

**THE WORLD BANK GROUP ARCHIVES**

**ORAL HISTORY PROGRAM**

**Transcript of interview with**

**MOHAMED T. EL-ASHRY**

**May 29 and 30, 2003  
Washington, D.C.**

**Interview by: William H. Becker & Marie T. Zenni**

**Session 1**  
**May 29, 2003**  
**Washington, D.C.**

**Q:** Good morning. Today is Thursday, May 29<sup>th</sup>, 2003, and I'm William Becker with the Business History Group and the George Washington University.

**Q:** And I'm Marie Zenni, Task Manager of the Bank's Oral History Program.

**Q:** We are here today to interview Mohamed T. El-Ashry, prior to his imminent retirement in July of this year from his current post as Chief Executive Officer and Chairman of the Global Environment Facility (GEF), and from the World Bank Group, having previously served as Chief Environmental Adviser to the Bank President as well as Director of the Environment Department. We'd like to begin talking a little bit about your background and ask if you would please discuss your educational background and especially your interest in geology.

**EL-ASHRY:** I graduated in 1959 with a Bachelor of Science degree with honors from the University of Cairo in geology, and then following that I came to the U.S. and went to graduate school at the University of Illinois in Urbana-Champaign and received a Master's degree in 1963 and a Ph.D. in 1966, all in geology.

How did I get to geology in the first place? Well, like many young boys, in particular in the culture that I grew up in, your parents wanted you to be a doctor, a doctor of medicine. And so during high school I took the science track, science and math track, but in my senior year of high school, I was only 15, and that was when they started some discoveries of oil in Egypt, and I thought that would be an interesting field to go to. Not that I wasn't interested in medicine, but I gathered that if I go to the faculty of science, it's only four years, I'd graduate at the age of 19, and then I'd get a scholarship to go abroad and get a Ph.D. I'd still become a doctor, but it's something that I'd really want to do. And that's how it worked out.

**Q:** OK. Could you talk a little bit about your career and the focus of your work prior to joining the World Bank group?

**EL-ASHRY:** All right. After receiving my Ph.D. in 1966, I went back to Egypt and I became assistant professor in the geology department that I graduated from at Cairo University.

Unfortunately, a year later the '67 war started, which restricted tremendously any effort at research. Everything became military secret. I was trained to use aerial photographs and space photographs. You could not get a single one of them because now it's a military secret. You could not get geographic maps either. So it was only a matter of teaching and that's about it. So many of my friends that were educated in the U.S. or in Europe left a year later in 1968. But I stuck it out till 1969, and when I realized that things are not changing anytime soon or fast, I thought three years had been wasted without any research, without a single paper published, so I decided to leave.

I left in '69, came back to the U.S., and then I decided to accept an offer from a small university in Pennsylvania called Wilkes University, in Wilkes-Barre, and it was mainly because the person who was hiring wanted someone who would be interested in the environment. It was something new. It was a year before Earth Day; the first Earth Day was April 1970. So we put together the first two courses in environmental science, Environmental Science 101, Environmental Science 102, and geology was a very convenient background to actually develop that. Environmental Science is more like earth science. You talk about what's happening on the surface of the earth, and how human beings interfere with these processes and affect them one way or the other, which relates again to what I did in my Masters' and Ph.D. dissertations. That's really what got me interested in the whole area of the environment. I dealt with shoreline changes along the Atlantic and the Gulf Coasts of the U.S., and very quickly, even though I was looking at geologic processes and the movement of sand and so on, you realize how much human intervention has actually accelerated shore erosion in areas where the Army Corps of Engineers was building jetties and so on, and trapping the sand that should have replenished to other parts of the coast. So that was my first interest in addressing these processes in greater depth. In 1972, I turned the environmental science program at Wilkes into a Department of Environmental Sciences, which probably was the first degree-offering department in environmental sciences in the United States.

In 1975 I decided that when I graduated my first class, that perhaps it's time to do something else. So I had an offer from the University of California at Santa Barbara, which would have been in geology and environmental studies, and we had collaborated with them in the environmental studies area. But at the same time, I had an offer from an environmental group. They were new at the time, and this group was unique in the sense that it hired only Ph.D. scientists and lawyers. The scientists would do the research; the lawyers would sue the government for the purpose of improving environmental conditions in the United States, particularly in ensuring the implementation of the Clean Water Act and the Clean Air Act and addressing a number of other major environmental issues. So, I decided maybe I should take a year or two out of academia just to know how these things happen in the real world in the first place. Mainly, what is the politics behind them? We teach these things to the students, but we don't really know how they came about in the first place. And I never got back to teaching since then. So I stayed there for four years, worked out of the Denver office on water resources, in particular, water resource management in the western U.S.

**Q:** And what group was that?

**EL-ASHRY:** That was the Environmental Defense Fund (EDF). Now it's called Environmental Defense, but still carries EDF as its acronym.

In 1979 I was recruited by the Tennessee Valley Authority. President [Jimmy] Carter was leaning more and more towards the environment, and TVA was known as the biggest polluter in the United States because of its power plants and because of all the dams, reservoirs, and the poor water quality in there. David Freeman was appointed TVA's Chairman of the Board, and he decided that the only way he was going to make some changes internally was to recruit someone from outside who knows about the environment. So through friends they contacted me. Eventually, I took the job in 1979 and built an Environmental Quality Staff, as it was called, EQS. There was also an environmental Compliance Staff that I headed as well, and we started

moving towards improving the conditions of the environment in the valley through the actions of the TVA itself. And, in fact, we got on the map in a big way by becoming the first utility, if you will, that adopted a policy on acid rain. That was the time when utilities in the U.S. were fighting against acid rain legislation, but we came out with a policy that would reduce actually by 50 percent the sulfur emissions of the power plants of TVA.

In 1982 a friend of mine, his name is Gus [J. Gustave] Speth, who was Chairman of the President's Council on Environmental Quality under President Carter, received the largest single grant ever for any NGO, \$15 million from the MacArthur Foundation, to establish the World Resources Institute. WRI was unique in that it would deal with global environmental issues and not just national environmental ones. He called me and said that he wants me to come and join and help in putting that thing together. I said, "Well, I really cannot join until the end of this year,"—'83 by then--"because I have some unfinished business at TVA." Eventually, in October '83, I joined the World Resources Institute as a senior associate, but very quickly I started helping in building the whole institute. I became the Vice-President for policy and then Vice-President for policy and research and then became the Senior Vice-President.

In 1991 the World Bank was recruiting a director for its Environment Department that was established in 1987, during the reorganization of '87, and they approached me. I came and talked to them. It's a long story, but I accepted the position on May 30, 1991. The story of accepting the job in itself, I think, is a telling story about how the environment was perceived in the Bank at that time.

**Q:** That would be good. Aside from the reorganization in 1987, the Bank had faced a great deal of criticism for a number of environmental disasters. Did that have something to do with your being hired as well?

**EL-ASHRY:** I'm absolutely sure that that's the case because the Environment Department, when it was established in '87, did not seem to really change much as far as the outside world is concerned. It seemed like business as usual, but the Department was being touted by the Bank as a change towards environmental sensitivity and environmental action.

The President at the time was Barber Conable, and the pressure from the NGOs translated into pressure from Congress, because Congress started to push some of these environmental provisions into IDA [International Development Association] appropriations. And Barber Conable, having been a former Congressman, as I hear it secondhand, was being told by his colleagues, "You know, you are going around giving all these speeches about the importance of the environment, but nothing is happening internally in the Bank on the environment." So in 1990 he decided that what he needed is someone from outside the Bank who knows about the environment to head the Environment Department and to start making whatever changes that were needed.

So in my first visit, I was asked by Wilfried Thalwitz, who was then Senior Vice-President for where the Environment Department resides, what are my thoughts; coming from the outside and observing the Bank from the outside? I told him what I thought an Environment Department ought to do, along the line of my experience from the Environmental Quality Staff or the

Environment Department of TVA, so to speak. And he was interested. We kept talking and talking, and he kept taking notes, and then he said, "Great. We'll be back in touch."

It was a day later that they called me again, and they said, "We want you to meet with a number of other Vice-Presidents and Senior Vice-Presidents."

So in meeting with Ernie Stern, who was the god of the World Bank at the time--and I say it with all due respect; I think the Bank misses some of his abilities, but he also had his own views on how these things ought to be done--and in talking with him, I said, "You know, the only way I will take this job is if I have a direct line to the President."

And he said, "Huh? No way."

I said, "Well, I guess you'll have to look for someone else." I said, "You contacted me. I did not contact you, and I am telling you that I will not take your job. I will take the job if it is described correctly. Otherwise, I'd be wasting my time."

The reason I asked for a line to the President is based on my experience at TVA. Because I had a direct line to the Chairman of the Board, and the Board there was a working Board--they met every day to carry out the work of the Authority with the help of a general manager--and we had there something similar to the situation in the Bank, a utility, basically, which is called the Power Department there, and they were resisting doing anything on the environment and always claiming that, "Well, it will increase the rates on the users of the electricity, and that would be politically unpopular," and so on. So, while I did not run to the Chairman of the Board every day to say, "Hey, they're stone walling. Hey, they're not listening to me," the fact that everybody knew that I could deal with him directly allowed for a give-and-take to work things out. In fact, he would sometimes say, "Mohamed, I thought you would be tearing doors down. Instead you are sitting and making compromises and so on." I would reply, "Well, the process is as important as the action." But it was truly that direct line to the Chairman that I felt made me effective in doing such a difficult job, and it was important to do the same thing here having known the Bank from outside.

So I said that to Ernie and we parted company. Sure enough, the next day I got a call to meet with Barber Conable, the President. So I came and he started immediately by saying, "I understand you're saying that you will not take this job unless you have a direct line to me, even though you are a director and not a vice-president."

And I said, "Yes, and before you go any further, let me tell you why." And I told him exactly what happened at TVA.

And being a good politician, he said, "Well, don't worry. Not only will you have a direct line to me, but I'll take you to lunch every two weeks in the Executive Dining Room,"--there was an Executive Dining Room at the time--"so that everybody can see that you have my ear." I was offered the job then on the spot by Barber Conable, and I accepted it, and we started from there.

**Q:** Now, let me, if I may, just go back to talk a little bit about the history of the environment in the Bank, starting in the late 1970s, with James Lee. In your opinion, how much did NGO criticism factor into the Bank's early pioneering efforts on the environment?

**EL-ASHRY:** A great deal. The Washington environmental community became truly very strong in the '70s, and that was the time also that I joined EDF in Colorado. And you could see how much can be done because the public was amenable to better quality of the environment. They have witnessed the pollution, they have witnessed rivers that went on fire in Ohio, and they remember the terrible air quality in Pittsburgh and other places, fish killed in many rivers and lakes, people getting sick from air and water pollution, and people just felt that this is the right thing to do. And the environmental movement took off from there and started truly to put tremendous pressure on the government, mainly through Congress, and Congress was very receptive because of their constituencies who wanted a clean environment. And that's when the majority of actions really took place.

And then came the notion that, well, you have the World Bank also that's dealing with all of these projects in the developing countries where the environment is horrible in the first place. Not only there is no improvement, but it might even be exacerbated by the actions of the World Bank. But, more importantly, I think what the NGO community was after is that the Bank could use its clout and its influence to help improve the environmental conditions in the developing countries rather than just ensuring that its actions are not hurting or damaging the environment. And that, I think, was something that the people inside the Bank did not really understand very well. They did not think that they can, or maybe they did not want, to influence the governments, and they started to take the incremental approach, a little piece at a time towards addressing the issues related to Bank policies themselves as they relate to the projects and their activities out there.

**Q:** When you get to the Bank, you inherit a department that had been created really in '87. Could you discuss the status of the Environment Department, which as I said was created in '87 as part of the reorganization? What was the status of the department when you took over as the director?

**EL-ASHRY:** The department was very weak. It had people who truly didn't know much about the environment. I used to joke at the time that there are economists wearing hats that say they're environmentalists, but they really do not know even how to spell the word on their hat.

**Q:** Would this be true of Kenneth Piddington, your predecessor?

**EL-ASHRY:** He was the first one to be hired (April '88 to mid '91) to head the department, and then when he left I was hired to replace him. But it was not his mistake. The Bank was not serious about that the environment business and the department was a dumping ground for anyone that does not fit in other areas. The Bank then did not have an easy time getting rid of people. I witnessed it myself. I wanted to get rid of some people from the Environment Department to be able to build it. Two to two and a half years, to be able to get rid of someone, and that's when I finally said, "No, no, no, no. You take them and put them somewhere else so that I can vacate and refill the positions, rather than sitting and waiting till every position gets

filled.” These were truly a bunch of nice people, good people, probably good economists, but could not do the job as far as the environment is concerned. You needed environmental specialists, you needed technical people who understand the issues, and that was my principle. Build a department, not big, but strong and respected so that when they speak, people in the Bank won’t dismiss what they are saying as coming out of left field. And that was the beginning of building, first, the Environment Department, and later, the environmental capability of the different regions under Lew Preston. But we can get to that later on.

**Q:** So this was your first goal, to professionalize really, in an important way, the staff? Did you have other goals?

**EL-ASHRY:** Absolutely. Because you know, you can sit for two years doing nothing while you are building staff. So it was a matter of picking immediate priorities that needed to be addressed, and in my mind, it was the environmental assessment of Bank projects. That was extremely important because before you can influence anyone to do something, you’ve got to show it in your own action, and as a result, this would eventually spill over into adopting other policies in the countries you operate in. The Bank was involved in building many dams out there, as well as power plants, roads, and coal mines. All are activities that have a tremendous amount of environmental impact and degradation.

In fact, the efforts on the environmental assessment guidelines had started before I got to the Bank. When I saw what is being put together, I felt like here we are in 1991, and they are trying to adopt environmental assessment guidelines and standards that took place back in the ‘80s rather than adopting internationally recognized standards that would fit the prestige of a place like the World Bank. And I knew, because I helped put together the environmental assessment guidelines and standards for the Tennessee Valley Authority. So I rejected what was being done, and I said, “No, that’s not how it’s going to be done. We’ve got to preserve the credibility of the Bank by adopting international standards and retrofitting them to Bank activities and needs.”

