



HIGHLIGHTS OF THE COUNCIL'S DISCUSSIONS
46TH GEF COUNCIL MEETING
MAY 25-27, 2014, CANCUN, MEXICO

The following is a record prepared by the GEF Secretariat of comments, understandings, and clarifications of certain points made by Council Members during discussions of the agenda items and related decisions. The Joint Summary of the Chairs records the decisions agreed by the Council. These points are supplemental to the Joint Summary of the Chairs.

Agenda Item 1 Opening of the Meeting

1. The CEO, Naoko Ishii, opened the meeting with a statement where she highlighted that the GEF had been “strengthened in many ways during GEF-5”. She welcomed the Development Bank of South Africa (DBSA) and the International Union for the Conservation of Nature (IUCN) as GEF Project Agencies stressing that this “brings further depth and breadth to the GEF’s knowledge and expertise”. Furthermore, she recalled that the mandate of the GEF was expanded by the addition of the Minamata Convention on Mercury to its responsibilities. Following her statement the new GEF Project Agencies were invited to make statements to the Council.

Agenda item 2 Election of a Chairperson

2. Mr. Juha Pyykko, was elected a Chairperson from the non-recipient Council Members.

Agenda Item 3 Adoption of the Agenda

3. The Council adopted the Agenda and the Secretariat announced that a decision would be introduced under Other Business on the entry of the two new GEF Project Agencies.

Agenda Item 4 Annual Monitoring Review (AMR) FY13: Part II

4. Several Council Members expressed appreciation for the results-oriented approach in the Annual Monitoring Review (AMR) FY13: Part II.

5. Regarding the analysis of time elapsed between CEO endorsement of projects and first disbursement, several Council Members requested the Secretariat and the Agencies to improve the disbursement information, including more consistent definitions across all agencies, so that a fuller picture can be presented in the next AMR.

6. Several Council Members recommended that the Secretariat continue working with the GEF Agencies and recipient countries to expedite project preparation; they further emphasized the need to improve project cycle efficiency during GEF-6. The Secretariat responded that tripartite meetings are being conducted with the participation of GEF Agencies and recipient countries to either cancel delayed projects or to agree on a final deadline for submission of projects for CEO endorsement.

7. Council Members were pleased to see an increased number of projects that focused on topics such as gender mainstreaming, indigenous people, and civil society organization (CSO) participation. Council Members expressed interest in the Gender Action Plan that will be presented at the October 2014 Council meeting.

Agenda Item 5 Long-Term Strategy for the GEF – GEF 2020

8. Council Members warmly welcomed the draft GEF2020 strategy, and expressed their appreciation for the changes that had been made to the document compared to the previous draft, reflecting comments from the Council and other stakeholders. Council members emphasized the importance for the GEF of the strategy exercise, both to help GEF position itself as a unique institution in the wider environmental finance context and to guide the GEF network going forward. Several Council Members noted their agreement with the Strategy's focus on the major drivers of environmental degradation and on the emphasis in the Strategy of the GEF focusing on demonstrating new approaches. Several Council Members expressed a desire to have regular discussions of the GEF's long term strategy.

9. Council members requested several minor adjustments to be made to the document as it is finalized. These included *inter alia* reflecting the outcomes of the replenishment negotiations regarding GEF usage of non-grant financing, engagement with the private sector, and monitoring of socio-economic co-benefits. Some Council members encouraged that the strategy finds ways to connect to the Post-2015 discussions and some Council Members noted the importance of strengthening GEF's link to Conventions. Many Council Members emphasized the importance of emphasizing country ownership—including reaching out to recipient countries' Ministries of Finance—and the role of the Agencies in the GEF partnership.

Agenda Item 6 Summary of the Negotiations of the Sixth Replenishment of the GEF Trust Fund

10. The SIDS Constituencies of the Caribbean and the Pacific Islands noted with concern that their request for special consideration for SIDS was not taken into account during the GEF replenishment process despite the fact that 2014 is recognized as the Year of the SIDS. The

Constituency from the Southern Cone of South America, as well as the Constituency of Ecuador, Brazil and Colombia informed Council that its suggestions were not incorporated in STAR for GEF-6. Thus the resulting new STAR method would not benefit any country in the American continent.

