Global Environment Facility

GEF/C.11/5
March 9, 1998

GEF Council
New Delhi, India
March 30-31, 1998

DRAFT
CEO Report on the Policies, Operations and Future Development of the GEF

"...laws and institutions must go hand in hand with the progress of the human mind.
As that becomes more developed, more enlightened, as new discoveries are made,
new truths discovered and manners and opinions change,
with the change of circumstances,
institutions must advance also to keep pace with the times."

Thomas Jefferson, 1816

INTRODUCTION

1. Never has the time for international cooperation to every nation's own benefit been more ripe. Earth's 21st century can provide answers to many of the questions that plague us in the 20th. As the new millennium approaches, the GEF is both looking ahead and looking back, so that we can identify new opportunities to add value for the global environment, while we assess our contribution thus far, and reflect on the lessons learned.

2. As 1997 drew to a close, people the world over gained a deeper appreciation of our economic and environmental interdependence. Starting in Asia's newly industrialized nations, falling stock markets followed the sun, producing record declines in Japan, Europe, and the Americas. In Southeast Asia -- and in the Amazon -- forest fires raged for weeks, spreading smoke across six countries and adversely affecting the health of more than 70 million people. Numerous nations on several continents found themselves combating severe drought, floods, and other extreme weather linked to the phenomenon known as El Nino. And in Kyoto, negotiators worked into the early morning hours to forge a consensus on Earth's climate future.

3. Interdependence means that all of us, whatever the stage of our development, are traveling in the same boat, floating and sinking together. Building a sturdier vessel benefits all passengers.

4. The creation and restructuring of the Global Environment Facility has been a part of this ongoing process. Lest we forget, the GEF was piloted in 1991 to do something totally new: to earmark multilateral funds for global environmental benefits associated with sustainable development projects in developing countries.

5. The GEF's brief is to make the connection between local and global environmental challenges and between national and international resources to conserve biodiversity, reduce the risks of climate change, clean up international waters, protect the ozone layer, and stop land degradation.

6. Over the past seven years, the need for the GEF has become increasingly clear. The urgency for action to address these issues, within the framework of sustainable development at the local, national, and international levels, is greater now than ever before. The evidence is all around us: degradation of soils, water, and marine resources essential to increased food production; widespread, health-threatening air and water pollution; global warming that could disrupt weather patterns and raise sea levels everywhere; loss of habitats, species, and genetic resources that is damaging ecosystems and the services they provide; and continuing stratospheric ozone depletion that threatens all living things. At the same time, and despite growing affluence for many,

there are enormous human problems of widespread poverty and suffering, and a pattern of economic growth that is worsening the disparity.

7. The institutional roles and responsibilities of the GEF are also better defined than was the case at the beginning of this decade. Since that time, the landmark Convention on Biological Diversity and UN Framework Convention on Climate Change designated the GEF as the financial mechanism for implementation. The GEF also has developed a close working relationship with the Montreal Protocol to provide financial assistance to economies in transition for the phaseout of ozone-depleting substances; fostered transboundary partnerships that breathe life into numerous blueprints to protect international waters; and furthered the objectives of the Convention to Combat Desertification.

8. Most importantly, perhaps, is the clearer understanding we now have of what lies at the heart of GEF's problem-solving and opportunity-seizing capabilities. Our work depends on the ongoing efforts of environmental leaders and entrepreneurs -- in government and out -- to build constituencies for change. These courageous many are enabling governments and international institutions to alter the political economy of environmental degradation from the bottom up.

9. Our collective strategy builds on the positive ties between development and the environment, while doing all we can to break the negative bonds between economic growth and environmental degradation. Instead of "business as usual," we pursue alternative scenarios with positive outcomes for all, by incorporating environmental values into all our priorities and actions.

10. As the first strategic alliance of United Nations and Bretton Woods institutions, the GEF both channels funds to the country level and serves as a vehicle for mainstreaming the global environment into the agendas of these and other multilateral and bilateral institutions.