**Q:** So this leads to the Environmental Assessment Sourcebook, which . . .

**EL-ASHRY:** Eventually, eventually. But getting there was not a walk in the park. Immediately I was met with tremendous resistance, tremendous rejection, and it became a huge fight. At that time there was the Operations Complex, as it was called, and that was all the operations departments and vice-presidencies for the regions under one Senior Vice-President at the time. And I belonged to another Senior Vice-President, Wilfried Thalwitz, who was impressed by what I told him I wanted to do, how I saw the Environment Department, and he said, “You’re the expert. You do it.” So he did not give in to the pressure from Operations, and that was truly tremendous credit for him. He said, “You have done it before. You’re on your own. Go out and do it, and if you need my help, let me know.”

So I went about it exactly the way I did at TVA. I did not go scream to the President or anybody. I tried to work it out. And as I said, there was tremendous resistance and tremendous fight. All my energy in the first two months, outside of trying to find some good people to be hired, was put into that effort. There was meeting after meeting, meeting the Senior Vice-President for Operations, the Regional Vice-Presidents, and so on. In every case I’m being told, “Why are you

doing this? This is going to delay things, this is going to cost us money, and this is going to be rejected by the countries. We will not be able to move through our activities the way we have done it before.” And of course you explain, “But the way you have done it before was not the right way, and this will allow for better decision-making.” It was based on ignorance about what environmental assessment is intended to do. They thought that it was going to delay everything, rather than present options and alternatives. Sometimes it is like you don’t want to get into it because you may not like what will come out of it.

This culminated, in July of ’91, in a meeting called by the President, Barber Conable. And he brought all the principals around the table, and said, “OK, talk.” So they, of course, talked about why the new guidelines that were worked with their people should not be adopted. I had a draft that was basically rejected by senior managers in operations. He listened to all views--the opposition and mine. The meeting ended by him saying, “OK, I’ve heard everything. I’ll let you know.” He had announced that he was not going to take another term, and Lew Preston was named, but Lew [Lewis T.] Preston could not start till September. So Barber Conable agreed to stay until August 31<sup>st</sup>. On August 31<sup>st</sup> before he left, he signed the environmental assessment guidelines that I had proposed as is, without a change, and implementation followed.

**Q:** Before moving to that, would you say there’s adequate consistency in the application of these environmental assessments between the World Bank and other aid organizations, including the Multilateral Development Banks?

**EL-ASHRY:** No. The Bank, even with the weak standards at that time, was still ahead of the Multilateral Development Banks. In fact, ‘til today, some of them, like the EXIM [export import] Banks, do not have environmental assessment standards. And that was another objective of mine; the Bank as a leader on the environment, just as it is a leader on economic development.

**Q:** Now, after Conable signs this, overall, what impact did Environmental Assessments (EAs) have on project design? I mean, has there continued to be a battle with operations over this, or . .

**EL-ASHRY:** Well, the battle became on details in implementation. In the environmental assessments, you classify projects as they come as proposals, either as A, where they don’t require any environmental assessment because it’s an environmental project, for example, or B, where it requires only an EA, an environmental report, so it does not involve all the great actions related to an environmental impact statement, for example, or C, like a dam, a coal project and so on, that requires a full-blown environmental assessment. So the fight started, then, on the designation. If you want to avoid making an assessment, you call the project A, even though it is going to have environmental impacts.

**Q:** Even though it’s a B or a C?

**EL-ASHRY:** Yes. But we managed then, through a second fight that we won, to get the Environment Department to be the one that has the final say on whether it’s A or B or C. So they propose it to the Environment Department, and then the Environment Department either signs off on their designation, or says, “No way. This is going to be a major project.” Then the third battle involved who ought to see that environmental impact or statement or report after it has been



done. While they would let us see a summary, they did not want to show us the whole report. Why? Because they claim that it belongs to the government, and unless we get the government authorization, we cannot see it. And I said, “Yes, this is Bank money, Bank projects, and it’s the Bank that helps prepare it, and I can imagine, even if there is a need for a clearance from the government, you go and get it. You don’t say, ‘I cannot get it because they’re not going to give it to us.’”

And that became the other issue with NGOs on the outside. The NGOs wanted transparency, wanted full disclosure. We talked about disclosure earlier. They wanted disclosure, so of course that became a good excuse because if they, in operations, show it to us then they would have to show it to anybody else--one step, one increment--if they don’t show it to the Environment Department, then the NGOs cannot see it, and of course I was not going to sit quietly and accept that. The Environment Department is part of the Bank. In addition, I was reporting to the Board regularly on the guidelines and their implementation. I needed to have the full picture. So that became the next fight, the disclosure of these assessment reports, and eventually we won it as well.

And that became the beginning of public disclosure of Bank reports. It started with a small room in the J building on the side that’s in the back now of the InfoShop, where someone would be sitting there, and people, mainly NGOs, would come and look at the environmental assessments.

**Q:** In your opinion, how difficult is it to ensure compliance with international environmental instruments using the Environmental Assessments as a vehicle?

**EL-ASHRY:** Well, if they are done right and in good faith, they can actually go a long way to ensure such compliance. The Bank did not need to reinvent the wheel. Already the OECD [Organisation for Economic Co-operation and Development] countries, the U.S. and others, had demonstrated that, and actually a number of developing countries with the help of the United Nations have started to move seriously in that direction. But the issue was always, “Is that something that’s needed? Is that cost effective?” The whole notion of environmental externality, in the mind of economists, is something that somebody else pays for and not as an inherent part of the project itself and its cost. And, ‘til today, the implementation of these environmental assessment guidelines is not perfect, and cannot be taken as a given. There is an implementation review for the Board--not every year, but every two or three years--and still there are problems being reported. Acceptance of the environment in general and environmental assessment as a tool to addressing the environment is not universal among Bank staff.

**Q:** In January 1993, as a result of the ’92 reorganization, also referred to as fine-tuning, the Bank established a central vice-presidency for Environmentally Sustainable Development, increasingly consulting with NGOs as it became more involved in the social aspects of development. Having said that, please discuss, first, how this impacted your work and, secondly, your role in institutionalizing social development in the Bank?

**EL-ASHRY:** Well, I think as a preface to the answer to the question, one has to go back about six or seven months to the Rio Earth Summit in June of 1992. That was a very important milestone for the Bank and, eventually, for some of the changes that took place in the Bank

reorganization and otherwise. The Environment Department played a major role in setting the agenda of the Bank for the Rio Summit. And you can say that it was truly the wish of the shareholders, the OECD countries that stood behind the Earth Summit and its agenda, and wanted the Bank to deliver. I think that is a simple way of putting it.

The Bank's *World Development Report* on the environment was in preparation when I joined in '91, but it was under the auspice of the Chief Economist not the Environment Department. It shows you how weak the Environment Department was and the kind of respect that it had inside the Bank. So, of course, when I came I was told, "You have to start getting involved and that it will be a joint effort." So I participated in some of the workshops for people who have prepared background papers and so on. Eventually, I was shown the first draft, and it truly was a disaster from an environmental point of view. It reflected the economist notion on how the environment should be dealt with; if you get the policies right, everything is all right. Well, it doesn't work that way in the real world. You have to have standards and regulations, and you have to have targeted policies for the environment because it's still a free good. If you don't, who is going to worry about the global commons or the public commons and so on? So I talked to senior management and I said, "This is not going to fly. In fact, it's going to hurt the image of the Bank," and senior management agreed. I became involved then in the process of rewriting a good part of that *World Development Report*, and it eventually became one of the best documents. Not just because of my involvement; there were other voices within the Bank who were ignored and who became also involved.

The *WDR* became the flagship for the Bank's participation in Rio, and I headed the Bank delegation to Rio, and of course, Mr. Preston came and spoke at the plenary there. But there were a number of things that happened around that time as well, in terms of the speech of Lew Preston in Rio. In fact, when you look at books that have been written in terms of analysis of what happened at the Earth Summit, they credit his statement to the success of the summit in the sense that there was complete disagreement between the developing and the developed countries on Chapter 20, which is the finance chapter. Here I proposed, and they accepted--Senior Management, that is--that in the next IDA replenishment, there would be what would be called the Earth Increment, which is like an Environment Fund within IDA, of three billion dollars. So there would be a replenishment of \$14, \$15 billion for IDA, and an additional three billion, which is not really that much. Of course, we had the GEF [Global Environment Facility] at the other end, which was also another part of that agenda in Rio, and we would be able to then co-fund between the GEF and the Earth Increment in the sense that you are dealing with both the local environmental problems and the global environmental problems in one big package. And that was included in his speech, and that turned the tide. An agreement was reached, and the World Bank became a hero for contributing positively to the success of the Rio summit. At the same time, the GEF was accepted, and that's another story to address when we get to the GEF. But the GEF was accepted, which was very important also, and in fact some of the headlines afterwards said: "The World Bank Rio's Biggest Winner."

When we came back to Washington, it became a matter of how do we follow up then on the *World Development Report*. Is it just a report, or is it really a commitment for how to do things better? And actually, the atmosphere inside the Bank this time was different from that during the discussion on environmental assessment. We're talking now about water resources management,

we're talking about forest management--efforts where the investment of the World Bank will help the countries and will also help the environment. So it was a very good cooperative atmosphere. But by then also, more environmental specialists had been hired in the regions to complement what's happening in the Environment Department itself, and the reorganization and establishment of a vice presidency for environmentally sustainable development became the initial step for the Bank to follow up on the Rio agenda. The social aspect was really a recognition from the beginning of the link between people and the environment.

When I took over as Director of the Environment Department, I asked that Michael Cernea, who was the Bank guru on social science and social policy, to join the department. He was in agriculture at the time, which shows how social issues were being viewed inside the Bank at that time--not different from the environment. Michael became my senior adviser for social policy. We started then actually hiring people to address the social aspects of environmental assessment, since that was the biggest tool we had. Eventually, a division was established within the Environment Department, with Gloria Davis moving from her job as head of the environment for ASTEN to become the first Division Chief on social policy which, eventually, after I left to the GEF, became a department in its own right. So that was the sequencing of social concerns in the Bank: from being associated with environmental assessment to becoming an important area of the Bank's operations. And when we talked about skill mix in the Bank, it was about environmental specialists and sociologists, and that's how the number of sociologists also started growing in the Bank.

**Q:** OK. What led to your appointment as the Chief Environmental Adviser to the President of the Bank in July '94?

**EL-ASHRY:** When ESSD [Environmentally and Socially Sustainable Development Network] was established, before it was announced, people who knew what was going on with the reorganization thought that I would be the Vice-President. Before the formal announcement, I was called for a meeting with the President, who told me that I would not be the ESSD Vice-President but that he wanted to recognize my continued leadership on the environment by giving me a title like the Chief Economist. He said, in fact, those were his exact words, "We can't call it Chief Environmentalist, not because there was something wrong with it but because others would not view it well, so how about if we call it that?" And that's how it happened, and it basically was reflecting my continued relationship with the President--the direct line understanding. Mr. Preston was very interested in the environment, in a serious manner, and wanted to make changes. In all honesty, the major changes that have taken place in the Bank towards the environment were all under Lew Preston. Some of them were not implemented, but the decisions were made and eventually they got implemented. He is the one who stood behind the efforts on the environment and social aspects of development and put in place all the mechanisms that are there today.

**Q:** We're going to backtrack a little bit to talk about the GEF and the background to the setup of the Global Environment Facility (GEF), in 1991, considered to be a unique partnership among key UN agencies (UNDP [United Nations Development Programme], UNEP [United Nations Environment Programme], and the World Bank), administered by the World Bank. Also, your

role in simultaneously serving as GEF Chairman in November '91, soon after your appointment as Director of the Environment Department?

**EL-ASHRY:** OK, that's a very interesting history in its own right. The fact is the idea of the GEF actually came from us at the World Resources Institute. We were commissioned by UNDP to do a report on financing international conservation efforts. There was great interest on the subject because of Rio and following the recommendations of the [Gro Harlem] Brundtland Commission. So people were talking about the gap that exists between the amount of money that's being spent on conservation and what's really needed, which is huge, and what mechanisms can be put in place to try to close that gap even a little bit. So we, at the WRI, worked on it for a year and a half, and the report was completed in 1989, and we proposed the establishment of the IEF, International Environment Facility. And we actually proposed that it would be housed at the World Bank, administered by the World Bank, which did not sit very well at all with UNDP that gave us the money in the first place to do that report, but we thought that that's what makes sense. We had two people from the Bank on the advisory council for the study, Basil Kavalsky and Alex [Alexander] Shakow. Little did we know, after we released it, that the Bank had been quietly putting together the idea of the GEF on the basis of our report, which is fine. I mean, that's a great credit to us. You know, we had influenced an international institution, and it will not be just a report to sit on a shelf.

So in 1990, I believe, it was at the Development Committee meeting, and the French proposed the GEF, the Germans supported it, and it started to move from there with voluntary contributions from a number of the OECD countries. When the Bank finally put together how the GEF is going to operate and what kind of projects they're going to support, they came and gave us a presentation at the World Resources Institute (WRI). And we were very critical of what they were proposing. We just did not think that that was going to work. It was a typical Bank approach for regular projects, investment projects, that would not work for the environment, as such. The criticism was also shared by many of the NGOs in town that were consulted. But the Bank, as it usually did back then, just rammed it through, and Wilfried Thalwitz became its first Chairman.

So before I was hired, when I was interviewed by Wilfried Thalwitz, he actually asked me about the GEF as well, and I told him what I thought. Just like the Environment Department, I told him what I thought about the GEF, and what we really had in mind when we put that idea together out there. So when I was hired, he said, "You have to work closely with me on this." The first GEF Participant's meeting actually took place a day or two before I was officially to start, and I came and sat behind Wilfried so that I could see how the whole thing was being done.

When Lew Preston came in September, he decided to reorganize the Bank, and he eliminated the senior vice-presidencies and put people in different regions. Wilfried Thalwitz became Vice-President for Eastern Europe and the Soviet Union, and as a result, the position of the Chairman became vacant. So people suggested to Lew Preston, "Here is what's-his-name, here is what's-her-name," but he said, "Nope. The person who heads the environment heads the Global Environment Facility. The word 'environment' in GEF is there for a reason; it has to be the same person." So that was before the establishment of the ESSD vice-presidency. So I took over the chairmanship actually starting in September, but it did not become official until November when

the UNDP and UNEP came to sign the first agreement of their collaboration and partnership with the Bank.