11. The Secretariat recognized the concerns expressed by the constituencies but indicated that what was agreed during the replenishment process was the best outcome that emerged from the intense negotiations.

Agenda Item 7 Proposal for the System of Transparent Allocation of Resources (STAR) for GEF-6

12. Several Council Members from the LAC region expressed dissatisfaction with the proposed change in the GDP per capita weighting. Council Members from both the Caribbean and the Pacific SIDS expressed concern that the proposed increase in focal area floors were applied to LDCs only, and questioned the separation of the SIDS from the LDCs in this proposed policy. One Council Member stated that the proposed model was a result of much iteration over the Replenishment process and that what was being presented by the Secretariat was the best compromise that could be found. The CSO representative expressed concern over the continued low weighting given to the LULUCF index. One Council Member requested the Secretariat to examine the LULUCF index over the GEF-6 cycle with a view to changing it for GEF-7.

Agenda Item 8 Co-Financing Policy

13. Many Council Members expressed their views regarding the proposed policy. While some expressed concern at the proposed “target” co-financing ratio of 6:1, others expressed the view that the “target” could be higher. Some Council Members were concerned that it would disadvantage some countries (e.g., SIDS and poorer countries) and sectors and focal areas. A Council Member recommended that the Secretariat develop additional guidelines to clarify aspects of the Policy. Several Council Members also welcomed the commitment of the Secretariat to report in greater detail on co-financing in the Annual Monitoring Review (AMR).

14. Several Council Members requested clarity in the linkage between co-financing and the principle of incremental cost. The Secretariat clarified that a footnote would be added to the Policy to address this. Another Council Member requested that “exceptional” or “emergency circumstance” in paragraph 11 of the Policy, be defined through a footnote.

15. The GEF Secretariat emphasized that the Secretariat’s intention, as reflected in the Policy, was to develop an approach to co-financing that would provide clarity and ensure sustainability of the GEF-supported projects. In this regard, the Policy provides a clearer definition of what is counted as co-financing, and requirements at different stages of the project cycle. The Secretariat affirmed that the 6:1 ratio will not be applied on a project-by-project basis, as stipulated in the policy. It noted, as outlined in the introduction to the Policy, that effort

would be made to explore effective ways to attract co-financing from three sources in particular – the private sector, GEF partner agencies, and national governments.

Agenda Item 9 GEF Business Plan and FY15 Corporate Budget

16. Council Members thanked the four central GEF entities for continuing to manage within the resource envelope from the GEF-5 replenishment. Several Council Members noted that they look forward to discussing the Secretariat's proposals following up on the GEF-6 replenishment policy recommendations, including the proposed gender action plan.

17. One Council Members also asked when the Secretariat planned to present the Integrated Approach Pilots (IAPs) to the Council. The Secretariat responded that it would present a document on the IAPs to Council whenever IAPs are ready for its approval as it normally does for projects / programs.

18. One Council Member noted agreement with the separation of the IEO's administrative budget from the budgets of the other three entities, but requested that, in future, the Secretariat provide a full picture of all spending of the four entities summarized in the corporate budget document. The Secretariat responded that it would continue to note the IEO's requested budget amount in the corporate budget document.

19. A Council Member asked the reason for the under run in expenditures below the FY14 budgeted level, and noted that this meant an actual increase for FY15 above 2.5% in real terms. The GEF Secretariat answered that the departure of staff and pending vacancies were the reasons for the underrun. Moreover, spending on publications is usually less at the end of a replenishment period. The Secretariat also elaborated on the reasons for the 2.5% requested increase, including needs related to the KM and RBM work plan, the Gender Action Plan, and related programming and capacity needs as set out in the Business Plan (drawing from the replenishment discussions).