11. To meet its deepening potential and fulfill multiple missions, the GEF has had to evolve and mature into a more broadly representative, participatory, transparent, effective, and strategic organization. Part I of this report provides an overview of the GEF's transformation and growth, including a detailed discussion of Council decisions which set the pace for the GEF's rapid evolution. Part II looks at continuing challenges, while Part III offers recommendations for meeting those challenges and moving forward.

I. FULFILLING GEF'S MISSION

12. As Paragraph 4 of *The Instrument for the Establishment of the Restructured Global Environment Facility* instructs:

> *The GEF shall ensure the cost-effectiveness of its activities in addressing the targeted global environmental issues, shall fund programs and projects which are country-driven and based on national priorities designed to support sustainable development and shall maintain sufficient flexibility to respond to changing circumstances in order to achieve its purposes* (emphasis added)[i] .

13. The GEF Council was established -- balancing decision-making and representation from developing and developed nations, and economies in transition -- as was an Assembly, involving all participating states.

14. The GEF has demonstrated its commitment and flexibility by responding to Council and Convention guidance to:

(a) Develop an operational strategy and 10, soon to be 12, operational programs to focus GEF activities and guide project design and implementation in the four focal areas.

(b) Develop Memoranda of Understanding governing GEF relations with the Convention on Biological Diversity and the Framework Convention on Climate Change, helping to ensure mutual understanding and cooperation.

(c) Streamline GEF procedures, including simplifying the project cycle, expediting enabling activities, and addressing the approach to incremental costs.

(d) Improve budgeting and business planning procedures, particularly with regard to the out-years.

(e) Establish a monitoring and evaluation program with a variety of important outputs already to its credit.

(f) Integrate public involvement, consultation, and participation into all aspects of its work.

---

[i] The Instrument for the Establishment fo the Restructured Global Environment Facility, March 1994.

(g) Strengthen GEF's cross-cutting initiatives combating land degradation, specifically deforestation and desertification.

(h) Engage the private sector in the GEF's work.

(i) Initiate a small grants programme and develop a new medium-sized grants pathway.

(j) Improve coordination among and between GEF's implementing agencies.

(k) Pioneer trust funds to provide long-term support to GEF objectives.

(l) Give non-governmental organizations a key role in the design and implementation of projects, and in the development of policy frameworks at the local, national, and international levels.

15. This is a tremendous achievement for building a new institutional framework in a very short time. From these efforts, much has taken root and grown. The number of states participating in the GEF has grown to 161. The number of donors, from North and South, has increased to 36. Funds programmed for GEF projects in 119 countries now total $1.9 billion, with some $5 billion leveraged from other sources.

16. But, as the Council has stressed, the GEF is more than a channel for project financing. It is also a far-reaching and dynamic network, uniquely positioned to share global environmental science, support related policy initiatives, build capacity, catalyze new combinations of actors, and foster markets for environment friendly technology. While expanding and improving outreach is a major goal of the GEF in the years ahead, it is important to consider the foundation already laid.

Building Country Capacity

17. Local, national, and global environmental problems have the same underlying causes -- inadequate economic policies, inadequate development policies and practices, and inadequate policies concerning natural resources and the environment. The challenge in dealing with the complex nexus of global environment and development is to reform these policies and to bring environmental considerations into the mainstream of economic decision making; and whenever possible, strive towards producing joint domestic and global benefits. This challenge can best be addressed through sustainable development at the country level.

18. The GEF helps support global environmental security by integrating the global environment into national development and strengthening the capacity of developing countries to play their full part in protecting the global environment.

19. Over the coming months, with the GEF's help, developing countries will continue to complete national communications and action plans called for in the Convention on Biological Diversity and the U.N. Framework Convention on Climate Change. These are important tools for mainstreaming climate and biodiversity concerns in country thinking and planning, and for identifying priorities that can form the basis for formulating country assistance or cooperation strategies, as well as longer term GEF support. To date, support has been given under expedited procedures approved by Council in 1996 to 96 countries for enabling activities in biodiversity and to 93 countries for enabling activities in climate change.