In the first Participants meeting that I chaired, I told them point-blank that this animal, the GEF pilot, would not fly: “It is supposed to be helping developing countries address global environment, and they’re rejecting it. They’re saying, ‘We don’t want it.’ You basically have a private club of 28 or 29 countries, with six or seven developing countries, the rest are OECD countries and everybody has to pay, in fact, four million SDRs to join. And where is the rest of the world where the bio-diversity lies and so on, so it’s not going to fly.”

So they said, “OK, tell us how it should be.”

We wrote then the first options paper called *The GEF Beyond the Pilot Phase*, because the pilot is pilot and you need to end it as fast as possible and start dealing with a new organization. And on the basis of the paper, negotiations started with a larger number of developing countries participating. The majority of the developing countries at the time were arguing for the so-called Green Fund, which would be for the environment in the developing countries. The notion was rejected by the OECD countries. So if there was no money, then you won’t have a fund. Reluctantly, a number of developing countries started joining the negotiations--reluctantly and suspiciously. As negotiations progressed, they saw that there is serious interest among OECD countries in restructuring and that there would be real money in it and not just a little bit of voluntary contributions like in the pilot. In April of 1992, two months before Rio, there was an agreement with 78 or 79 countries--the majority of them, of course, are developing countries--on how the GEF would operate in the future beyond the pilot phase.

In Rio, when ultimately all the negotiations were completed, the GEF proposals were accepted as is with the addition of four words, “without imposing new conditionalities.” That was the only language that was added to what we presented as the proposal for the GEF.

Once it was accepted and became part of Agenda 21, we started the process of negotiating the restructured GEF, which took 18 months, and became final in March of 1994 with the first replenishment of \$2 billion. And then there was a decision that needed to be made. It had to be independent from the Bank with an independent head that reports directly and only to the governing Council. So it was either I stay with the Bank as the Environment Department Director or I leave and become the first CEO and Chairman, and I decided to do the latter.

**Q:** In discussing the development of the GEF, what role did the NGOs play in its evolution, I mean, relative to other forces at work?

**EL-ASHRY:** They were very active, but at the same time they really were supportive of the direction that it was taking, and they contributed to it as well. We always convened an NGO consultation before the Participants’ meetings, and this in itself actually evolved into a very interesting process. As I was telling the NGOs one day here before the Council meeting three weeks ago, reminding some of the new ones, “You used to meet before the Participants Assembly, and you would have a statement and someone would go to the Participants Assembly, give the statement and would walk right out. Then the next meeting, it became two people that

came and gave a statement, divided between the two of them, and walked out. The next time, we let you sit after you gave your statements, and then that eventually led to the admission of NGOs as observers for the first time in a financial institution, and not only as observers sitting and watching but actually making interventions in the deliberations of the governing Council itself.” So they had a major role to play, and I think also that without their support, it would have been difficult to get support from the U.S. for the new structure. The U.S. was to be the number one contributor to the fund.

**Q:** Let me ask also about your serving as special adviser to the Secretary General of UNCED [United Nations Conference on Environment and Development]. How did that work, and what relationship did that role have on the furtherance, really, of the GEF?

**EL-ASHRY:** Well, actually it started before I came to the Bank, when I was at the World Resources Institute. And the reason for it was really a simple one. Maurice Strong had a very small staff as the Secretary General for the summit. Part of his tremendous ability and creativity was in targeting people who have knowledge of the subject on sustainable development, and environment and development, to help in preparing the agenda for the summit, and the documents for the negotiations themselves, because it was preparatory committees one after the other, and you needed to draft documents with proposals that eventually become included in Agenda 21. So that’s how it started when I was on the outside, and then I continued after joining the Bank, not really by attending meetings anymore because I had my hands full, but through individual meetings with him, with the Secretary General on specific subjects.

So one of the subjects, for example, was when we were internally discussing the earth increment. In fact, he had come up with the idea, but he didn’t know how it could be done. So I proposed that it would be done through IDA, and I presented it to Senior Management in the Bank. So, it was really in that context that the relationship continued, from purely technical, when I was with the World Resources Institute, to strategic after moving to the Bank.

**Q:** OK. We’ve talked a little bit about moving GEF from a pilot to a permanent program and what this entailed for the GEF and for you as its Chairman. In 1994, you described GEF governance as “a unique blend of U.N. and Bretton Woods practices.” In retrospect, has this model worked well for the GEF in that it remained attached to the Bretton Woods institutions and not to UNEP or the UNDP?

**EL-ASHRY:** It’s definitely an interesting idea, and I don’t believe the world, so to speak, would have backed the establishment of a new institution at that time. So having a hybrid organization that brings UN and Bretton Woods approaches together seemed like the right idea, in the sense that the UN in general emphasizes process and the Bretton Woods emphasize action. But you can’t really have action without the process, and that’s why the Bretton Woods institutions always get criticized for lack of consultative approaches, lack of a representation by developing countries even though they’re determining their fate with macroeconomic policy proposals and so on. So this was a very interesting combination that brings the process and the action together, and of course brings the only environmental organization in the world, UNEP, into that effort as well.

Initially, it was a World Bank organization, but the restructuring has made it a partnership and also independent from the Bank. Yet, the Bank plays three important roles. Trustee (and that reflects the answer to your question), being a financial institution, that's where the trust fund would be established and the money would be managed with some accountability on how the money is being spent and so on. The second role is being an implementing agency just like UNDP and UNEP except here for investment projects since that's the specialty of the Bank. So as a result, the majority of the money, more than 50 percent, is committed through World Bank activities on the investment side. UNDP deals with technical assistance and capacity building, and UNEP addresses the scientific aspects of the effort itself. And the third role for the Bank is in servicing the secretariat, in the sense that we are housed in a Bank building, we pay the rent, they negotiate the leases. We also don't have accountants, we don't have lawyers, but we pay for the service.

How does it work? Well, with difficulty. It is a complex structure, but we made it work, and again, because truly of the good faith efforts of individuals--individuals in the Bank, individuals in UNDP, individuals in UNEP, and individuals on the Council that wanted to make this work. And people complain, people in the secretariat say, "Oh, do I have to live with this?" People in the Bank say, "Why do we have to deal with a secretariat that tells us what to do and not do? Why don't we just take the money and do it?" And at the same time here, the secretariat people say, "But it's the GEF money. You've got to follow GEF policies and so on." Eventually it works out. Transaction costs perhaps are a little high, but ultimately it works and has worked actually very well. We set the policies and the direction for the GEF itself and its activities out of here, out of the secretariat, approved by the Council, and then implemented by the organizations that are out there--the implementing and executing agencies. GEF's achievements on the ground are testament to this cooperative effort.

**Q:** In 1999, the GEF Council expanded opportunities for seven other agencies to work and execute GEF projects, among others are the four Regional Development Banks, UNIDO [United Nations Industrial Development Organization], IFAD [International Fund for Agricultural Development], and FAO [Food and Agriculture Organization]. In dealing with multiple constituencies such as national governments, international institutions, and private organizations, in your opinion, how well set up is the GEF to deal with issues of inclusiveness, consensus, and transparency?

**EL-ASHRY:** Let's take it in pieces, first in terms of these executing agencies. In 1999, recognizing that there is a new convention that's being negotiated, which is the Convention on Persistent Organic Pollutants, or POPs, and expectation--not just expectation, I mean, we were going to fight tooth and nail to ensure that the GEF is the financial mechanism for it because the GEF should be the financial mechanism for all global environmental conventions, old or new. So that's one.

Second, the realization that there isn't really sufficient capacity in the system, in the World Bank or the other two UN organizations, to deal with these issues of Persistent Organic Pollutants, PCBs, DDT, and so on. So we needed to find organizations that have the capacity so that we can go and argue that we are well-placed to implement the convention, and they don't say to us, "No, but you don't have any capacity or knowledge of that." So we brought FAO to deal with

agricultural chemical, and UNIDO to deal with industrial chemical. Because desertification was going to become a bigger issue, and our view that it can be addressed more successfully through action, small projects at the community level and so on, we felt that IFAD can help provide that kind of expertise, having done that on the agricultural side themselves. So that's as far as these three UN organizations are concerned. But you have, then, the Asian Development Bank. The main reason for that was when it became clear that the Bank is sort of phasing out its work on energy, and there were very few energy projects coming to us from the Bank, and a very key area for the GEF is climate change. So, if we don't have investment projects in the area of climate change, we're going to run into trouble. The convention and the countries are going to say, "Where is the money? Where are the projects? How are we going to implement the convention?" So we wanted to very quickly fill the gap that's being developed by the Bank, with the Regional Development Banks, and that's how they entered into the system. So, one is to complement the existing capacity, and the other is actually to bring new capacity into the GEF. Inclusivity and-- what was the other one?

**Q:** Consensus and transparency.

**EL-ASHRY:** Yeah. Let's take them in the reverse order. Transparency. We probably are the only organization that makes all of its information public, including the budget, before the Council even approves it. Everything is out there. Anyone who wants to comment and say, "They are going to spend too much money next year in this area," can comment on it. The Council can take it into consideration. Having the NGOs as observers in the deliberations of the Council, nothing is hidden. They are seeing exactly how the decisions are being taken and why they are taken, and the give and take between developing and developed and economies in transition on the Board itself.

Consensus? When the GEF was restructured in '94, one of the sticky issues between north and south was how decision-making was going to be done in the context of the Council, because you have the Bank that deals basically on the basis of one dollar, one vote. Developing countries didn't want that. They didn't want the donors to overwhelm decision-making and tell them what to do in their countries related to the environment. At the same time, the donors were not going to let the decision-making be like the UN--one country, one vote. So we came up with the idea of a double majority system whereby, for any decision that's going to be voted upon, you need the majority of the countries and a qualified majority of the money, otherwise it does not pass. In other words, each side is blocking the other, and you're not going to continue to do that. You want to move on, so consensus is the best way to operate. In fact, the GEF instrument says that decisions will be by consensus, but when a consensus cannot be reached, there is such a voting system. For the nine years since it was restructured, there has not been a single vote in the Council. Everything has been done by consensus, which, of course, moves people towards middle ground and accommodation of each other. But, of course, the technical aspect comes first, which is, "Is this proposal valid in its own right?" But how to implement it is where you come into differing views in terms of strengthening this or that part and so on. So consensus has been the means of moving forward and, in fact, it has provided both north and south negotiators in other fora of environmentally sustainable development, with a good amount of goodwill, having exercised that here in the GEF, for example, in the Commission on Sustainable Development that resulted out of the Rio process itself or in the conventions, because you find



that some of the same players out there are actually operating here in the GEF as well. So I feel very strongly that the GEF has contributed a great deal from its institutional structure and arrangements, and its deliberations and decision-making to other institutional deliberations in the world on environment and sustainable development.

Inclusivity, you have it in a number of ways really. Universal membership, no fee. Like it used to be the four million SDRs [special drawing rights]. Any country that wishes to be a member of the GEF sends a piece of paper from the responsible minister to the CEO and Chairman saying, "We wish to be a member." We send them immediately a response saying, "Welcome to the GEF family," and they have become a member. As a result, we have now 174, more than many UN organizations, as members of the GEF. They are represented in the Council by constituencies. There are more seats for developing countries on the Council than for OECD countries. There are 32 members. Sixteen are developing, 14 are developed, and two are economies in transition. The developing country representatives belong to constituencies that are not dictated to them. Countries choose which constituency they want to be in, and it does not have to be an Asian country in an Asian grouping or an African country in an African grouping. They can choose anywhere they want, and as a result, there is a rotation for the seat. And that's among themselves again; they can rotate every year or rotate every two years as they choose, so that they are represented in the decision-making itself. We facilitate consultations between whoever is the council member and the rest of his or her constituency. Before every Council meeting, everybody receives the documentation so that they can provide their comments and participate in decision-making.

Then you asked about public participation in terms of inclusivity, the way I understand it, and that's at the project level in the countries themselves. We have a very strong public policy, public participation policy and public involvement policy in the GEF, that all organizations--the Bank, UNDP, UNEP, FAO, whoever it is--must abide by. They translate documents for the local communities if it is a community-based effort or indigenous people's effort, so that the people can understand what is happening and participate in decision-making. The NGOs of the countries and the community organizations' representatives are heavily involved. We have been adding also the involvement of the scientific community in the countries themselves, so that it becomes part of the capacity building. At least they know what is happening in their country and can contribute to that effort, and we have a scientific and technical advisory panel that helps in putting together that network.

And then we have the NGO network itself. They come for the consultation before the Council meeting. We facilitate that for them. We pay for the developing country representatives of NGOs to come here, and OECD countries take care of themselves. And they spend a day discussing among themselves first all the issues that are going to be before the Council, then they involve the staff explaining to them what's happening and answering questions, and then they take their positions and come and make their presentations at the Council meeting itself.

**Q:** Let me ask you, how difficult or easy was it for you as CEO and Chairman to balance the various interests of these implementing agencies? You make it sound as if it all worked like one of these perpetual motion machines: you get it started and it goes.

**EL-ASHRY:** No. No, it doesn't go. It does not go without really very special attention, and not just on the part of the CEO and Chairman but also some receptivity on the part of others. Some things go well because they were established early on and became good practices. Like, for example, I consult with Council members. They meet only twice a year. So you have a huge agenda in two and a half days. I consult with them before every Council meeting. And then of course, as you might expect, OECD countries will have certain views, and sometimes even within OECD countries, they have differing views, and then the developing countries also have differing views among themselves, and from the others. So I try to find the middle ground, working middle ground, because if it's not workable then it's not worth actually pursuing. And then I bring everybody to a lunch the day before the Council meeting, and I pick the two or three major issues of difference, and we spend lunch--three hours--talking about this. And we try to reach some understanding. I start by introducing it as an informal discussion, but trying to narrow at least the gap of understanding among ourselves, and each side can explain to the other what they really mean and so on, so it facilitates our work the next day. So without the personal attention and making sure from the leadership position that it works, it's very difficult.

