



**JOINT SUMMARY OF THE CHAIRS
GEF COUNCIL MEETING
DECEMBER 5-7, 2001**

OPENING OF THE MEETING

1. The meeting was opened by Mohamed T. El-Ashry, Chief Executive Officer/Chairperson of the Facility.

ELECTION OF A CHAIRPERSON

2. The Council elected Mr. Philippe Roch, the Member representing Azerbaijan, Kyrgyzstan, Tadjikistan, Switzerland, Turkmenistan, and Uzbekistan, as its elected Co-Chair.

ADOPTION OF THE AGENDA

3. The Council approved the provisional agenda set forth in document GEF/C.18/1.

REPORT ON DELIBERATIONS FOR THE THIRD REPLENISHMENT OF THE GEF TRUST FUND

4. The CEO reported to the Council on the deliberations of the meeting on the third replenishment of the GEF Trust Fund that was held on December 3-4, 2001, in Washington, D.C. The Summary of the Co-Chairs of the meeting was made available to the Council.

STATEMENT BY THE CHAIR OF STAP

5. The Chair of STAP, Dr. Madhav Gadgil, reported on STAP's work program and the progress that had been made since the last Council meeting. Dr. Gadgil also responded to questions from the Council Members. The Council recognized the importance and central role of STAP in the GEF.

6. The representative of UNEP, noting that the term of the current STAP expires in June 2002, presented document GEF/C.18/12, *Progress Report of the Executive Director of UNEP on the Reconstitution of STAP*. The Council took note of the document and agreed to the decision in paragraph 13 and 14 below.

STATEMENTS ON BEHALF OF THE CONVENTION ON BIOLOGICAL DIVERSITY, THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE, AND THE UNITED NATIONS CONVENTION TO COMBAT DESERTIFICATION

7. Statements were made to the Council by Mr. Michael Zammit Cutajar, Executive Secretary, United Nations Framework Convention on Climate Change, Mr. Hamdallah Zedan, Executive Secretary, Convention on Biological Diversity, and Mr. Hama Arba Diallo, Executive Secretary, United Nations Convention to Combat Desertification.

8. Ms. Sachiko Kuwabara- Yamamoto, Executive Secretary of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, also addressed the Council, and stressed the need for the integrated management of hazardous chemicals and wastes and collaboration among the Stockholm, Rotterdam and Basel Conventions.

9. The Executive Secretaries of the conventions responded to questions from the Council Members.

10. The Council expressed its highest esteem and appreciation for Mr. Zammit Cutajar, who noted that he was leaving his position as Executive Secretary of the UNFCCC. The Council paid tribute to Mr. Zammit Cutajar for his leadership, professionalism and personal integrity that was instrumental in advancing the negotiations and implementation of the UN Framework Convention on Climate Change and its Kyoto Protocol and in building strong collaboration between the Convention and the GEF.

STATEMENTS BY THE IMPLEMENTING AGENCIES

11. Mr. Klaus Topfer, Executive Director of UNEP, Mr. Shengman Zhang, Managing Director of the World Bank, and Mr. Zephirin Diabre, Associate Administrator of UNDP, addressed the Council. They noted the critical importance of the GEF as the key financial mechanism of several global environmental conventions, and underscored the importance of the third GEF replenishment and the commitment of their agencies to the GEF.

DECISIONS OF THE COUNCIL

12. The Council approved the following decisions.

Decision on Agenda Item 5

Statement by the Chair of STAP

13. The Council, having reviewed the *Progress Report of the Executive Director of UNEP on the Reconstitution of STAP* (GEF/C.18/12), expresses its appreciation to UNEP for the efforts that it has made in establishing a Search Committee to recommend candidates to become members of STAP during its third term and for the progress achieved to date. The Council looks forward to receiving UNEP's recommendations as to the composition of STAP III for review and approval at the Council

meeting in May 2002. In this regard, the Council agrees that the number of STAP members should be increased from twelve to fifteen to accommodate the new emerging areas being addressed by the GEF.