Tapping NGO Involvement

20. Civil society has become an important force in implementing Agenda 21 and in increasing public awareness on global sustainability, particularly at the local level. At the GEF, about one-third of the project ideas submitted by governments originate with non-governmental groups. Approximately 20 percent of the funds expended by the GEF involve NGOs in design, planning, and/or implementation. A total of 26 private foundations also are a part of GEF's work.

21. In terms of governance, GEF was the first -- and is still the only -- international financial entity to welcome NGO observers to its Council meetings. NGO representatives play a vocal and substantive role in contributing to the GEF agenda in other ways as well, including participation in interagency task forces -- such as the one created to design and launch the GEF's new "medium-sized projects."

Fostering Environmentally Friendly Technologies

22. The GEF has proved that, in addition to being a forum for institutional development and NGO involvement, it is a platform for technological change. In a modest way, the GEF has already helped developing countries and economies in transition take the first steps toward addressing the problem of climate change. The GEF has mobilized $4.5 billion for climate change activities in over 110 developing countries. Of this, close to $700 million was provided in grants from the GEF.

23. Energy policy and investment in global environment friendly technologies are key pillars for any climate change strategy and it is the private sector -- not governments -- that are the key players in the technology transfer arena. Net private capital flows to developing countries are almost six times official development assistance. In the GEF, we are keen on entering into bilateral (or even trilateral)

partnerships with the private sector where our funds augment, not displace, private capital and where our interventions facilitate and catalyze demonstration projects with significant replication potential.

24. The GEF and its collaborators are also working to:

(a) Promote consistent, incentive oriented regulatory frameworks that internalize environmental costs, do not distort the market, and yield a level playing field for private investment.

(b) Facilitate the transfer of know-how and help remove institutional barriers.

(c) Catalyze partnerships to enable implementation of international agreements.

(d) Lower risks associated with innovative technologies.

25. In more than 150 catalytic projects, the GEF is promoting state of the art technology: photovoltaics, biomass gasifiers, wind power, geothermal energy, efficient industrial boilers, and improved lighting systems. In a short time and with limited funds, GEF has increased the worldwide output of photovoltaic energy alone by more than five fold.

Multiplying the Benefits

26. But the GEF too has its limits. Because $2 billion -- or even $10 billion -- wouldn't be sufficient to the task, the GEF also has the mission of mainstreaming the global environment into its implementing agencies and other national and international development budgets. It is not difficult to imagine the tremendous positive impacts on global sustainability when multilateral and bilateral development institutions fully integrate global environmental concerns and actions into their wider agenda: in other words, into all economic and sector work -- in energy, in agriculture, forestry, water resources, industry, and infrastructure.

27. The evolutionary process the GEF took on board in the early 1990s must, in the new century, encompass all governments, development institutions, NGOs, and private business too. By strengthening the linkages between and among all these partners, we can ensure that the global environment will remain a top priority, long after discrete projects end.

Investing in Environmental Security

28. Throughout history, nations have identified security threats as military and political challenges coming from a sovereign power. In recent decades, we have come to see the civil unrest that is the most common form of political violence in our world today as a source of wider instability. But in the next century, the new millennium, we need to move beyond these familiar definitions to a new understanding of the global environmental situation as a very real threat to national and global security.

29. Once that shift in outlook takes hold, the resources for mounting an effective defense will follow. Once environmental concerns become a mainstream element in the strategic planning, economic calculations, and political dialogue of nations and their leaders, genuine progress toward sustainable development will also follow.

30. The GEF's supporting role in assisting developing countries as they define and build an "environmental defense" encompasses enabling activities, policy support, and the initiation and implementation of sustainable development projects with global environmental benefits.

31. In all of its partnerships -- with governments, NGOs, the private sector, scientists and other academics, and bilateral and multilateral institutions -- the GEF strives to set an example and shift decision-making towards sustainable development. This effort extends far beyond individual projects or programs in question, in order to promote mainstreaming of the global environment across budgets, portfolios, and operations.