And in fact, sometimes you feel like this solid thing can easily crack like a very expensive vase, and that's when you've got to go around and very quickly make sure that these cracks don't develop. So I will be talking to my successor about that, because of the complexity of the structure you can't just let it happen by itself, because it doesn't. There are so many self interests, vested interests, in the system that if you leave it alone, everyone will run in a different direction, pulling apart rather than coming together, as we have done over the last nine years. And you might say it is because of all of this that I've decided also not to take another term. I feel like I have gotten it now to a point where it can move smoothly, and we've closed many of the holes and gaps that were there, and now it's time for someone else to do it, and I can do something else without having to spend all of this energy and effort to make sure that it's working on a day-to-day basis.

**Q:** Let me ask you one last question here and then we'll take a little break. Speaking about energy and effort, how well set up is the GEF in engaging the private sector and in forging public/private partnerships? Speaking about energy expended . . .

**EL-ASHRY:** Yes. It has been difficult to do that, for a variety of reasons. Basically you are dealing with governments because you are an intergovernmental body. Governments want to be the recipients of the resources. Governments, particularly the least developing countries, do not trust the private sector. There isn't really much investment there. When we talk about foreign direct investment being twice or three times as much as ODA [official development assistance], it's happening only in 15 countries or so. And there is a suspicion that OECD countries just want to channel their resources through the private sector so that they can make a profit and so on. So while no one really said it openly that way, clearly that's the undercurrent.

We submitted, I think, two papers at least, if not three, on a policy for the private sector, and everybody danced around it, and you know what is behind it, what is being said, but no one wants to say it up front, and the result of the whole discussion is you prepare another paper. And when somebody tells you to prepare another paper, it means that they're not prepared to take a decision. But we were convinced that we cannot actually achieve the objectives of the global

environment or these conventions without strong participation by the private sector. I mean, where is the technology in the first place? We're talking about renewable energy, solar, and big stuff. Wind and so on. It is with the private sector. So if you don't have the engagement of the private sector, they're not going to go very far. At the same time, you want to encourage also the establishment and the development of private enterprises in the countries themselves, because we felt all along that our money is small. Three billion dollars is a drop in the bucket. Ten billion dollars: still a drop in the bucket. So you have to act as a catalyst.

The fact that our money is grants, it can help catalyze other co-financing and mobilize other resources. And we have been successful, actually quite successful, but there is still room for improvement. We have committed so far over four and a half billion dollars of our own money as grants, but that mobilized about \$11.5 of other resources. Some of them are public resources, like China borrowing from the Bank, and there is a GEF component that's helping move the whole package forward.

The private sector was slow in coming into these partnerships, if you will, but for the last two years we have been very aggressive, looking out for partnerships with the private sector that's interested in the same thing as we are. At the same time, you find very clearly they are not interested in our grants for themselves. But if we are dealing with Country X, what do we do and what do they do to move the agenda forward? Very clearly (and that has been my idea for some time) is that public resources should really help establish the climate, the environment in the country that allows for private investment. For the big risks that exist out there: that's why FDI [foreign direct investment] is only in 15 countries; we can help buy down some of that risk. We can help bring some guarantees into it. There's nothing new about it. It's just a matter of how do you utilize grant resources to do that, and as a result, we have now a number of actually important projects in the portfolio that demonstrate different modalities for addressing private sector participation and establishing public/private partnerships with GEF money. We are discussing right now with Shell and a number of the major energy companies that are involved in solar and renewable energy--big partnership on that front. It probably will not be completed before I leave, but all the pieces for it are in place for my successor to follow up on. We had a meeting in this room just a week ago to keep that discussion moving. And that's again because of the interests of the private sector in dealing with renewable energy and important environmental issues, not just because they make them look good, but they realize that they can make money there too. Shell has a big division that deals with solar energy, and they have a huge plant, probably the biggest anywhere in the world right now, built in Germany to produce solar panels. So they need to find the market to sell it. They can't just produce it and sit on it. The same thing with the wind energy companies: they want to expand their business, and they realize now is the time to actually start moving in that direction.

**Q:** Because the GEF has served as a catalyst, an agency designed to bring various groups together, and as an innovator, monitoring and evaluation are obviously an important aspect of its work, how adequately have the tools for evaluating and monitoring served the GEF?

**EL-ASHRY:** Just like the GEF itself has been evolving from the pilot phase to the restructuring and so on, so has the monitoring and evaluation effort. It did not start right at the beginning with the GEF relying mainly on the monitoring and evaluation that the agencies have for their

projects, and there was not really an overarching framework for that. So that was established about six or seven years ago, where we have overall policies for monitoring and evaluation and what to do with the information that comes out of it.

Let me elaborate a little bit. In addition to just monitoring and evaluation of the activities themselves and the role of the agencies out there, there has been also what is known as overall performance evaluation, and that preceded the last two replenishments. So, in fact, the replenishment itself hinged on the results of an acceptable overall performance evaluation of the GEF in its entirety. And these were done by completely independent people with terms of reference approved by the Council, and then a team is recruited with some knowledge, of course, about the global environment and developing countries and so on. Then they take their time visiting some of the countries and some of the projects, interviewing people in the agencies, interviewing people in the secretariat, and then they write their report. And so, that's a feature that will continue before every replenishment.

Now that the monitoring and evaluation itself in the GEF has evolved, we are moving into making it a completely independent effort. In a way, evaluation has been independent since it was established in relation to the Council itself, but in terms of monitoring, the unit reports to me as the CEO and Chairman. Now the whole thing will become independent, reporting only to the Council with only administrative support from the secretariat as such. A key aspect of it is ensuring that the objectives of the GEF operational programs, operational strategy, and now we have moved into strategic planning that sets priorities up front, which in a way was a step towards the independence I was talking about. So that is now in place, and the business plan that was submitted to the Council three or four weeks ago tackles that system in detail, not only by setting the strategic priorities but by setting also indicative envelopes, resource envelopes for that.

So now you've got to evaluate against these strategic priorities, are these strategic priorities being met in implementing the activities of this replenishment, for example, and so on. But in addition, what do you do with all that information? And so we talk about the lessons here, and we put out notes, but that's not sufficient. There must be a way of having a feedback loop of all of these lessons into the design of the next generation of projects. The agencies must utilize them. The agencies must show how they are utilizing these lessons learned in the design of the next project. The secretariat, in adjusting policies in the future or addressing how the strategic priorities ought to change and so on, must take all of this on board. But more importantly, you've got to put that out publicly in a big way, because if we're a catalyst, as we're saying we are, then we've got to help others see what's being done with this money, and since this money is public money anyway, we need to help others who are doing similar business or are planning on doing similar business in the future, to take into consideration our experience both positive and negative. We should not shy away from showing how a project has failed. Why did it fail? Is it because of the policies in the countries? Is it because the design was faulty? Was it because the money was too little, or too much sometimes? These can result in a project not actually achieving its objective. Is it because of the lack of public consultation and public involvement? The beneficiaries are not involved at all? There are no local benefits; it's only global/environmental benefits that the people don't understand? So all of these must be really shared in a big way, and that is going to take now some strengthening of the M & E [monitoring

and evaluation] unit of the GEF, as well as providing it with additional resources to be able to publicize and share all this information outside.

**Q:** OK. Does the GEF make use of other evaluative entities? Does it monitor other evaluative entities and derive best practices?

**EL-ASHRY:** Well, not exactly. I mean, let's look at it from two perspectives. One is that every agency, the Bank, UNDP, UNEP, and now the new ones, the Regional Development Banks, have their own evaluation units. So we don't want to duplicate what they are doing, but what OED [Operations Evaluation Department] is doing is looking at the projects of the Bank. They are not looking at the projects of UNDP. UNDP is looking at that.

So first of all, we want a uniform set of guidelines so that you don't have the mountains and the valleys as far as how things are being done, or the apples and the oranges. We want whatever unit is utilizing uniform guidelines that are GEF guidelines for the evaluation and then they look in retrospect at the results of all of this and test against it. So we established what is called Secretariat-Managed Project Reviews, whereby it is not just taking the information that the agencies give us in telling us the rating--you know, this one is satisfactory, this one unsatisfactory--this is one effort, but then you go out and test it again, and find out how your independent evaluation matches in terms of the ratings of what OED or anybody else, or the agencies, really says, and so on.

These, too, are efforts that converge together to try to bring about better systems of evaluation for the GEF projects, because the GEF is new, and the whole global/environmental business is really new, I mean, when it started back in 1990, no one knew what a global/environmental project ought to look like. So, as a result, people use their experience in development or in regular environment projects to do that, learning by doing, which has truly come a long way in terms of the quality of the activities themselves, their design, and their implementation. But there are still some projects in the portfolio that started on the wrong foot, so to speak, and they still are ongoing, and these are the ones that we're trying to correct and bring to closure.

**Q:** Are GEF monitoring and evaluating efforts restricted only to environmental activities that *it* sponsors?

**EL-ASHRY:** Well, GEF monitoring and evaluation is limited to the projects that it helps finance and does not extend to any other environmental activities. But since a good number of the projects are really partnerships, because you have different sources of funding for it--something we did not really mention in the beginning which was part of the whole GEF beyond the pilot phase--what we focus on here is that you are not going to solve environmental issues unless you are addressing the development issues as well. So that's where sustainable development becomes a very important concept. That's what we try to do. So you bring the environment and the development together, whether it's at the community level, whether it's at the perimeters of protected areas, or whether it's in urban areas. So in that sense, you have a number of partners that are supporting the other parts of this mega-project, if you want to call it that. Sometimes they are actually small, but it's multiple partners that are there, and each one is bringing their own experience, but ultimately when you evaluate, you've got to evaluate the

project from one side. You can't take that little segment of this bilateral organization and this multilateral organization and the country itself and so on and say, "This is the GEF piece. We're only going to evaluate this." You evaluate the whole project, and as a result, you see how the partnership is working. You see how the different pieces are working together in that or the other particular project.

**Q:** In terms of GEF's monitoring efforts, specifically, when it comes to implementing environmental assessments, what role does the GEF play in the case of noncompliance by either the beneficiary or co-financier?

**EL-ASHRY:** That's an interesting question. We made it clear from the beginning--in fact, it is written in the instrument for the establishment of the restructured GEF--that GEF projects should not have adverse impacts on the environment. It cannot be an environmental project that ends up affecting adversely the environment. So that's a given to start with.

Now, since you are not really talking about building a dam and calling it renewable energy, even though hydroelectric is a renewable energy, you are not involved in that magnitude of environmental assessment that's there. The only ones, for example, in the case of energy would be a wind power energy project where you would want to make sure to assess the impact on people, more than anything else, in terms of noise--just like it happened in California--in terms of birds: how many birds are going to get killed, is this in a migratory bird sanctuary, for example. These become some of the assessments that we've done in the appraisal of the project itself rather than preparing a whole environmental impact statement as such. So that's really, in a nutshell, what's involved here, as you are not going to accept the concept in the first place if it appears like it's going to have any major impact on the people or on the environment.

And then you have the public involvement in the consultation where you would bring the concerns of the people, in case your judgment was not absolutely correct because you are not sitting there; you're still sitting in an office in Washington, D.C. For those elements of a project that could have adverse impact, then you make sure you assess in terms of the siting of the project itself or in terms of the design and the implementation of it.

**Q:** OK. And when there is an instance of non-compliance, what does GEF...

**EL-ASHRY:** Well, I mean, non-compliance would be really what you are going to catch in the monitoring and evaluation, and that's why we have been moving more and more away from the completion reports. The agencies are big on completion reports and saying, you know, this project is successful or less-than-successful and so on, but we need to back off from there so that when we find that something is not right, we need to make the midcourse corrections because it's too late by the time you wait till the project is completed. You have to ensure implementation quality, and you have to ensure that the money is not going to be wasted at the end. It may take a little bit more money, or it may take some change or reprogramming within the resources themselves to be able to make the corrections. Sometimes you don't have to wait till mid-stream. Depending on the project itself, it can be actually done at an earlier stage of that, and that's what SMPRs, or Secretariat-Managed Project Reviews, are intended to do.

There is actually an additional factor here. If you have good relations, consultative relations, with NGOs, I always believe that NGOs are the eyes and ears of an organization like the GEF. They are going to let you know, because they are the ones out there on the ground on a daily basis, and they can see if something is going terribly wrong and they're going to complain to you--and we have had a number of cases like that--not because the agencies of the GEF are noncompliant, but the country itself. There are two examples where they started a pipeline that's running either close or in the middle of the protected area. Well, that's a violation, and we said immediately, "We are not going to complete the project if you continue, because then it is not a protected area." It's an open area, and we wouldn't have known anything about it if the NGOs had not really contacted us and contacted the World Bank or UNDP at the same time and said, "Look what's happening to your project. How can you call that a protected area when they are either going to mine or extend the pipeline into that area?" That's the other factor that's actually the most important, in my mind, because now we have over 1,000 projects. You cannot go out and monitor and evaluate every single project beyond what the agencies themselves are doing in terms of completion reports and so on. You have to rely also on the local people and the local organizations to tell you what's going on.

**Q:** Now, you talked about the Scientific and Technical Advisory Panel (STAP) in the setup of the GEF. In developing and managing the portfolio of its activities, what role does GEF's Scientific, and Technical Advisory Panel (STAP) play in supporting GEF's ability to address environmental problems?

**EL-ASHRY:** It was a realization from the beginning that science underpins all activities of a global environmental entity like the GEF. Very complicated stuff, climate change, still not all the scientists agree on everything related to it, but at least they agree on what we need to do. Biodiversity, still there are many controversial areas among scientists, whether protecting the species in place or having corridors and so on; what is the right approach? So it was very important to have that group of internationally-known scientists representing the different concerns, whether developing or developed. Their initial involvement was actually in the establishment of the policies and operational strategies of the GEF, before the projects were done.

Now, of course, in the pilot phase there was no scientific and technical advisory panel. It came later. And also there was no operational strategy. We were just going out doing projects here and there. But STAP became one of the key elements of the restructured GEF. It started with an operational strategy, with heavy involvement of the scientific and technical advisory panel, but also in consultations, regional consultations, that brought together more scientists, because if you have 15 or 20 scientists in STAP, you want to rely on their network of friends and colleagues and acquaintances so that you multiply the sources of advice coming in. Then came the involvement in the project phase. Now, you're not going to have 15 people doing all of that, so they put together a roster of experts that had, like, 300, 500 people, maybe even more by now. I may be wrong on one order of magnitude. It might be 2,000.