14. Taking into account the statement by the Chair of STAP as well as the recommendations of the Second Overall Performance Study concerning STAP, the Council requests the Chair of STAP to prepare for consideration by the Council at its next meeting a report on STAP's views, proposals and recommendations for improving STAP's efficiency, the greater use of experts from developing countries and countries with economies in transition and the role of STAP in the GEF.

Decision on Agenda Item 6

Relations with Conventions

15. The Council reviewed documents GEF/C.18/3 and GEF/.18/3/Add.1, *Relations with Conventions*, takes note of the developments of relevance to the GEF within the various international agreements and welcomes the strong collaboration that is evident between the GEF and the Conventions. More specifically, the Council:

- (a) requests the Secretariat, in preparing revised proposals on the follow-up to the Capacity Development Initiative (CDI) for consideration by the Council at its next meeting, to take into account the consultations carried out with Parties to the Conventions on the recommendations of the CDI as well as the decisions concerning capacity building taken by the Intergovernmental Committee for the Cartagena Protocol on Biosafety and the Stockholm Convention on Persistent Organic Pollutants;
- (b) takes note of the request by the Conference of Plenipotentiaries on the Stockholm Convention on Persistent Organic Pollutants to the CEO/Chairman of the GEF and Executive Director of UNEP to collaborate in developing the modalities for a Capacity Assistance Network;
- (c) requests the Secretariat to submit to the sixth meeting of the Conference of the Parties to the Convention on Biological Diversity the *Second Study of the Overall Performance of the GEF* as an additional input to the second review of the effectiveness of the financial mechanism which is to be discussed at that meeting; and
- (d) requests the GEF Secretariat to prepare, for review and approval at the next Council meeting, recommendations concerning arrangements necessary for administration of the two new Convention funds under the UNFCCC (the special climate change fund and the least developed countries fund) and proposing how the GEF might most effectively and efficiently implement the new funds, taking into account relevant decisions of the Conference of the Parties to the UNFCCC at its seventh session as well as views expressed by the Council, including written views that may be submitted by Council Members by January 31, 2002.

- (e) requests the GEF Secretariat, in consultation with the Implementing Agencies, to undertake an accelerated process to prepare operational guidelines for expedited funding of the preparation of national adaptation programs of action. The Secretariat is requested to organize a consultation with experts from least developed countries and to circulate operational guidelines with a view to finalizing these guidelines by the end of March 2002 so as to allow funding from the LDC Fund to proceed thereafter. It is understood that the availability of resources to finance the preparation of NAPA's pursuant to the guidelines is contingent on donor contributions to the LDC Fund.

16. The Council requests the Secretariat, in consultation with the Implementing Agencies and the Trustee, to prepare proposed textual amendments to the Instrument concerning the designation of a GEF focal area relating to persistent organic pollutants for consideration by the Council at its next meeting with a view to the Council recommending approval of such amendments by the Assembly at its meeting in October 2002.

Decision on Agenda Item 7 Note on the proposed designation of land degradation as a focal area

17. The Council, having reviewed the *Note on the Proposed Designation of Land Degradation as a GEF Focal Area*, GEF/C.18/4, agrees to consider at its next meeting proposed amendments to the Instrument to designate land degradation, primarily desertification and deforestation, as a GEF focal area, as a means of enhancing GEF support for the successful implementation of the UN Convention to Combat Desertification. In this regard, the Secretariat, in consultation with the Implementing Agencies and the Trustee, is invited to prepare proposed textual amendments to the Instrument for consideration by the Council at its next meeting with a view to the Council recommending approval of such amendments by the Assembly at its meeting in October 2002.

18. The Secretariat, in consultation with the Implementing Agencies, appropriate executing agencies and the CCD Secretariat, is invited to prepare elements of an Operational Program on land degradation, primarily desertification and deforestation, pending approval of the focal area by the Assembly and taking into account the recommendation of OPS2 concerning the rationalization of GEF operational programs.

Decision on agenda item 9 Work Program

19. The Council reviewed the proposed Work Program submitted to Council in document GEF/C.18/6 and approves it¹ subject to comments made during the Council meeting and additional comments that may be submitted to the Secretariat by December 21, 2001.