32. The GEF provides a unique forum for countries from the North and South to come together on a regular basis with mutual respect to discuss and act on a common environmental and economic agenda. These discussions extend beyond the GEF's own activities to touch upon trade, investment, and foreign assistance.

33. Here we return to our central message of interdependence. The vocabulary of interdependence does not recognize winners and losers, nor does it dwell on the "burdens" of international engagement. Opportunity sharing is what we must now be about.

Summary Progress Report 1994-1998

Council decisions

34. An agreement to restructure the GEF was reached in March 1994. This included the establishment of the Assembly, Council, and Secretariat. In just four years' time, the GEF has put in place a system of governance and an institutional and policy framework for its operations. Much of the credit for this rapid pace is owed to the Council

collectively for its efforts to come together and operate effectively as a strategic governance body and to Council Members individually, for their commitment to ensuring that the GEF lived up to its potential and goals. The Council has worked diligently during the eighteen months following restructuring to approve policies and procedures to enable the GEF to fulfill its unique mission. The staff of the Implementing Agencies and the Secretariat also deserve credit for their significant contributions to bringing new ideas and lessons learned to the attention of the Council.

35. As reflected in its decisions, the Council has agreed to:

(a) procedures allowing for the participation of NGO representatives in Council meetings and for the convening of NGO consultations before each Council meeting.[i] These procedures are the most progressive of any multilateral financial institution, and have been applied flexibly so as to encourage NGO interaction with the Council in all policy discussions;

(b) a GEF project cycle policy document, outlining procedures to be followed throughout GEF-financed activities. These address the role and responsibilities of all major actors: recipient governments, Implementing Agencies, executing agencies, STAP, the Council, the CEO, and the GEF Secretariat[ii];

(c) the GEF operational strategy, providing a framework for programmatic cohesiveness and integration among the many entities that participate in the GEF[iii];

(d) the GEF policy on public involvement, setting forth principles for public involvement in the design, implementation, and evaluation of GEF-financed projects[iv];

(e) a program for monitoring and evaluation, reaffirming the GEF's need for an efficient monitoring and evaluation system and outlining objectives and performance expectations;[v]

(f) the mandate, composition, and role of STAP[vi];

(g) the Project Development and Preparation Facility (PDF) to provide financing for project preparation[vii];

(h) an approach for estimating agreed incremental costs, while recognizing the need for flexible application of the concept[viii];

(i) expedited procedures for enabling activities, facilitating the early provision of financial assistance to recipient countries so as to enable them to fulfill the objectives of the Convention on Biological Diversity and the UN Framework Convention on Climate Change[ix];

(j) expedited procedures for medium sized projects (projects for which the requested GEF financing does not exceed US$1 million), increasing flexibility in the programming of resources and encouraging a wide range of interested parties to propose and develop project concepts;[x]

(k) principles for financing targeted research to serve as a basis for considering GEF funding of goal-oriented research that supports the GEF operational strategy;[xi]

(l) Memoranda of Understanding with the Convention on Biological Diversity[xii] and the UN Framework on Climate Change[xiii] to give effect to the respective roles and responsibilities of the Conferences of the Parties to the Conventions and the GEF as the operator of the Conventions' financial mechanisms;

(m) new budgetary procedures, more transparently informing the Council of the administrative costs of GEF activities. At the Council's request, steps are underway to pilot a fee-based budgetary system.[xiv]

Programming of Resources

36. During the period July 1994 through March 1998, the GEF Council approved the allocation of $1.2 billion in GEF resources for project activities. These resources were allocated to activities in the four focal areas as follows:

Focal Area	US$ Million	% of Allocated Resources
Biodiversity	418	33.8%
Climate Change	488	39.5%
International Waters	116	9.4%
Ozone	122	9.8%
Multi-focal	93	7.5%

Membership

37. Country participation has increased in the GEF since the time of its restructuring. The *Instrument for the Establishment of the Restructured GEF* was accepted in March 1994

by representatives of 73 States. As of February 28, 1998, there are 161 States participating in the GEF. A list of these States is set forth in document GEF/A.1/10.

