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The Global Environment Facility (GEF)

International Environmental Assistance

Many governments hold that environmental degradation and climate change pose international and transboundary risks to human populations, economies, and ecosystems. To confront these challenges, governments 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, many recognize that efforts are unlikely to be sufficient without similar measures being taken in lower-income countries. However, lower-income countries, which tend to focus on poverty reduction and economic growth, may not have the financial resources, technological know-how, and/or institutional capacity to deploy environmentally protective measures on their own. Therefore, international financial assistance, or foreign aid, has been a principal method for governments to support actions on global environmental problems in lower-income countries. Often, this assistance can serve as a cost-effective strategy for donor countries to provide greater market access for domestic goods and services abroad and increased environmental benefits at home.

The United States and other industrialized countries have committed to providing financial assistance for global environmental initiatives through a variety of multilateral agreements, including 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. It may include grants, loans, loan guarantees, export credits, insurance products, and private sector investment. It may be structured as official bilateral development assistance or as contributions to multilateral development banks and other international financial institutions.

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 \$18 billion—supplemented by more than \$94 billion in cofinancing—for more than 4,500 projects in 170 countries.

Organizational Structure

International Agencies: The GEF partners with 18 international agencies that contribute to the development, management, and delivery of its projects. They include the Asian Development Bank, African Development Bank, Development Bank of Latin America, Conservation International, Development Bank of Southern Africa, European Bank for Reconstruction and Development, Ministry of Environmental Protection of China, Food and Agriculture Organization, Fundo Brasileiro para a Biodiversidade, Inter-American Development Bank, International Fund for Agricultural Development, International Union for Conservation of Nature, United Nations Development Programme, United Nations Environment Programme, United Nations Industrial Development Organization, West African Development Bank, World Bank Group, 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.

Internal Organization: The GEF's main decisionmaking 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 2 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, formulates the work program, oversees implementation, and ensures that operational policies are followed.

Information on GEF activities, policies, and projects is available on its website, at <http://www.thegef.org/gef/>.

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. (For example, choosing renewable technology over fossil fuel technology provides for 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 seven 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, \$4.43 billion in 2014, and \$4.10 billion in 2018.

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, \$546 million in 2014, and \$273 million in 2018, for a total of \$3 billion. U.S. commitments correspond to 12.2% of total commitments during the history of the institution.

U.S. Contributions: All U.S. funding is subject to annual congressional appropriations. Appropriations have varied over the years, largely reflecting budget trends. For FY1994 through FY2018, direct payments by the United States to the trustee of the GEF totaled over \$2.6 billion. For FY2019, P.L. 116-6 was enacted on February 15, 2019, with a budget authority of \$139,575,000 for the GEF. For FY2020, the Trump Administration has requested no additional funding, stating that “the Consolidated Appropriations Act, 2019 provides more than double the amount requested for FY2019.... This pledge level will support important international environmental, toxic chemical, and biodiversity conservation activities through the GEF, while pursuing a more balanced share among donor countries as we seek to advance shared priorities.” See **Table 1** for a summary of U.S. commitments and contributions.

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 International Affairs 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 In Focus IF10397, *The Global Climate Change Initiative (GCCI): Budget Authority and Request, FY2010 - FY2018*.

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 | \$168.3 |
| 2017 | \$136.6 | \$146.6 |
| 2018 | \$136.6 | \$139.6 |
| 2019 | \$68.3 | \$139.6 |
| 2020 | \$68.3 | TBD |

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

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