¹ One Council Member, in light of national legislation regarding its country's voting position for development projects financed by certain development institutions did not support the following project proposals: Cuba: Support to the Implementation of National Biosafety Framework, Regional: Capacity building for Stage II Adaptation to Climate Change (Central America, Mexico and Cuba), Regional: Nile Transboundary Environmental Action Project, Phase I, and Global, Removal of Barriers to the Introduction of Cleaner Artisanal Gold Mining and Extraction

20. The Council finds that with the exception of *Mali: Arid Rangeland Biodiversity Conservation*, each project presented to it as part of the Work Program (i) is or would be consistent with the Instrument and GEF policies and procedures and (ii) may be endorsed by the CEO for final approval by the Implementing Agency, provided that the CEO circulates to the Council Members, prior to endorsement, draft final project documents fully incorporating the Council's comments on the work program accompanied by a satisfactory explanation by the CEO of how such comments and comments of the STAP reviewer have been addressed and a confirmation by the CEO that the project continues to be consistent with the Instrument and GEF policies and procedures.

21. With respect to the project proposal for *Mali: Arid Rangeland Biodiversity Conservation*, the Council requests the Secretariat to arrange for Council Members to receive the draft final project document and transmit to the CEO within four weeks any concerns they may have prior to the CEO endorsing the project document for final approval by the Implementing Agency. The project may be reviewed at a further Council meeting at the request of at least four Council Members.

22. With respect to those eight biosafety proposals in this Work Program for which the requested allocation is less than \$1 million, the Council agrees to the following expedited procedure. The CEO may endorse any of these proposals any time after the end of the period for technical comments on the Work Program (December 21, 2001) provided the final project document fully responds to the Council's comments.

Decision on Agenda Item 10 *Overall structure, processes and procedures of the GEF*

23. The Council reviewed document GEF/C.18/8, *Overall Structure, Processes and Procedures of the GEF*, and requests the Secretariat, in consultation with the Implementing Agencies, Executing Agencies and Trustee, to revise the note and the concepts, proposals and strategic directions contained in it for consideration by the Council at its meeting in May 2002, taking into account the comments made by the Council and with a view to facilitating discussion and agreement by the Council as it prepares for the Assembly in October 2002.

24. The Council agreed that Part I of the paper on strategic programming for maximizing results and impacts would be addressed in the Corporate Business Plan for FY03-05 that will be prepared for Council's consideration at the meeting in May.

Decision on Agenda Item 11 *Budget related issues*

25. The Council having reviewed document GEF/C.18/9, A Proposal for an Independent Review of the Fee-Based System, approves the preparation of the proposed review, subject to the comments made during the Council meeting, and in accordance with the following:

Technologies. The Council Member urged the GEF Secretariat and the implementing and executing agencies to take steps to ensure that GEF funds do not find their way to any terrorist organizations.

- (a) the Terms of Reference proposed in document GEF/C.18/9;
- (b) the appointment of the consulting firm of Deloitte & Touche to carry out the review noting that the firm was selected through a competitive bid process administered by the World Bank's General Services Department; and
- (c) the associated budget to cover the fees payable to the consulting firm and the travel costs of involved GEF staff.

26. The Council reviewed document GEF/C.18/10, *A Proposal for GEF Annual Corporate Budget Reporting Cycle and Report Formats*, and approves, subject to the comments made during the Council meeting, the proposed corporate budget reporting cycle and report formats for each Fiscal Year comprising:

- (a) a proposed GEF Corporate Budget is to be prepared for each fiscal year and presented to Council for its review and approval at its May meeting preceding that fiscal year;
- (b) a Corporate Budget Mid-Year Report is to be submitted for Council review in the third quarter of each fiscal year; and
- (c) an annual Corporate Budget Retrospective is to be provided to Council as an information document during its second regular meeting of each calendar year.

27. The Council, having reviewed the *Note on the Follow-up to the Capacity Development Initiative* (GEF/C.18/11), and recognizing its decision in May 2001 to include in the corporate budget for FY02 resources necessary to carry out the Council's decision on follow-up to the Capacity Development Initiative, approves the proposed budget of US\$289,800 to cover the activities described in the note.