Mission and accomplishments

38. The GEF is unique in many ways: to date it is the only major financial accomplishment since the 1992 Earth Summit in Rio de Janeiro. Its mission is rooted in sustaining an international public good -- the global environment: a mission which calls for sustained funding of global environmental investments over time. The GEF is much more than just a trust fund with resources available to assist recipient countries meet the challenges of the global environment. It is a voice for the global environment which can be joined with others to remind the international community of the importance of its agenda, and it serves as a unifying force that pulls together other financing, ideas, and support for the global environment.

39. Stakeholders with vested interests in the success of the GEF are widespread and include developing and developed countries, civil society, international, regional and national institutions, non-governmental organizations, private sector entities and the academic and scientific community As noted by the International Expert Advisory Panel for the Study of GEF's Overall Performance, "the world requires a well-run multilateral mechanism for world wide 'ecological security.' Global environmental issues cannot be left exclusively to the multitude of bilateral negotiations and efforts underway. That multilateral funding mechanism is the GEF. The GEF should be continued and strengthened. [xv]"

40. There is overwhelming evidence of the significant institutional development that the GEF has achieved in a relatively short time. As noted by the independent evaluation team, the GEF is better organized and better managed, and generally performed effectively with regard to rapidly creating new institutional arrangements and approaches to programming of its resources in the four focal areas. The GEF, while continuously striving for increased effectiveness, quality, and efficiency of its activities, is now well placed to take on additional tasks to further promote its central mission and to respond to changing circumstances.

41. Increased collaboration and partnerships have been another trademark of the GEF's evolution. The GEF is founded on the core concept of collaboration among its three Implementing Agencies: UNDP, UNEP, and the World Bank. Each of these agencies have contributed expertise and staff in its area of greatest comparative advantage to the GEF, which is so essential to the success of its project activities. The results of the Project Implementation Review show that the success rate of GEF projects is higher than that of the agencies' projects funded through their regular programs[xvi], and that the average time for a project to move from Council's allocation of resources to

final commitment to implementation has decreased significantly[xvii]. Increased collaboration between the GEF Secretariat and the Secretariats of global environmental conventions, in particular the Convention on Biological Diversity and the U.N. Framework Convention on Climate Change, has also been an important factor in increasing the quality and responsiveness of GEF activities to the Convention's objectives and guidance.

42. The GEF is also continuously exploring and strengthening new partnerships with recipient countries and with representatives of civil society in those countries through its project activities. As noted in the Project Implementation Review, strong commitment by recipient countries and organizations is a major determinant of project implementation success, and even more so for long term sustainability. Equally important is broad and continuous stakeholder involvement in projects.[xviii] The Project Implementation Review concludes that stakeholder participation has contributed to the higher rate of project success in GEF projects than in the Implementing Agencies' regular activities, while also recognizing the need for continued effort to increase country ownership and further strengthen effective stakeholder activity. GEF principles on public involvement provide the basis for one of the most extensive and far-reaching policies on public involvement in, and disclosure of information on, projects that can be found in any international financial institution.

43. The Assembly is invited to confirm their commitment to ensuring that the GEF remain a facility at the cutting edge, agile and responsive to its recipient countries, as well as a catalyst for other institutions and efforts. Participants should expect the GEF to apply lessons learned from its past and on-going activities in order to improve further the effectiveness and quality of its performance as it continues to evolve.

II. CHALLENGES

44. Even while celebrating the achievements of the GEF, we have a responsibility to recognize and respond to the challenges ahead if the GEF is to continue to be in the forefront of addressing global environmental issues.

45. The levels of funding for the environment, and for addressing global environmental problems in particular, are still inadequate in relation to the threats and problems. New and additional resources are urgently needed by the GEF, national governments, and other international organizations. All Participants in the GEF need to recognize their responsibilities to address the sustainability of their own polices and programs that influence global environmental outcomes, based on common but differentiated responsibilities among nations.