20. One Council Member also asked whether the costs for accrediting new GEF Project Agencies are budgeted for and whether the plan is for this process to end in December 2014. The Secretariat clarified that the GEF Accreditation Panel's costs are covered by resources contributed by the Applicant Entities. The Secretariat also confirmed that the plan is for the accreditation process to conclude by December 2014.

21. One Council Member asked why STAP was requesting a comparatively larger increase. The Secretariat answered that the budget increase for STAP was justified as there has been an increasing demand for operational (e.g. project) and strategic advice from STAP since the start of GEF-5. STAP's budget has not increased commensurate with this increased demand. STAP Secretariat does not have sufficient staff to perform its required functions, including with regard to knowledge management. The increased budget will ensure that STAP can continue to provide high quality advice and participate in the GEF's knowledge management initiatives.

Agenda Item 10 GEF Small Grants Programme: Implementation Arrangements for GEF-6

22. Council Members expressed their support to the GEF Small Grants Programme (SGP) as an example of GEF's success on the ground, and welcomed the implementation arrangements for GEF-6. Some Council Members recognized that the very success of the SGP has demanded a more focused and strategic approach to build on the lessons learned and consolidate the results achieved in order to scale up and increase the impact of the program. Council Members noted their interest in learning more details about the different new features of the SGP once the project document is submitted for approval.

23. Several Council Members noted the importance of SGP's recognition of CSO as an essential element in capacity development for cross-cutting issues.

Agenda Item 11 Work Program

24. The Council commended the Secretariat for the quality of the work program and the overall presentation.

25. The Secretariat noted that the Council needed more time for review and deliberation on two of the projects included in the work program. The Secretariat suggested, and the Council agreed, that the Secretariat would circulate for Council approval by mail a proposed decision to approve the two project proposals in accordance with paragraphs 43 to 45 of the Rules of Procedure of the Council.

26. Several Council Members emphasized the need for engaging with the private sector in GEF-funded projects. The programmatic approach included in the work program is one such example. A Council Member asked if there were expected reflows from this project and how they would be handled.

27. The Council recognized and praised the increased GEF-6 replenishment pledges announced by Brazil and by the Russian Federation.

28. Some Council Members highlighted the need for a continued effort to ensure that OFPs are involved in GEF-funded projects, including global and regional initiatives, throughout the life of the projects. One Council Member recognized that policies and procedures for OFP involvement in the various stages of the GEF project cycle are already in place and need to be followed.

29. Several Council Members recognized that the visibility of the GEF, particularly in the countries, is still limited and more effort, including by the agencies, is called for.

30. A number of Council Members indicated that they would be providing additional written comments to the Secretariat about work program issues within two weeks of the Council meeting.

Agenda Item 12 Report of the Chairperson of the Scientific and Technical Advisory Panel

31. The GEF Council welcomed the Report of the Chairperson of STAP that highlighted initial STAP advice on IAPs, STAP's role in knowledge management, and, possible options for STAP to adopt a more selective approach to project screening, all of which arise in response to findings from OPS-5. With regard to the IAPs, the STAP Chair said that the Panel is examining possible sets of indicators that could be employed and underscored its willingness to be of assistance in developing the IAPs. Several Council Member expressed caution at STAP's suggestion that it was considering a more selective approach to project screening. Some Council Members asked what proportion of projects the STAP estimates to be innovative and/or challenging and therefore should require screening.

32. The STAP Chair underscored that the Panel recognizes the value of its project screens but also explained that there is a need for STAP to focus more of its effort on those projects where a screen is fully justified and where STAP can provide advice that will help improve the project. There should be a lower priority on screening relatively standard projects that do not have innovative or technically challenging features. She also clarified that the STAP will work with the GEF Secretariat to minimize any overlap between their respective reviews. She confirmed that the STAP's goal is to maximize the effectiveness of its screening function.