**Q:** Worldwide?

**EL-ASHRY:** Worldwide. That is made available to the agencies, so the agencies choose from it, so that you don't have a bureaucratic system where that scientific panel is involved in every

project decision. It will not go anywhere, complex as it is right now. So you have that roster of scientists, and they review it constantly to see if that person that they included is actually good. Or is that scientist so close to one implementing agency or the other that it does not want to critique what is there? In addition, they actually did selective reviews of complex projects.

Now, we will not shy away from complex projects in the sense that part of being a catalyst is that you are also a demonstrator. You've got to demonstrate things. So we are taking a risk and demonstrating new technologies like bio-mass gasification. We helped testing of the technology with the governments of Brazil and Sweden, and it was done with GE [General Electric Company], and when it proved its viability, then we went into the commercialization phase. It is technology that can help many developing countries in the future because of that tremendous amount of bio mass waste that exists there, rather than cutting trees. So we take that risk as well, and STAP can go and see how it's being implemented. We can learn from a scientific and technical advisory panel, not just in terms of implementing against objectives because M & E do that, but they have another role. In our business, you have to have indicators, otherwise how can you measure any of these things afterwards. So these performance indicators are not necessarily just on the basis of how efficient the money is being spent, but also how successful you were in addressing these complex objectives that are there. How are you going to measure it? So STAP works closely with the M & E unit in developing these performance indicators for measuring project success, and for extracting the lessons.

**Q:** You spoke of scientific uncertainty also. Please discuss how the GEF deals with scientific uncertainty, which is an inevitable part of evolving knowledge related to global environmental issues?

**EL-ASHRY:** There will always be scientific uncertainty. I mean, I always say to my people that if everything was so certain, there would be no need for graduate schools anymore. I mean, we find students are still doing dissertations on the same topics that were done 30 years ago, and that's because the knowledge base is expanding constantly and what we learned before and we thought was certain actually is not all that certain because the more we learn, the more we find, and the best example is a saying by Einstein himself when he said, "As the sphere of light expands, so does the circumference of darkness." It was, of course, related to space. So you have, if you talk about the moon, if the moon was twice as big, it would be surrounded by more darkness, even though it is all light. So that's the whole notion of knowledge, and that's why the uncertainty, in this case, is a matter, really, of a level of risk. That's just how you would deal with it, but with the clear advice of people who understand the scientific side.

So there is a risk on investment itself: how much money will you put in something that you are not 100 percent sure of its success? Yes, there are some uncertainties here, but how else are we going to find the answers to them without going in there? And not necessarily in terms of the proposed concept, but in terms of the technology itself, that there is uncertainty in the technology itself, but how would you know unless you actually test, demonstrate the technology, and then have the mechanisms in place to learn about and get answers to these questions of uncertainty at the beginning? So that's our way of addressing that, but at the same time STAP also helps you in terms of tracking the new knowledge and the new advances in these subjects. We don't attend every single conference of specialists on bio-diversities. We attend some, but not every one of



them. So you have to know what the scientists are talking about in relation to this particular species or ecosystem and so on, and that's the knowledge that STAP brings to try to narrow that uncertainty gap that exists out there.

**Q:** How much of a role can the GEF play in mitigating risk arising from scientific uncertainty?

**EL-ASHRY:** By demonstrations. You need to demonstrate things. Scientists--and I'm one of them--can talk as much as they want, but there's only one way to show whether one is right or wrong, and that's by demonstrating it on the ground and seeing how successful, unsuccessful, how much uncertainty, and how do you address/mitigate that uncertainty in the future, in other words, addressing these efforts or technologies by demonstration on the ground? Sometimes uncertainty is not just scientific, it is also in terms of a project's fit within communities, with people. I mean, everything looks very good on paper till you take it out to the people, and all bets are off because unless you really have done your homework from the beginning, in terms of consultations and so on, all bets are off. What you predicted in advance on a piece of paper can end up going in a completely different direction out there, and that's a level of uncertainty as well, and risk, that you want to address and then help mitigate. And that's why one of the things that we have done in our operational thinking is that we focus first, for example, in bio-diversity, on protected areas, and then on the buffer, where the people are. And now we're saying, "We have done well enough in that area. Now we've got to go into the productive landscape, where there is important bio-diversity." That's where the people live, operate, and make their living, and that's the sustainable use aspect of the bio-diversity, other than pure protection and conservation.

So you try to balance them after you have learned one thing and did it well, because if you try to do everything at the same time, you have limited resources, human as well as financial, and you have--just as we had in the pilot phase of the GEF that we used to criticize--sprinklings of pepper on the globe. So you have a few black spots of pepper here and there, but it does not add up to anything. You've got to know where you're heading, and you start really building towards that agenda, then let others also do it.

In other words, replication should be done by others. We should not really be doing too many projects that are the same. Of course, you want to test projects in different geographic areas because what might be successful in Africa might not be in Asia because the people, the culture, and the politics are different. But after that, that's it. You get out of that business. You have demonstrated it, you put out your best practices, good as well as bad practices, and have others replicate it, and that's how it's going to happen with organizations like the GEF or even the World Bank. I mean, the World Bank's \$20 billion can go nowhere if it's not focused here and there. And then the private sector, the governments themselves, need to scale up as they replicate these efforts many times before we can actually achieve global environmental improvements. So that's the catalyst approach again, but coming really from a different angle.

**Q:** Can you talk about GEF activities in response to the continuing need for capacity-building in developing countries, both on the national and regional level? In your opinion, how well understood are GEF capabilities in recipient countries? Is there an information gap at the country level, what do results on the ground show?

**EL-ASHRY:** Well, let's take the second part first, because capacity-building really is much broader in the way I want to talk about it. So let's take that information. Yes, there is still an information gap. We realize that over the last nine years we have been trying to close it, but there's still really a lot to be done. And it stems from the fact that when the World Bank is doing a GEF project, it does not say that this is a GEF project or at least people don't understand it to be a GEF project, so it's called a World Bank project, and then UNDP the same thing, and UNEP the same thing, because they are the ones who are out there in the countries. Now, they may mention it but do not really give full credit to the GEF. So we have been helping improve that by insisting that--and that's after I visited a number of projects and found a big sign in front of the project saying, "UNDP and the government of such-and-such." Where is the GEF? I mean, it's 100 per cent GEF. UNDP has nothing to do with it. They even got paid by the GEF to do the project. So where's the GEF here? And then I look at a brochure of IUCN [International Union for Conservation of Nature] for that area, and they never mention the GEF. IUCN should have known better. The government maybe didn't, but IUCN should have known better, and that's really what starts us saying, "No way. We've got to do something more to help improve the information base out there." So it is better but it is not perfect, and it's not really going to be perfect 'til the implementing agencies give full credit to GEF resources in doing that. Press releases of the World Bank would say, "The World Bank provides a grant for bio-diversity conservation in Country X." And then, way down near the bottom of the page hidden somewhere, "\$10 million of that is a GEF grant." So now we have been working with them to have it in the headline and then even in the first paragraph, and still every once in a while, someone new comes to EXT [External Affairs] and doesn't understand; they leave GEF out. So we insisted that any press release for a GEF project should come to us for review. Sure enough, they got a call two days ago. A project press release that's going to come out from the Bank does not mention the GEF in the headline, so we added it. Ultimately, it will have to be codified somehow.

That's what we did with Human Resources because we have some special situations, and the same thing with signing authority. The CEO [chief executive officer] should be signing on behalf of the GEF. So you've got a young lawyer that tells you, "No, no, no. Why is there an exception for the GEF?" Because they really think it is part of the Bank, and they are not going to go read and understand. That has been our struggle, constantly, on how to correct the perceptions out there based on what the implementing agencies did on the ground in not giving credit to the GEF. There is the press, sometimes a number of articles refer to the GEF as the World Bank's Global Environment Facility. So as I said, it's a struggle. We have our own publications, and the latest one is a picture book of GEF projects. It only talks about the partnership with the agencies, but does not include anywhere a mention of the World Bank, UNDP, and so on, which they insist on, and I said, "No." This is not how the GEF will have a corporate identity. I think it's going to require actually, in the project agreement itself, a phrase or a paragraph that talks about how the GEF will get credit for that, so that it is part of the legal document itself. So that's the part about the information gap, and the thing is that it is the item that receives the least budget support. I

n fact, initially the reason it took so long to get the situation corrected is that when I proposed it early on, I had two major governments say, "What do you need that for?" and insisted on taking it out of the budget because the World Bank will take care of that, and UNDP will take care of

that, and UNEP will take care of that. So of course, when we demonstrated to everybody that actually the GEF was not getting credit and as a result is not known out there in the field in many countries, they started to give the budget for external affairs, and we doing better, but still need to improve more.

On capacity building, this is a very important topic in my mind, and I and many other people have written about it over the 25 to 30 years. Whenever one talks about a project failure or a policy failure, immediately you say, "It's because of weak institutions and lack of capacity in the country." 'Til today, it's still being written about this way. So what in the world happened to the billions and billions of dollars that have been spent over the last 25 years under the guise of capacity building? And the answer is simple. It went into workshops and seminars and many foreign consultants traveling around the world at a high price and did not build systematically a lasting capacity in the country. So, I thought, as a catalyst again, why can't we put something on the right track, and see if we can help influence what happens at least in capacity building for the environment and sustainable development, ways to bring environment into development itself. So we embarked upon, with the support of the Council, an 18-month exercise, very participatory, so that people could tell us, "What do they mean by capacity building? What should be involved in capacity building? How should it be done?" And so on. And we came out with an action plan, back in May of 2002. It had two parts to it. One aspect is providing for capacity need assessments, so that the countries themselves can assess what their needs are and tell us, rather than us going and prescribing, "Here's what you need. Here's what we're going to give you," and then an action plan once you determine what the needs are, and how to go about actually implementing and supporting it.

Well, that second part got caught in the politics of the preparation for the World Summit for Sustainable Development in Johannesburg, and some of the donors felt that there are still so many things that are being negotiated with the developing countries, and capacity building was an important item, so why give away one of their bargaining chips by agreeing to that effort in the GEF now. Why don't we wait till we see what's happened. Well, sure enough, capacity building came out as a very important outcome of the WSSD, and we have carried the ball forward when we put out the latest business plan with the strategic priorities.

We gave capacity building a very high priority. I wanted to go for 30 percent of all funds of the GEF that should be spent on capacity building, but we went with 25 percent so that we don't lose some key Council members. So we have managed to educate them at the level of 25 percent, but the plan will not be finalized until November with the next meeting of the Council. Capacity building the way we are describing it should happen in really three or four different ways. Straightforward institutional capacity building, in terms of environment agencies which are the weakest--just like the Environment Department was in the Bank the weakest unit there--the ministry of environment or the environment agency is the weakest ministry or the weakest institution in any developing country. So we need to strengthen these people if they are going to keep an eye on the things that are happening in that country, if you are going to have people advising the other ministries on how to incorporate the environment into sustainable development, if they are going to have legitimacy and credibility within their own country. Because in my view, again, if I am a Minister of Finance or if I am the President of a country, I am not going to listen to an NGO from Washington or from an expert from the north telling me I

ought to do it this way. Risking my whole economy, my whole development and economic development is in the balance here. So, I need people that I can trust within my country to provide that advice to me. So that's one, institutional capacity.

The second one is within the project itself, which we have been doing, and that is to have a capacity building component for managerial capacity building or for whatever the needs are based on the project itself.

And then the third would be capacity building for the focal areas of the GEF, like you have to have at least one biodiversity specialist in your country if you're going to deal with that and one climate change or energy climate change which is nothing really more than energy. You need specialists, clean energy specialists, in your country to deal with that; someone who understands about how to analyze the emissions in the country. I mean, the whole idea is that we want them to contribute to reducing the emissions of carbon dioxide, but if they don't know how to go and measure it in the first place, how can we expect that to happen there? So that's how we really see institutional and capacity building, within the project, or in the focal areas themselves.

**Q:** OK. That's within the countries. So what happens at the regional level?

**EL-ASHRY:** Well, at the regional level, OK. Ecosystems, of course, don't recognize geographic boundaries, so most of them, the majority of them, are regional rather than national, unless you are dealing with a huge country like Brazil, for example. And in that case, it's very important to share the experience. First of all, there are regional projects. Like, the Meso-American biological corridor; we've got most of the countries of Central America in them because you could not just do a project in one country and ignore the others. They are all connected out there. We came out with an operational program on integrated ecosystem management, which is becoming one of the most popular operational programs in terms of funding because it brings also linkages between different areas, not only the regional perspective but also the linkage between bio-diversity, climate change, water resources, and land degradation. And then in regional projects like that, you are going to have the capacity building component so that you can bring the experts from the different countries not only to agree on what is going to happen, but also beyond that in terms of how they are going to carry out the work in their own country.

The same thing happens in international waters. What we call international waters is really no more than regional waters. Dealing with a river basin or a lake and so on, like the biggest one now that we have, the Black Sea and the Danube, where all the countries that are in that river basin worked together to come up with an action program, strategic action program. So it started with, first of all, sitting around the table, facilitated by the GEF through its implementing agencies, and then funds spent for bringing the technical information. We are talking here about a polluted water body: Where is the pollution coming from? How much is coming from where? Because you need this information before you can start talking about how you are going to clean it up. And, in some cases, there is a weakness in the countries in collecting this data, or the data is diffused in different areas, and you have to help bring it together, and in the process you are again building the capacity of the people there. And once there is an agreement on the strategic action plan, then comes its implementation in terms of what technology, in what country, how

it's going to be funded, and that brings now a bigger community within the countries and the regions to deal with the action. Then you leave behind a body, a regional body, that's going to monitor how all of that is happening because once the project is finished, we walk away and they have to take over from that point on. Same thing with the Nile basin initiative, dealing again with all the riparian countries of the basin, and the beginning of it, most of the time, is really a capacity building effort at the regional level, and then from there you focus on or target the national level capacity in this or that country, depending on the level of weakness that exists.