46. Ensuring country ownership of GEF project activities and raising country- level awareness of the GEF and of global environmental issues continues to be a challenge. The independent evaluation team notes that country-driven projects and country ownership are related but not synonymous. A project may not be country driven in origin, but it can ultimately enjoy country ownership if recipient country stakeholders play a role in its development and execution or if it is viewed as coinciding with country needs. "Country driven" needs to be seen as a dynamic concept applicable throughout the entire project cycle. The Project Implementation Review further notes that to gain ownership and commitment by recipient countries, projects have to respond to national or local interests in addition to seeking global environmental benefits. And as noted above, it has been repeatedly demonstrated that stakeholder involvement is essential to ensuring project success and sustainability.

47. The GEF, like most international institutions, channels its communications and outreach to countries through a network of focal points. In the past few years, we have witnessed a proliferation of focal points related to global environmental issues: while the GEF has its own focal points, each Implementing Agency is likely to have another focal point, and within one country there are likely to be quite a number of focal points for the global environment conventions, including issue-specific focal points under each convention. A challenge facing the GEF is how to facilitate collaboration and information sharing among the focal points, and consistency in governments' approaches to the GEF, its Implementing Agencies, and the conventions. To date, it appears that the objectives set forth for the national focal points have not been entirely fulfilled.

48. The independent evaluation team highlights that the Implementing Agencies have made insufficient progress in mainstreaming global environmental issues into their regular program of activities. Furthermore, there is a perception that GEF has not fully benefited from the potential inherent in its unique structure for competition between agencies, nor have the opportunities for involving a greater number of executing agencies and cofinanciers been fully explored.

49. The GEF project cycle is widely perceived as needing further improvements, although it is recognized that some important progress has been made. Concerns in this regard have been noted by the independent evaluation and have been raised within the Conferences of the Parties to the Convention on Biological Diversity and the UN Framework Convention on Climate Change.

50. The concept of incremental costs continues to be difficult to apply in practice, as was recognized by the GEF Council at its meeting in November 1997, and the GEF Secretariat, in consultation with the Implementing Agencies and Convention Secretariats, has been requested to undertake work to facilitate the concept's application.

51. The financial sustainablity of projects, that is the need to find financing for supporting projects and the continuation of the objectives and achievements of the project beyond the GEF grant, is an issue that needs to be better addressed.

52. Outreach to the scientific community, in particular scientists and national institutions in recipient countries, has been insufficient to fully enlist their participation in GEF activities and their support in promoting global environmental objectives at the country level.

53. The GEF has always sought to strictly implement the guidance on policies, program priorities and eligibility criteria that has been provided by the Conference of the Parties to the Convention on Biological Diversity and the Conference of the Parties to the UN Framework Convention on Climate Change. Yet it has become increasingly clear that the provision of such guidance on an annual basis, thereby regularly increasing the number of priorities to such an extent that the idea of priority activities is severely diluted, seriously hinders the ability of the GEF to assist recipient countries in achieving measurable impacts in achieving the objectives of the Conventions. Collaborative efforts between the GEF and a convention to develop jointly a technical and scientific basis for guidance to the GEF, such as that undertaken with the Convention on Biological Diversity with regard to the fair and equitable sharing of the benefits arising out of genetic resources, offer a useful model for developing guidance.

III. RECOMMENDATIONS

54. While recognizing that the GEF Council has primary responsibility for providing guidance and oversight to the GEF Secretariat and the Implementing Agencies, and drawing upon analyses and recommendations from the studies before the Assembly, it is recommended that the Assembly:

(a) Welcome the second replenishment of the GEF Trust Fund which will provide increased resources over the next replenishment period to develop and implement projects at a higher level of commitment than that achieved in the first replenishment period. With the second replenishment comes renewed certainty of funding that will enable the GEF to undertake longer-term funding plans that will lead to better support of recipient countries as they strive to implement the conventions.

