 billion in 1994, \$2.67 billion in 1998, \$2.93 billion in 2002, \$3.13 billion in 2006, \$4.34 billion in 2010, and \$4.43 billion in 2014.

U.S. Commitments: The United States supported the establishment of the GEF in 1991. While the United States did not provide direct funding to the pilot phase of the program (1991-1993), it has made commitments and contributions to all six GEF replenishments. U.S. commitments to the various replenishment cycles have been \$430 million in 1994, \$430 million in 1998, \$430 million in 2002, \$320 million in 2006, \$575 million in 2010, and \$546 million in 2014, for a total of \$2.731 billion. U.S. commitments correspond to 13.3% of total commitments during the history of the institution.

U.S. Contributions: Payments made by the U.S. Treasury to the World Bank as trustee for the GEF have varied widely over the years, largely reflecting budget trends. For FY2015, [P.L. 113-235](#) was enacted in December 2014 with a budget authority of \$136.563 million for the GEF. For FY2016, the Administration has requested \$168.263 million, including \$136.6 million for the second installment of the GEF-6 pledge and \$31.7 for a portion of the GEF-5 arrears. See **Table 1** for a summary of U.S. commitments and contributions to the GEF.

Arrears: For FY1994 through FY2014, direct payments by the United States to the trustee of the GEF totaled close to \$2 billion. As of the latest “Trustee Report,” furnished to the GEF in November 2014, the United States was \$247.9 million in arrears of its pledged commitments. The United States is joined in arrears status by four other countries: Egypt (\$0.8 million), Nigeria (\$1.0 million), Spain (\$22.4 million), and Brazil (\$4.1 million).

Issues for Congress

Congressional committees of jurisdiction over the GEF include the U.S. House of Representatives Committees on Foreign Affairs, Financial Services, and Appropriations and the U.S. Senate Committees on Foreign Relations and Appropriations. The GEF, as a part of U.S. multilateral assistance, is managed by the U.S. Department of the Treasury and is funded through the Administration’s Executive Budget, Function 150 account, for State, Foreign Operations, and Related Programs.

As Congress considers potential authorizations and/or appropriations for the GEF, it may have questions concerning existing bilateral and multilateral programs that address international environmental issues. Some concerns may include the cost, purpose, direction, efficiency, and effectiveness of these programs, as well as the relationship between international development assistance for the environment and the interests of industry, investors, humanitarian efforts, national security, and international leadership. For more discussion on the benefits and costs of international environmental assistance, see CRS Report R41845, *The Global Climate Change Initiative (GCCCI): Budget Authority and Request, FY2010-FY2016*.

Table 1. U.S. Contributions to GEF by Fiscal Year

| Fiscal Year | Pledged (USD millions) | Contributed (USD millions) |
|--------------|------------------------|----------------------------|
| 1994 | \$0 | \$30.0 |
| 1995 | \$107.5 | \$90.0 |
| 1996 | \$107.5 | \$35.0 |
| 1997 | \$107.5 | \$35.0 |
| 1998 | \$107.5 | \$47.5 |
| 1999 | \$107.5 | \$167.5 |
| 2000 | \$107.5 | \$35.8 |
| 2001 | \$107.5 | \$107.8 |
| 2002 | \$107.5 | \$100.5 |
| 2003 | \$107.5 | \$146.8 |
| 2004 | \$107.5 | \$138.4 |
| 2005 | \$107.5 | \$106.7 |
| 2006 | \$107.5 | \$79.2 |
| 2007 | \$80.0 | \$79.2 |
| 2008 | \$80.0 | \$81.1 |
| 2009 | \$80.0 | \$80.0 |
| 2010 | \$80.0 | \$86.5 |
| 2011 | \$143.8 | \$89.8 |
| 2012 | \$143.8 | \$119.8 |
| 2013 | \$143.8 | \$124.8 |
| 2014 | \$143.8 | \$143.8 |
| 2015 | \$136.6 | \$136.6 |
| 2016 | \$136.6 | TBD |
| Total | \$2,458.2 | \$2,061.8 |

Source: CRS, from the U.S. Department of the Treasury.

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