**Q:** Is there anything else you wish to add to that before we move on?

**EL-ASHRY:** No.

**Q:** GEF's focal area programs (ozone, climate change, bio-diversity, international waters, and land degradation) are linked to the objectives of global environmental conventions. In your opinion, how well does the GEF, as the major source of funding for programs specifically supporting international environment agreements, serve the objectives of these conventions?

**EL-ASHRY:** Without funding--and in this case the majority of it comes from the GEF--these agreements would have had the same fate of hundreds of their predecessors that ended up collecting dust on shelves, never been implemented, because developing countries' priorities are mainly education, health, poverty alleviation, etc. The environment has not been really a major priority at the national level, so imagine now when you come to them and tell them, "We want you to contribute also to global environmental improvement." It's not a priority. So if you don't have finance associated with it, you're not going to go very far, and that was recognized in the case of the ozone when the Multilateral Fund for ozone was put together in conjunction with the Vienna Convention and the Montreal Protocol. And in a way you can say that because of the success of that, the effort on ozone helped actually looking at these other issues of climate change, bio-diversity, land degradation, and so on, as well as the GEF as the financial mechanism for all of these environmental conventions. We have, of course, ozone, but only for the economies in transition and the Soviet Union--the former Soviet Union and Russia--that do not qualify for the Montreal Protocol Fund. The Montreal Protocol Fund is only for developing countries so there is that gap, which is a huge gap in terms of the production and the phase out in these economies in transition. The GEF then supports that, and that actually is a major area of our success, in that they're all on track to phase out in an even less amount of time than they were supposed to. But is it enough? And the question comes back. What can you really do to try to implement all of these efforts?

And I think one aspect of bringing finance is also bringing awareness to a country. A country like Bangladesh may say, "What is it that I should really be doing about climate change? The U.S. does not reduce its emissions; what can I do?" But the fact is, with sea level rising, a good part of the country is going to disappear. In Sub-Saharan Africa, the droughts that have happened before will be very much exacerbated as climate change continues. So unless one recognizes, then, the impact on themselves is also going to be great, and then they will have to become part of that global partnership for addressing the global environment, the money of the GEF by itself is not enough. So the money of the GEF is to help show them the way for addressing, in this case, adaptation. How do they adapt? Because we're not going to reverse what happened already

in terms of global warming. It's there and it's going to happen. It's a matter of how far and when do we stop it rather than reversing it, because you are not going to reverse it. So how to adapt to these things; that's part of what we can show. We cannot go and help every country build the structures that will help them adapt, sea walls or monitoring systems and so on, but we can demonstrate in a number of areas that effort.

Because of the confidence that the international community has now in the GEF, out of the convention on climate change two years ago, they agreed to establish three different new funds. And after heavy-duty debate, it was agreed that the funds would all be managed by the GEF. So, it's not mixed with the GEF funds, but then you bring about the complementarity between what the GEF funds and the Special Climate Change Fund or Adaptation Fund or the Kyoto Protocol as they can come together to address some of these issues out there. So funding is very important. The best real judge on that was the overall performance study, second overall performance study, which said clearly that the GEF had major impact on the issues of the global environment, and in supporting the global environment conventions.

**Q:** OK. What conditions, if any, related to compliance, are attached to GEF funding of environmental programs?

**EL-ASHRY:** Well, you have to realize in the first place that the climate change convention is a framework convention. And that, again, relates to the fact that the largest percentage of the emissions were produced by the OECD countries. So you can't really talk about the developing countries, and that's the issue with the Kyoto Protocol, and that's why the [George W.] Bush administration rejected it as they want the developing countries to also have targets. But the developing countries are saying, "Wait a second. How can I have a target now when I am at the beginning level of development, and you have developed all the way, and you are not even doing your part?" So as a result, it is a framework convention, and when the Kyoto Protocol ended up addressing emission reductions, it addressed only those of OECD and not developing countries. So there is nothing really to talk about in terms of compliance by developing countries. Their only commitment is that they will assess the amount of emissions that they have and report it. That's the easy part. Same thing with bio-diversity in having a strategy and action plan on bio-diversity. But if there are no funds, they have no commitment to implement it.

So the compliance here is really not the same, but that's another issue altogether when it comes to renegotiating the conventions in the future if we are really serious about safeguarding the global environment, and that's where there have to be firm targets, timetables, and compliance. Even the WSSD in Johannesburg, when it addressed some of the Millennium Development Goals related to water and sanitation, it just followed that part, but when it came to bio-diversity and renewable energy, no target, thanks to the U.S. It did not want any targets there because it comes back to haunt it as it is the largest actor on that front. So again, the international community failed to set targets, timetables, and mechanisms for following up on it. So looking at compliance is not part of our mandate because it does not really exist in the first place in terms of commitment on that front.

**Q:** OK. In August of 2002, donors agreed to the highest replenishment ever for the GEF, almost three billion dollars to fund its operations over the next four years. Please discuss the challenges facing GEF funding in light of continued decline in ODA?

**EL-ASHRY:** We managed to get the three billion dollars. It's no longer almost; it's exactly three billion with some of the voluntary contributions that have been made, and as you said, that is the largest replenishment ever.

Two factors contributed to it being the largest commitment, the largest replenishment. One is the fact that you had two new conventions: persistent organic pollutants that would be now supported by the GEF, and desertification. So we were estimating an additional 500 million, so to speak, for these two areas. So the increase addresses that, but at the same time, it was a good political move on our part and the part of the donors in that it was in advance of the summit, one month before the Johannesburg summit, and of course the developing countries were arguing vehemently about increasing ODA and increasing contribution from developed countries. So here was a small amount of money that one can say, "Look at the GEF growing," which now, contrary to what happened in the pilot phase, is strongly supported and accepted by the developing countries, and in fact, they want to protect it because it has shown its value to them with the actions that are there. So it's a good political figure. Now, if you like the GEF, well, we'll put a little bit more money in the GEF. I'm not being facetious at all. These are political as well as, of course, the needs in terms of the two new conventions coming in there. The challenge is the same one that we had for the last three or four years.

Three billion dollars is great, but will it be paid, particularly by the U.S. Congress? Because over the last three or four years, the administration would request the full amount every year from Congress, and Congress would cut it by 60 or 80 percent, and then you build arrears. So, in came the Bush administration recognizing—working, of course, with the Republican Congress—that we need to eliminate the arrears, which was a condition of the replenishment by the other OECD countries, as they can't continue to pay money while the U.S. does not pay. Another concern was how can they sell it politically within their governments and within their countries. So the Bush administration agreed to have a plan for paying off the arrears over three years and also make the pledge for the new replenishment. And sure enough, that was in the President's request. What finally came out is short by about 37 million. So here they were to pay the arrears, and now they have established new arrears. So that's the fear. Come next year, with the budget deficit and with every Congressman wanting a little bit more money in their district, will they even agree to a level that's equal to this year's? That's the challenge. And then there was a provision that the French introduced early on whereby basically, if the U.S. does not pay—and that was because of the experience with the UN dues—they can then apportion their payment accordingly, which they did every time, and then eventually Austria, Japan, and Germany did the same thing. So two years ago, the money that was available was only about one-third of what we should have had. So on paper it's one thing and what you can actually do is something else.

Now of course we have the new replenishment, everyone is enthusiastic and so on, and we had a big work program for the one that took place three weeks ago. There's going to be a big work program because the money is available. But come next year as the U.S. Congress reduces the payment again, the other countries will match theirs and then back again to a reduced effort. So

that's the biggest challenge in terms of the finances, in terms of the funding, is whether countries that pledge certain amounts actually pay them and on time.

**Q:** In light of that, in what ways does the GEF supplement its funding?

**EL-ASHRY:** It cannot supplement its funding in terms of fund-raising efforts with foundations or from anywhere else. It tries to stretch the funds through co-financing, but you have to have a base. If you don't have the base, you are not going to get the co-financing. So as the money is shrinking, as the base is shrinking, so will the co-financing. Absolutely. Because if you have a ratio like we have done so far—and we feel that we have been very successful—of one to three, which is four and a half billion to \$12.5 half billion, it's about one dollar of GEF to three dollars of co-finance, and if you don't have the one dollar, if you only have half a dollar, you are going to get one and a half from there. So that still is part of the challenge even though we have become successful in addressing co-financing and finding co-financiers; we still have to have that base to start with because as it shrinks, so will our co-financing.

**Q:** OK. In your opinion, should the current shift to increased spending on social development change expectations about grants versus loans, and how might this affect funding for the GEF?

**EL-ASHRY:** I really think, in the context of social development and the environment, they are the areas that have received the least attention in development assistance, in spite of all the lip service that's out there. These are the problems that we are seeing in the world: education, health, environment, AIDS, even SARS [severe acute respiratory syndrome] right now and so on. If SARS ever gets to other developing countries besides China, just say goodbye to many of the things that we really know right now. I mean, AIDS, at least one started to find out what the pathways for it are, but for SARS, no one really knows what it is right now. So the needs are for preventive mechanisms, and I don't truly see grants as a handout. Unfortunately, that's how donors are viewing it, is that they are giving handouts, and as a result, they have to put all of these conditions on it and so on. I see it as an investment in this global commons that we're all part of.

You know, we keep talking about interdependence, but interdependence means that if you're in the same boat, and if one part first goes down, the other part is going to go down. So lots of lip service. But having said that, I also appreciate the concern of the donors about the fate of these resources, about corruption, about money being diverted to other areas and so on, but I truly don't see that as an excuse for not addressing these issues in a bigger way. You can have safeguards. I think countries have realized that if they're going to get the money, they will have to accept the safeguards that go with it. I don't agree with the United States at all that says, "Let us rank the countries according to their performance, and only those high-performance countries get the money, the others don't." They are trying to do it to us now in the GEF by the way. And I say, "Wait a second." So for a country that's not a high performer and has the one species that's left in the world, we don't give money to save that species because they are under performers? We should, and that's what we do, actually, right now in the GEF.

But we have the safeguards. We do the implementation through NGOs, for example. We don't give the money for a trust fund and have it in the country. It's offshore and being managed



offshore. And we get the work done for the global environment, and the work can similarly get done for health and social development without having to put the money directly in the hands of the government. Who is going to be against helping the poor in terms of health and education and so on? No one. But there is a level of hypocrisy, really, out there in the world when it comes to all of this, and it's hiding behind grants versus loans, it's hiding behind corruption versus having mechanisms and safeguards. But if we are really serious about addressing these things the way they should be addressed, then there are ways to do it rather than wasting all this time and effort going through this debate that doesn't get us very far at all.

And by the way, I'm sure you have been reading lately that for the last year or two, now the flows of resources have reversed again, back from south to north. So what kind of poverty alleviation is that? What kind of Millennium Development Goals are these? That's nonsense.

**Q:** Thank you very much. We will conclude this session now, and then look forward to the second session tomorrow, if that's all right. Thank you very much.

**Session 2**  
**May 30, 2003**  
**Washington, D.C.**

**Q:** Good morning. Today is Friday, May 30<sup>th</sup>, 2003, and this is the second day of our interview with Mohammed D. El-Ashry. And it's Bill Becker and Marie Zenni here with Mr. El-Ashry. We'd like to begin our session this morning by asking you about the new book, *The Challenge of Sustainability*. The authors of the GEF's new book, *The Challenge of Sustainability*, published in 2002, observed that in the ten years since the Rio Summit, progress toward sustainability and poverty alleviation has been unacceptably slow. Why in your opinion has progress been so slow?

**EL-ASHRY:** I think that the main reason is the lack of political will. And I would really say political will, political will--political will has been missing. You have 110 leaders who were in Rio. They had a very nice picture together, and they signed a declaration and Agenda 21 and very little was done afterwards. It's like, you know, this is behind us now. We go back to what we were doing before. So that clearly is one factor.

Another factor of course is the whole issue of finance, which is not a simple one, but clearly sufficient finance is a factor, and I don't mean at all just ODA, but I mean also setting aside and including in the budgets of the countries adequate resources to address the issues of sustainable development and bringing the environment into development. You find that, unfortunately, there's lots of finger pointing; the developing countries hide behind the fact that ODA not only does not increase, as was promised in Rio, but actually has shrunk in real terms, while the developed countries hide behind the fact that there has not been much policy reform and there have been issues of governance and so on. The world is not going to go very far this way if each side keeps citing what are the barriers to moving forward on sustainable development and take no action to remove them.

Then we had of course the World Summit on Sustainable Development in Johannesburg, ten years after Rio, revisiting these issues and what happened there. We ended up with 70 some pages of an action plan which does not really come up with much of anything new other than to repeat Agenda 21. So where were the leaders for the last ten years? Would the next ten years be any different from the last ten years? While we see that it's basically the same leaders and you wonder whether the political will now will be very much different.

Because what concerns me really more than anything is the whole situation since September 11<sup>th</sup> and the war on terrorism and the war in Iraq. We are going to be spending so much attention and resources on that, and on the reconstruction of Afghanistan and Iraq. What about the other one hundred and some countries where there are huge issues of health, environment, education and so on? And where is the money going to come from? There were some encouraging developments on the way to Johannesburg, for instance, at the Monterrey Summit where the U.S. promised an additional \$5 billion for development assistance that possibly could become even \$10 billion down the line. Will that money actually be put on the table for sustainable development? Or because of budget deficits and the war, military expenses and reconstruction, they would not be able to do that. Would the Europeans continue to do what they have done before and what they promised if the U.S. does not deliver? As we have seen in the case of the

GEF, if the U.S. does not pay some of the Europeans at least and the Japanese say, “Well, we’re not going to pay, either, because we’re not going to carry the full burden by ourselves.” So there are many complicating factors now. I’m not at all minimizing the impact of 9/11; I said when it happened that it’s going to change the world as we know it for a long, long time. Very unfortunate, very sad, very sorry situation; clearly the war on terrorism is a very important and needed thing and can become part of the whole global cooperation that one can look at in a different way rather than just one country dictating to the rest of the world.

**Q:** What, in your opinion, are the impediments to reaching the Millennium Development Goals (MDGs) endorsed at the UN Millennium Summit in 2000?

**EL-ASHRY:** Again, it’s really that question of finance, and I think the World Bank was correct in saying, “We are not going to meet them by 2015 if at least another \$50 billion is not added immediately.” So right now it’s \$50 billion of ODA, and of course this does not go completely towards achieving the Millennium Development Goals. The way things are going right now there is no way they would be met by 2015 at the existing level of resources.