Agenda Item 13 Relations with Conventions and Other International Institutions

33. Council Members welcomed the report on joint activities between the GEF Secretariat and the Secretariats of the various international conventions for which the GEF serves as financial mechanism, and requested the Secretariat to continue with this active cooperation. They encouraged the GEF Secretariat to extend this cooperation to the nascent Minamata convention. Participants emphasized the role that the GEF can play in fostering synergies amongst the conventions, particularly in those related to biodiversity and the continued collaboration with the new Green Climate Fund.

34. A Council Member suggested that in the future, GEF also include responses to Montreal Protocol and Minamata Convention guidance as part of the report's annex. The report should also focus on GEF responses, GEF feedback on reporting, key GEF activities in the CoPs, and other GEF activities.

Agenda Item 14 Update on the Nagoya Protocol Implementation Fund

35. Several Council Members noted the importance of GEF's continued support towards ABS in GEF-6 under the GEF Trust Fund.

36. A Council Member suggested evaluating and publicizing results and impacts of the NPIF-financed projects.

Agenda Item 15 Annual Performance Report 2013 Main Findings and Recommendations and Management Response

37. Overall, Council Members welcomed the report and its conclusions. Several Council Members recommended that the report provide additional and concrete recommendations to the Secretariat on issues like the project cycle. To this, the Evaluation Office Director mentioned that specific recommendations were already included in the Fifth Overall Performance Study (OPS5) of the GEF and thus taken into account in the replenishment negotiations.

38. One Council Member expressed the desire to see more cumulative assessments of the GEF portfolio over time and supported the effort to review a backlog of terminal evaluations from the early GEF phases for the next APR. The Council Member noted the fact that the GEF project portfolio has been overall well covered through terminal evaluations and the need to compile lessons learned from these terminal evaluations.

Agenda Item 16 Annual Country Portfolio Evaluation Report 2014 and Management Response

39. Council Members welcomed the Country Portfolio Evaluation, with one Council Member highlighting the importance of including the lessons from these evaluations in future knowledge management work, so as to support learning across the GEF network.

40. One Council Member requested clarification regarding the proposed role of the Small Grants Programme (SGP) in full sized projects. To this, the GEF IEO and Secretariat highlighted the strong community mechanisms developed under the SGP. Therefore, full-sized projects that include components on community interaction, could benefit if these components are implemented by the SGP.

Agenda Item 17 Work Program and Budget of the GEF Independent Evaluation Office

41. Council Members deferred the discussion on this agenda item until after they had a chance to listen to the findings on the *Report of the Second Professional Peer Review of the GEF Evaluation Function and Management Response*. Thereafter, Council members approved the IEO work program and budget as presented.

Agenda Item 18 Report of the Second Professional Peer Review of the GEF Evaluation Function and Management Response

42. Several Council Members highlighted areas for the IEO's consideration, namely: wider consultation with stakeholders and the need to ask more strategic questions to improve the usefulness of evaluations, the need for the IEO to close the learning loop, the need to communicate results to improve performance, and the need to get more engaged with stakeholders to strengthen programming.

43. The IEO welcomed the suggestion by a Council Member to develop more social media and IT oriented solutions for enhanced stakeholder engagement.

Agenda Item 19 Report of the Selection and Review Committee
(No highlights taken – closed door Executive Session)

Agenda Item 20 Appointment of the Director of the Independent Evaluation Office

44. The Council Members welcomed Dr. Juha Uitto as the new GEF Independent Evaluation Office Director.

Agenda Item 21 Other Business

45. The Council welcomed the two new GEF Project Agencies, namely, DBSA and IUCN and also thanked the Secretariat for an updated document on the accreditation process. Recognizing the ambiguity of the Council decision regarding the direction of the pilot accreditation process, some Council Members requested that the Secretariat submit a paper for discussion at the October 2014 meeting to agree on a process for further discussion on the topic.

46. The Council decided that its 2015 fall meeting would take place the week of October 20.

Agenda Item 22 Joint Summary of the Chairs

47. The Council adopted the Joint Summary of the Co-Chairs.