It will also open the door for more creative partnerships between the GEF and the Implementing Agencies to achieve priority programmatic objectives.

(b) Reconfirm that GEF activities are to be country-driven and that country ownership is key to the success of GEF projects. To achieve this:

(i) GEF activities should be based on national priorities designed to support sustainable development and the global environment;

(ii) the GEF should undertake to develop and implement a strategy for greater outreach and communication which targets GEF's multiple constituencies, including its political and operational focal points and relevant government agencies, NGOs and civil society, the media and the private sector. There is also a need to improve information dissemination and public awareness-raising activities with a view to disseminating lessons learned from the GEF portfolio of projects, to stimulating the adoption of new technologies or behaviors, to strengthening ownership of projects, and to creating a more favorable enabling environment for policy and change attitudes.

(iii) Implementing Agencies should ensure that proposals are driven by organizations and individuals of the stakeholder country or countries. Even though an idea for a GEF-funded project may initially come from outside the country, it is essential that responsibility for implementation be with the country and that the country commitment to, and ownership of, the activity be such that it will be sustained following the completion of the GEF project.

(iv) to strengthen country level coordination the GEF should review and better define the intended results and impacts of country level involvement, including capacity building, training, outreach and information sharing. An action plan should be prepared to strengthen country-level coordination and to promote genuine country ownership of GEF-financed activities, including active involvement of recipient countries and interested stakeholders.

(c) Call upon the GEF Implementing Agencies to strengthen and accelerate their efforts to mainstream global environmental objectives into their regular policies and programs, while recognizing that as governments represented in the GEF and the Implementing Agencies, each government has a responsibility to ensure consistency in its policies and representation

in the GEF, the Implementing Agencies and the Conventions and to promote mainstreaming of GEF objectives in the policies and program activities of the Implementing Agencies. It is also recommended that the Assembly recognize that mainstreaming has to be built on partnerships between the Implementing Agency and the government in a recipient country. Taking into account paragraph 22 and Annex D, paragraph 7, of the Instrument, the Council should request each Implementing Agency to prepare for Council review in 1998 a strategy and timetable showing how the Agency will integrate global environmental activities into its own policies and programs and to report regularly thereafter to the Council on its implementation.

(d) Support efforts by the GEF for new opportunities for private sector partnerships, and for examining the obstacles that might exist to increasing support from the private sector.

(e) Call upon STAP to assign high priority to assisting the GEF to build strong relationships and networks with the global scientific community, especially with national scientists and scientific institutions in recipient countries.

(f) Recognize that a strong monitoring and evaluation system will help the GEF to become progressively more effective by building upon lessons drawn from both success and failures. A strong monitoring and evaluation function is necessary not only as a tool to measure progress and results, but also as an instrument for achieving greater project quality and effectiveness. It is also recommended that the Assembly confirm that high priority should be assigned by the GEF to the urgent development of performance indicators.

(g) Call upon the GEF to promote greater participation in GEF activities by those entities referred to in paragraph 28 of the Instrument, in particular the Regional Development Banks.

(h) Invite the Secretariat, in consultation with the Implementing Agencies, to keep under consideration and report regularly to the Council on proposals and means to streamline the project cycle with a view to making project preparation simpler and more nationally-driven, without abandoning high quality standards.

(i) Welcome efforts to explore ways to make the process of determining incremental costs more flexible and easier for recipient countries, and support the Council request that further work be undertaken by the

Secretariat, in consultation with the Implementing Agencies and the Secretariats of the Biodiversity and Climate Change Conventions, on the concept of incremental costs which would lead to the development of simpler, more straightforward guidance and communication on the calculation of incremental costs for recipient country officials and a strategy for ensuring their involvement in the process of estimating those costs.

(j) Confirm that the Secretariat should play a strong coordinating and catalytic role within GEF family. The Secretariat should focus on strategic and policy issues aimed at creating common systems and approaches for the GEF, and should also promote strategic alliances within the GEF family and with others whose work is closely linked to the GEF, such as the Secretariats for the Biodiversity and Climate Change Conventions.