**Q:** Moving on to the World Bank presidents. How would you assess the various World Bank presidents you served under and had to deal with, both as Bank Staff Member, and in your capacity as Chairman and CEO of the GEF?

**EL-ASHRY:** I guess since it’s part of the transcript, that is when I try to become diplomatic, so to speak, because I truly had a great relationship with the three of them, even with Jim [James D.] Wolfensohn . . .

**Q:** Three of them, that includes Conable . .

**EL-ASHRY:** Barber Conable, Lew Preston and James Wolfensohn.

Even though I don’t work for Jim Wolfensohn because he came after I had become the CEO and Chairman and I’m not accountable to him or the Bank, but we have had a great working relationship as partners. And early on he sought my advice on what’s happening in the Bank on the environment and sustainable development issues.

So the two that I truly can talk about are Barber Conable and Lew Preston, in terms of the issues that we addressed and the work that has been done in the Bank at that time on the environment. Barber clearly was committed to improving the environmental actions of the Bank and he demonstrated that by going outside the Bank and seeking to hire someone like me who can make the change, and I think approving the *Environmental Assessment Guidelines* on August 31<sup>st</sup> before he left, is a clear demonstration of that. I’m sorry I did not get to work longer with him to really know how he thinks about all of these issues and help him in addressing them.

Lew Preston does not get much credit for what’s really happening in the Bank, of how far the Bank has come on the issues of environment and social policy, but everything that exists in the Bank right now was put in place at the time of Lew Preston. He was a quiet man, a very honorable man. He did not say much, but when he spoke it was about decisions, about action,

and not wasting too much time debating them. He listened very carefully and listened to all sides. So even though I talked to him a lot about the environment, he also listened to others in the institution about how they think the environment ought to be addressed and factored in the economic development activities of the Bank, and then made his decisions in the balanced way he always did.

**Q:** What would be your opinion as to the criteria and attributes of a good World Bank president?

**EL-ASHRY:** Well, a good World Bank president should not just be an environmentally sensitive person. There are Bank activities that cut across a broad spectrum of issues: economic, social, environmental and many others as well. In my view, a World Bank president should not just be a banker. That seems like a good idea, but the World Bank is not a bank. And that's probably part of the reason for some of the misunderstandings along the way of the mission. People think it is the World Bank so it ought to work as a Bank. But it's not. It is a development agency. That's how its shareholders meant it to be, whether for the reconstruction of Europe or whether it's for the economic development of the countries out there. So I think some real understanding of the development field would be very helpful for a World Bank president. They tend to learn by doing and by being on the job. I remember with Jim Wolfensohn he took a major trip, a long trip to Africa so that he could see for himself what really is happening out there. But I think that it's important that presidents have some experience themselves, so that they can make decisions based also on their knowledge and not just a matter of matching the advice that they are getting to what they are seeing on their trips. And maybe in the future that could be a way of thinking about it because for the time being it is a notion of a banker, and who knows, maybe one day it will be a politician, and I don't think that would be helpful either.

**Q:** OK. Since the GEF is administratively supported by the World Bank, and you've already talked about this, how has the Bank's organizational culture affected the workings of the GEF?

**EL-ASHRY:** Well, there are really two ways to think about that. In terms of the implementation aspects of the GEF, I think the Bank has done very well and has learned along the way just like all of us. What the Bank has not done well relates to the whole discussion earlier on about the environment. The same thing can be repeated again on the global environment, and this is not just a judgment call on my part, this actually has been put in official papers of the Bank like the paper on energy, "Fuel For Thought," where they clearly said that global warming and climate change are a global externality that the developing countries have nothing to do with. And yet they are publishing all the other books and publications about how many lives and how much productivity, in China and in Asia and other places, are being affected by air pollution. Now, air pollution and the emissions that cause global warming come from the same source: burning fossil fuels. So why would you make such a statement instead of trying to bring the countries on board to understand that it is the burning of fossil fuels--coal, oil and so on--and the lack of energy efficiency that contribute to both climate change and air pollution that's hurting your lives, your children, your vegetation and so on? And it is really that tunnel vision mentality that causes the problems also in getting the countries to come on board with these issues of environment, whether it's the local, national, or global environment. And that's why the pressure by NGOs and others, as I was talking about yesterday, is on the Bank in that the Bank not only has clout, but has that valuable policy dialogue with client countries. If they would only raise the

environmental issues in these dialogues (which they don't) instead of having a separate mission to talk about and address the environment, never really including it in the context of the broad macroeconomic policies and subsidies and so on; it's in isolation.

And then look at the CAS (Country Assistance Strategies). For a long time, even after the Bank was talking about the environment, you could hardly find the environment in the Country Assistance Strategies. Now, outside of one or two, you can hardly find the global environment in the CAS, even though the Bank made the commitment to mainstreaming the global environment in its actions. There's no mainstreaming there, as we saw in the case of climate change with "Fuel For Thought." So there is a disconnect between the good projects, where I truly give the task managers a great deal of credit for being creative and for implementing in a great way the projects of the GEF, going through the Bank with its broad attitude, broad position, and broad policies on the global environment. So that's one of the substantive issues.

From that demonstrative issue there is still tremendous ignorance inside the Bank on how the GEF really relates to the Bank. Some people still think that it is part of the Bank; some people think that it is just another trust fund of the Bank and as a result why should we be different? Why should we have any exceptions with regard to the human resources policy, for example, to fit the business needs of the GEF? And even though we have been practicing some of these exceptions over the last six or seven years, in comes a new person and immediately says, "Why is that?" So he/she tries to remove all of these practices. So, of course, I end up going and meeting with the Managing Director and with the Vice President of Human Resources and we get a clear understanding, and this time I say, "I want this codified so that the next new person that comes in can look at it and say, 'Well, I'm not going to do that again.'" So there is a tremendous amount of time and effort and attention at the high level to little things that should have been taken care of at the lower level.

The same thing with lawyers. Every time a young lawyer comes in--and of course lawyers are trained to work word by word and by the book--he says, "I don't see why we have to do this with the GEF. Why should the CEO sign that stuff?" So now we finally have an understanding again to codify, and it is in the administrative manual that went in only a month ago, which should have happened actually a long time before. So ultimately it works, like we said yesterday, and that's because you take it to a higher level, and of course higher levels understand. But the amount of time and effort that goes into it is really tremendous.

**Q:** OK. What is your assessment of the Bank's coordination efforts, and in what ways do they benefit the GEF?

**EL-ASHRY:** The coordination effort was intended from day one to be able to bring the different operational entities on board with what's happening in the GEF, so that instead of the small secretariat that we have here, there would be an internal coordination mechanism, go and talk to every operational Vice Presidency: Asia, Africa, East, West, South whatever, and that has actually worked very well. And again, we have to talk about individuals. Lars Vidaeus has been the Executive Coordinator there. He is a terrific person who has a clear understanding of what goes on and is able to work through the system in order to get the policies of the GEF understood. And, you know, it has been evolving since there are changes all the time. So that is

part of the work of the coordination unit which is to make sure that everybody is up to speed with the new policies of the GEF. But, at the same time, they participate closely with the secretariat in the formulation of some of these policies so it is not just a matter of being reactive or just responding to what happens, they actually participate in the process itself. Ultimately, of course, it is the Council that approves these policies, but the agencies, the coordination units in the Bank, UNDP and UNEP all have a role to play in all of this, in being a partnership, after all.

**Q:** Also in the context of country dialogue, do the coordination efforts of the Bank benefit the GEF in some way, on the national, regional, and global levels?

**EL-ASHRY:** Yeah, but the coordination units and regional coordinators do not participate in the country dialogue. It's the managers in the country departments that deal with the country dialogue. And in fact, when I was in the Environment Department, one of the things I suggested, and very few really took advantage of it, was, why don't you take along on a country dialogue mission an environmental specialist? Then they can advise, and that would force the country governments to bring an environmental person onto the scene, which would strengthen the role of the environmental agency or ministry in the country itself, and strengthen development through a dialogue on how the environment fits in the broad macroeconomic policies in the country, including its broader economic development.

**Q:** In your opinion, how should the Bank respond to its critics today in terms of its handling of the environment?

**EL-ASHRY:** Well, you have to understand how the situation on the environment in the Bank today has gotten there. And I would just really give one example.

In the farewell party when I left the Environment Department, one of the most senior people said, "We want to thank Mohamed for taking us up that very steep learning curve on the environment. I believe now we can plateau and take advantage of implementing all these things rather than doing new things."

And I chided him in responding by saying, "We have only scratched the surface. It may be a steep curve, but we have just scratched the surface because there is a lot out there that needs to be done."

I truly believe that that's what happened, that beyond what was accomplished in that short period of the three years, nothing more really happened. And not only that, but the water resources policy that was done with my contribution in the Bank has been revised. The forest policy that was done with my contribution early on has been revised. That's what the NGOs are complaining about vehemently right now, particularly the forest policy. I mean, the Bank has really no business to modify it so that it will be more acceptable to the loggers, to the people who want to cut the forests. And that's what gets people very upset and, from my perspective in the GEF, I said to them, "It will be over my dead body that the GEF would finance a project that involves any logging. You can change your policy, but that's your policy. That's not going to be the GEF policy." So it is very clear at least to me, and I assume to those on the outside, to really see what the Bank is doing right now and then look at what is going to happen.

And that brings us back to the environmental assessment and to the resettlement issues. Now the Bank all of a sudden has decided that it has had enough, or will do a little bit more, of the social development activities and will go back heavily into infrastructure. It has even appointed a new vice president for infrastructure and there's going to be quite a bit of momentum going in that direction. Now, infrastructure has the biggest environmental impact, and while the Bank is still struggling with its implementation even 12 years after the assessment guidelines have been adopted, it will be interesting to see whether there is going to be a stricter oversight on the environmental assessment before not only the environment out there will get trashed as a result of being ignored completely in the infrastructure development, but also the Bank itself. You know, the Bank having gone up that steep slope can very well slide backwards because it's very difficult really to see how the Bank learns from past experience, whether on environmental assessment or on resettlement.

On the resettlement, of course the biggest example was the Narmada Dam debacle where eventually, as a result of tremendous outside pressure and after several years, the Bank decided to withdraw from the project. Back then we conducted a review of the whole Bank resettlement activities with Mike Cernea working under my supervision. It was one of the best reports that has been done at the Bank on issues of that sort, and there was a follow up to it; there is no question about it. There was immediate follow up to it, but I doubt very much that many of the people working in the Bank who will be addressing infrastructure today know even of its existence. And let me give just one example along that line.

Now, before we do that, one of the major arguments of the Bank is that we have no control on what the countries will do. If that's the case, then why are you there? I mean, if you are a Bank and just lending, fine, lend and go away. But that's not the choice that you made. You decided that you are going to be a development agency assisting countries in improving livelihoods through economic development, socioeconomic development, whatever you want to call it. So that puts a bigger responsibility now on you as an agency. So you have to ensure that the projects are going to be sustainable, at least financially sustainable; they are successful as far as the objectives are concerned. And that requires a number of actions in terms of implementing these policies, these policies were put in place for a particular reason.

Now we look at the example. And it's one of GEF's early projects in the pilot phase in Kenya addressing the plight of one important species of monkeys in an area where the Masai live. It was intended to be a very successful project when it was completed. Ten years later, nothing happened. And finally last year it had to be cancelled. Because in the wisdom of the task manager, it was decided that the best thing really to do is to take the people completely out of that area, resettle them in another area, and pay them to resettle. And they wanted us in the GEF to provide the money. We said, "The GEF does not pay for resettlement. The GEF pays for the conservation effort that is there, there may be some administrative costs related to movement of people but we are not going to pay to buy them houses." And they put the whole onus on the GEF and in canceling the project blamed the GEF for not going along. That's really beside the point. The interesting thing is that when you look at the resettlement plan, it's exactly the same old stuff that's happened before whereby once the people knew that there's going to be payment their numbers have doubled. Anyone who did not live there started now to claim that they are

living there so that they can get paid, so that they can get a better house in the new area. So what have we learned really from the past? Had you repaid them and moved them, there would have been complaints about how the government implemented the resettlement plan, just like what happened in the Narmada and the people got kicked out without any compensation, and just like what happened in many other projects. So it's very difficult sometimes really to see whether the lessons are shared across the whole Bank. I'm not saying that there are no places in the Bank that learn from their experiences, there are so many good things that happen in the Bank and so many good people, but sometimes the institutional memory is not there, and one reason I truly believe is, at least, part of the reason, is the insistence on moving staff every four years to another region or another task.

**Q:** There's no continuity?

**EL-ASHRY:** There's no continuity; there is no institutional memory. And we find that difficulty within the GEF in that we deal with new people and they have to be educated again. Now, it's good to educate people but how are you going to get your business done when every time you have to educate? I mean, why not place them with the person that was there for a year or so and then have them take over? So all in all, whether it's really environmental assessment or whether it's the social policy, it's going to be very interesting to see how these fare in the context of the new focus on infrastructure.

**Q:** So would you say that, overall, there is a reinventing of the wheel across the Bank?

**EL-ASHRY:** Only really in the context of when the Bank gets out of some aspects of the business and then several years later comes back to it again. When that happens, the people who worked there, some of them and sometimes many of them, leave the Bank. For example, in the energy area, they decided we're not going to lend through energy because the private sector is going to do all of that. So many of the good people who worked on energy at the Bank left, and, in fact, this even affected our business on the climate change issue in the GEF. Now energy is back, coming into vogue again, and they're going to hire new people. There was an open-ended ad in the *Economist* for energy specialists. So they are going to come from outside, brand new, and they will start reinventing the wheel because no one has the time to sit and read everything that has been done before. Everybody comes new and thinks, "I have now a mandate and a charge to move forward." And that's not unique to the World Bank. Unfortunately, that's the mark of many of the big bureaucracies in the international system. That's what happens as you go through changes and reorganizations and so on, so one cannot just blame the Bank for it. But it's a matter of, if one is aware of these things, what can really be done in finding ways to address them.

**Q:** Moving on to GEF's oversight structure. You've already talked about this a little but I'd still like to ask how has GEF's oversight structure, in terms of policy strategies and institutional arrangements, impacted the effectiveness of its activities over the decades since it was established in 1991? And, in your opinion, what might have been done differently, if anything?