(k) Request that governments and the GEF increase their efforts towards ensuring sustainability of the global environment benefits generated by GEF financing. It is also recommended that all GEF projects identify the costs of long-term sustainability and specifically address how the activities supported by the project would be sustained over the long term following completion of GEF funding.

(l) Reconfirm the prime importance of the GEF to the achievement of the objectives of global environment conventions. It is further recommended that the Assembly stress the importance of efforts to achieve maximum benefits from the use of GEF resources in accordance with programmatic objectives as outlined in the operational programs, and invite the Conference of the Parties to consider the strategic and programmatic implications of their guidance to the financial mechanism.

(m) Recognize the concerted effort that has been made by the GEF to respond to requests for enabling activity assistance. It is also recommended that the Assembly request the Secretariat, Implementing Agencies and the Convention Secretariats to undertake a comprehensive review of the enabling activity projects with a view to assessing how successful and cost effective they have been in enabling developing country Parties to implement the Conventions and to analyzing the reasons for those that have failed, to consider policy and programmatic responses to any problems identified and to bring their proposals to the attention of the Council and the Conferences of the Parties.

ENDNOTES

[i] Decision on agenda item 6, *Question of NGO Observers at Council Meetings and NGO Consultations*, Joint Summary of the Chairs, GEF Council Meeting, November 1-3, 1994. See also Decision on Agenda Item 11, *GEF Voluntary Fund*, Joint Summary of the Chairs, GEF Council Meeting, October 8-10, 1996.

[ii] Decision on agenda item 9, *GEF Project Cycle*, Joint Summary of the Chairs, GEF Council Meeting, May 3-5, 1995.

[iii] Decision on agenda item 5, *GEF Operational Strategy*, Joint Summary of the Chairs, GEF Council Meeting, October 25-27, 1995.

[iv] Decision on agenda item 7, *Public involvement in GEF projects*, Joint Summary of the Chairs, GEF Council Meeting, April 2-4, 1996.

[v] Decision on agenda item 6, *Monitoring and Evaluation*, Joint Summary of the Chairs, GEF Council Meeting, April 2-4, 1996.

[vi] Decision on agenda item 7, *STAP*, Joint Summary of the Chairs, GEF Council Meeting, July 18-20, 1995.

[vii] Decision on agenda item 8, *Project Development and Preparation Facility (PDF)*, Joint Summary of the Chairs, GEF Council Meeting, February 22-24, 1995.

[viii] Decision on agenda item 8, *Incremental cost and financing modalities*, Joint Summary of the Chairs, GEF Council Meeting.

[ix] Decision on agenda item 5(b), *Work Program*, Joint Summary of the Chairs. GEF Council Meeting, April 2-4, 1996.

[x] Decision on agenda item 8, *Proposal for medium-sized projects*, Joint Summary of the Chairs, GEF Council Meeting, October 8-10, 1996.

[xi] Decision on agenda item 9, *Principles for GEF financing of targeted research*, Joint Summary of the Chairs. GEF Council Meeting, April 30-May 1, 1997.

[xii] Decision on agenda item 11, *Relations with Conventions*, Joint Summary of the Chairs, GEF Council Meeting, April 30-May 1, 1997.

[xiii] Decision on agenda item 10, *Relations with Convention*, Joint Summary of the Chairs, GEF Council Meeting, April 2-4, 1996. See also decision on agenda item 11, *Relations with Convention*, Joint Summary of the Chairs, GEF Council Meeting, April 30-May 1, 1997.

[xiv] Decision on agenda item 8, *GEF corporate budget for FY98*, Joint Summary of the Chairs, GEF Council Meeting, April 30-May 1, 1997.

[xv] *Study of GEF's Overall Performance*, GEF/A.1/5 , Annex 2, page 161.

[xvi] *Project Implementation Review of the GEF 1997*, GEF/A.1/6, pages 7-8.

[xvii] *Ibid*, pages 3-6.

[xviii] *Ibid*, page iv.