**EL-ASHRY:** I'll start with the end. I don't really think anything could have been done differently back then. That is not because I'm biased, since I was behind putting these things



together, but it's because of the complex structure that we talked about yesterday. You had to follow these steps, go with the step-wise approach and not immediately try to do everything in the beginning, then learn by doing, and try to bring the countries themselves on board in understanding really what the global environmental projects would look like and how does it fit into their sustainable development efforts. I think when I look back myself at the first days in 1994 and the lack of trust that still existed following the negotiations on the restructuring of the GEF and the 18 months that we took to put together the institutional structure and the policy framework for the GEF, you could see the improvement over the 18 months.

Initially, the meetings would go 'til 2:00 and 3:00 in the morning because people just wanted to debate for the sake of debating because the gap was still wide along the north-south axis. Eventually, as they started dealing with the disbursement of funds, making decisions on money, it's amazing how it orients the mind in a different way and you stop talking too much and you start really dealing with the best and most efficient ways of making commitments on financial resources. As a result, the Council now, for example, is really being touted by many people and many observers, and many countries brought their senior people, the ministries of finance and so on, to observe how the Council works. They may debate for a while, but ultimately a decision is made very professionally during a two and a half-day meeting, meeting only twice a year on very important policies and commitments of resources.

I hope that this continues in a sense with the notion that this is really international cooperation. This is not development assistance. And I think people learned along the way because some of the representatives from the OECD countries come from development corporations, but they learned along the way not to speak the language of development assistance. This is international cooperation in support of the conventions, and there are two partners here: the developing; and the developed countries. And the developing countries also learn that it's not a matter of saying, "You know, I am entitled to this money." It's a matter of again sharing in the decisions that affect them as well as ensure the integrity of the financial resources themselves so that there will be more replenishments in the future. Everybody learned that lesson very quickly, in that you have to really put safeguards in policies and on how the money is being spent so that we can show to Parliaments and to Congress, if we are interested in getting more money in the future.

**Q:** OK. In 1997 in the article, *The GEF: A Self-Assessment*, you refer to GEF as, "A pioneer operating on one of the frontiers of sustainable development." In your opinion, has the GEF continued to be pioneering and innovative, and, more particularly, what role did you play in that?

**EL-ASHRY:** Well, I really think so. In the sense that this is not just my view, I think the Johannesburg World Summit on Sustainable Development showed how the world in its entirety feels about the GEF and how they look at the GEF as the hope in showing the way on different approaches to doing business, not only in the context of projects on the ground, but in the context of its governance, what I was just talking about on how developing and developed countries work around the table of the Council itself. That's something that you don't really see in a great way in other institutions, in other UN meetings, other UN conferences, it's pandemonium all the time, even the Commission on Sustainable Development that's supposed to follow up on Rio and now to follow up on Johannesburg. It's still the same old thing: two people talking over each other's heads. Each one is reading a statement, and no one is really listening to what the other is

saying. They are concentrating on what they are going to say themselves in their statements and correcting their statements till the last minute. So that's why the GEF is truly a pioneer in how to bring the UN and the Bretton Woods approaches, more importantly, to bring the environment and the economic development and cooperation community together. And that's a very important thing and I think people are learning and they are trying to use the model in the discussions, as I said yesterday, in the conventions, for example. Things have improved greatly in terms of north-south discussions at the conventions, and it's mainly because it's the same people who are also involved in the GEF.

The same thing with addressing the global environment or the environment in the context of development. By our insistence from the beginning, and because it was the right thing, as I felt strongly that the developing countries would not accept making any commitment or doing anything about the global environment unless they see the benefit to them in the context of sustainable development. So we focused a good amount of the renewable energy on rural areas where the poor people live. They don't have grid connections, and they probably will not have a grid connection for many, many years to come. What we are showing is how you can at the same time benefit the people as well as the environment.

The same thing on the issue of biodiversity where it is not just a matter of conservation, but it is also a matter of sustainable use of these resources. Protecting the watersheds so that the water resources can benefit the people instead of disappearing immediately after all the trees have been cut and carry all the silt with it downstream.

So all in all, the GEF is on the cutting edge of demonstrating how to do things, and I think it will continue to do that because if it doesn't I think it will lose the support that it now has. And that's what we try to protect. If the GEF becomes perceived as another development assistance effort, why do you have it in the first place? Why not just put the money in the Bank, UNDP, IFAD and so on and not have a separate entity? So it has to be unique, and it has to be performing a unique mission that others are not doing on their own but participate through this partnership, under that umbrella, and actually contribute their experience and expertise for the sake of this bigger agenda called the global environmental agenda.

**Q:** In your opinion, how is the GEF perceived by the NGOs?

**EL-ASHRY:** Very strongly. Very strongly because they see really in what we are doing, and what I just described, the hope that they have themselves been advocating for some time and that's why they work very closely with us in a number of ways. They participate by being observers in the policy deliberations themselves and they also participate as advisors to the countries. A great number of the good projects are coming from countries where there's good involvement of NGOs. And third, as implementing organizations themselves, they implement a number of the projects on the ground. The small grants program is completely directed towards action by NGOs and community organizations on the ground. Then we developed a medium-sized project approach for those who have the capacity and can implement bigger projects. Then we created together, with the Bank, a separate partnership--the Critical Ecosystem Partnership Fund, where the World Bank, the GEF, CI (Conservation International), the MacArthur Foundation, and now the government of Japan, each has put \$25 million into the fund for actions

by NGOs in biodiversity hot spots. It operates in a very innovative way, handling proposals electronically, for example, and getting small amounts of money disbursed quickly. This is just one example of what you can do with partnerships. You know, many people talk about partnerships but very few actually practice them.

**Q:** Would you say that the NGOs' association or partnership with the GEF has contributed to the narrowing of the north-south gap?

**EL-ASHRY:** Not necessarily, in the sense that the north-south gap on the NGO side still remains wide because you have the advocacy NGOs in the north that are talking about big global things while the NGOs in the south are at the country level, at the village level, and they are interested really in seeing how poverty would be eradicated. They see the environment through the lens of poverty rather than poverty through the lens of the environment. And that, even though it has been reconciled among a few groups, does not really work yet the way it should in terms of cooperation and partnerships on the larger scale that is needed. But I'm confident that with the kind of people we have worked with this is constantly improving and will continue to improve in the future.

**Q:** What advice would you give your successor, Leonard Good? Notice we didn't ask, what are the criteria and attributes of a good CEO and Chairman of the GEF, but you can certainly still talk about it if you want to.

**EL-ASHRY:** No, that's OK. Leonard Good has the knowledge and experience to be able to provide continued leadership for the GEF. Of course, his personality will dictate the ways in which these things will happen. I think it's important to say that GEF right now is on a very solid foundation, so you're not talking about an institutional structure that still needs to be developed and all that. What is needed right now is fine-tuning based on past experience. And, as we talked yesterday about the monitoring and evaluation becoming more important and more independent, it needs to be able to provide the feedback loop to help design better projects. So my first advice to him, which I'm going to tell him when we get together next week or the week after, is to nurture the cooperative relationship that developed in the GEF--the G-77 and OECD countries. That truly is key to the continued success of the GEF. If the GEF Council becomes another debating society, it's going to lose the support that it now has and its uniqueness. I think this is one of the best advice that I can give him. He will continue to have good task managers who will do good projects, and, as I said, the policies are being fine-tuned. How to keep that complex structure together? It is by getting his arms around it and making sure that it stays together and not fall apart. And that requires a dedicated effort of consultations with GEF's multiple stakeholders. I think that will be the single most important advice that I'll be giving him.

**Q:** What in your opinion are the lessons learned by the GEF experience related to global environmental problems, and what future challenges lie ahead for the GEF?

**EL-ASHRY:** Well, I think the biggest experience is that it's not easy to do these activities where they are needed the most because there are still many people who don't really understand how or why and because you don't really have the biggest partnership that's needed, and that's with the private sector--the private sector internationally as well as nationally in the countries

themselves. So if there's really one thing out of that experience that needs to happen in the short run, it is to work a little harder on these partnerships, particularly on the private sector level.

The second lesson really is that when the implementing agencies work together, the GEF and the global environment benefit. When they compete with one another and fight with one another at the country level, each wanting that one project, we all lose. We have past experience on that front where for the same country we received two proposals that were exactly the same, one from the Bank dealing with one ministry and one from UNDP dealing with another ministry. It was a matter of who is going to beat the other to it. That was the example I used in one of my annual meetings with the heads of the agencies. The CEO convenes the heads of the three agencies once a year. As a result, there has been a tremendous effort of coordination at the country level. But you still have the resident reps of the UNDP and you have the country directors of the Bank, and it depends really on the chemistry and the cooperation between them. So you really need a bigger commitment from the offices of the implementing agencies at the country level. Those who have the commitment and understanding do much better than those who don't. And that's not just the Bank; that's UNDP as well. UNEP does not, of course, have country offices as such.

Another lesson is when the mandates of the agencies and the activities of the GEF are clear, things move quite well and efficiently. When they get fuzzed up, mainly because staff want them to be fuzzy so that they can spend more than they are supposed to or do more than they are capable of doing, you end up with problems--problems like going around and promising countries projects that they cannot sell to the GEF in the first place. The example here is UNEP, which is not an "operating" organization, yet it's called an implementing agency in the GEF because you don't want to differentiate between them. It is not in their mandate to implement projects on the ground. They can put together regional activities in cooperation with the other agencies. We have been moving towards that, but still there is resentment. Does that make them less than a full implementing agency having to work with UNDP, the Bank, or in partnership with other organizations? But, again, you just keep hammering on it and insist on it and not be swayed by the political pressure here and there, and it eventually gets done, and people understand it.

**Q:** Future challenges?

**EL-ASHRY:** Future challenges? We talked yesterday about finance. I think that's the biggest challenge. We can have the largest replenishment ever like we did last August, but if the countries, particularly the U.S., do not pay, then there is not enough money to get the job done. And if that continues for a while then the GEF will lose its credibility. The support that is there right now will erode, people will go to other places, will look for the small sources of money out there that are now partnering with the GEF, and the whole effort gets fragmented. I really think that is the biggest challenge.

Another challenge is in the context of the ten implementing and executing agencies, whether that model will actually continue to work the way it is set up right now or whether it will get upset along the way either because of higher expectations on the part of the executing agencies or because of strong lobbying by the implementing agencies to minimize their role. And as we were

talking earlier about the competition between the three agencies, now you have to safeguard against the ten agencies competing, and how do you manage all that with the small staff here in the secretariat.

**Q:** OK. Before concluding, is there anything you wish to talk about that we might have overlooked during this interview?

**EL-ASHRY:** Not in terms of topics. Again, it's the level of detail. Let's go back to environmental assessment. There is a very good example that shows, similar to resettlement, that unless you have the right agreement with the countries themselves you have no control afterwards. The argument about, "We have no control over what the country is doing," is right, up to a point, in the sense that you did not get them to enter into a legal commitment to do these things in the first place. Maybe they enter into a legal commitment when it comes to repaying the loan but not on the environment.

And the best example here that I was involved with was the Pak Mun Dam in Thailand which was opposed by many NGOs, particularly the Thai NGOs. I was new in the Bank, and we were to approve the environmental assessments. I was then approached on the subject by Gautum Kaji, who was the country director at the time, so I said, "Well, let me look into it." So I took all of the environmental assessment reports that had been prepared, because that was one of the sources of attack by the NGOs, and I read them all, and I realized that it's actually a very good assessment. It does everything that an assessment ought to do. So my recommendation to him was not to do another assessment, but there were some key issues that have been identified as potential adverse impacts which was all an environmental assessment can do. A prediction, just like the weather. It does not mean it's going to happen, but that it could, based on the technical analysis. And the biggest potential impact was on fisheries, which ultimately affect the livelihood of the people since it is a major source of their food in that region. So I came up with an idea which is simply to put together as part of the agreement a scientific panel that would monitor or examine the information, from monitoring the situation after the dam is built and the gates are closed and seeing whether what is being predicted in the assessment will actually happen, and then be prepared to take corrective actions. He accepted that, the country accepted that, and it became part of the agreement on the project. We are talking now about 1992 or so-- actually, late 1991, early '92, because the Annual Meeting of the Bank in '91 was in Bangkok and I met with the NGOs there and more or less got them to understand that this is really the right approach.

After that, the dam was built, no one really paid attention to it, and just late last year I read in a newspaper about how the fisheries of that region behind the Pak Mun Dam have been practically decimated. So it just shows you again that you can't just do that final evaluation report and walk away. Now, too, you can't stay there all the time, but you've got to make sure that the agreements that have been done are being followed by the countries themselves, and there has to be a way to deal with that as the Bank moves ahead with lending for infrastructure. It's an issue that's not going to go away, whether it's on the environmental side or whether it's on the resettlement and social development side.

**Q:** OK, to conclude: What do you see as your major contribution to the environment in general, and to the GEF in particular?

**EL-ASHRY:** Oh, I will leave that to other people to judge. I really can't talk about that; that is not me at all. I never talk about myself or what I have done. I leave that to other people. I'm only proud to have been the head of the environment in the Bank for three years and to have contributed to its activities at that time, and I'm extremely proud to have been given the opportunity to lead this new organization called the GEF and bring it where it is right now.

**Q:** At the same time, what have you learned from this experience?

**EL-ASHRY:** I learned a great deal, which I intend now to reflect upon and share with others, whether it's with graduate students, governments, or with the public at large. And it's all related to many of the things we have talked about in this interview. How to ensure that the environment is being addressed in the development process, and what are the political and economic forces that influence all of that. And I want to use the experience from the operational side to show through examples how issues of environment and sustainable development can be addressed successfully.

**Q:** We would like to thank you for an invaluable contribution to the Bank's Oral History Program. It was a pleasure interviewing you.

**EL-ASHRY:** Well, I truly thank you for the opportunity. I never thought that this would happen 'til you sent me the email. So I truly thank you for the opportunity to express my views and be able to speak about some of my experiences, all as a result of the good set of questions that you put together.

**Q:** Thank you very much.

**EL-ASHRY:** It's my pleasure. Thank you.