Decision on Agenda Item 12 Monitoring and evaluation/Second Overall Performance Study of the GEF

28. The Council reviewed and commented on document GEF/C.18/7, *Second Overall Performance Study of the GEF: Final Draft*. The Council requested the independent team of evaluators to prepare the final report with a view to its publication in January 2002. Further comments on the final draft of OPS2 may be submitted to the Secretariat by December 20, 2001.

29. The Council requested the GEF Secretariat, in consultation with the Implementing Agencies, to prepare for Council review at its meeting in May 2002 a preliminary proposal for an action plan and timetable for responding to the recommendations of the Second Overall Performance and other evaluation reports as appropriate, taking into account comments made by the Council Members at this meeting. Council Members are invited to submit to the Secretariat by January 15, 2002, additional

comments and views on the findings and recommendations of the OPS2 with a view to the preparation of the preliminary action plan.

HIGHLIGHTS OF COUNCIL'S DISCUSSIONS

30. The following comments, understandings and clarification were made during the Council's discussions of its agenda items and related decision.

Agenda Item 5 Statement by the Chair of STAP

31. The meeting recognized the need to strengthen the central role of STAP in the GEF system so as to enhance the quality of GEF-funded activities.

32. The meeting underlined the need for regular review of the STAP roster of experts. The Council requested that the STAP report referred to above should also address proposals as to how to regularly update the STAP roster and means for better dissemination of information about the roster.

33. The meeting recognized the need to include in the STAP roster specialists with expertise in traditional knowledge and practices of indigenous and local communities.

34. The Council noted that it looks forward to receiving UNEP's recommendations on the issue of appointing STAP Members to staggered terms for review and approval at the next Council meeting in May 2002.

35. The meeting stressed the importance that it attaches to the criteria for the selection of STAP members, especially criteria concerning geographic representation and gender balance.

Agenda Item 6 Relations with Conventions

36. The meeting expressed its appreciation for the deepening of the relationships between the Conventions and the GEF as well as the collaboration between the Secretariats of the global environmental conventions and the Secretariat of the GEF.

37. The meeting noted the issues raised in OPS2 concerning a proliferation of guidance and priorities emanating from the Conventions and the recommendation that a dialogue be initiated between the Conventions and the GEF on this matter. The meeting also noted that there is a need at the country level for close coordination between the GEF focal point and the national focal points for the conventions.

38. The meeting reaffirmed the importance that it attaches to continuous progress concerning GEF's responsiveness to the guidance of the Conferences of the Parties and to country priorities.

39. The meeting exchanged views on the arrangements to be established for the new funds that the GEF has been requested to manage by the Conference of the Parties to the UNFCCC and welcomed the preparation of recommendations on such arrangements for consideration at its next meeting.

40. The meeting took note of the recent meeting on the Global Program of Action for the Protection of the Marine Environment from Land Based Activities (GPA) and the relevance of the GPA to GEF's work related to international waters and persistent organic pollutants.

41. The meeting requested the Secretariat, in consultation with the Implementing Agencies and Executing Agencies, to prepare for its consideration a paper examining the technical aspects of the designation of a focal area relating to persistent organic pollutants, including the scope of the proposed focal area with regard to other toxic chemicals.

Agenda Item 7 Proposed designation of land degradation as a focal area

42. The meeting expressed unanimous support for the designation of land degradation as a focal area, recognizing, in particular, that land degradation is a global issue and that in addressing land degradation, the GEF will be making a significant contribution to poverty alleviation and sustainable development.

43. The meeting recognized that many countries have already prepared national actions plans under the Convention to Combat Desertification. In this regard, the Secretariat was requested, when preparing the elements for an operational program, to take into account the results of the Ministerial and High-Level Interactive Dialogue sessions of the fifth session of the Conference of the Parties to the UNCCD on "Addressing the poverty-environment nexus through timely and effective implementation of the United Nations Convention to Combat Desertification", the Convention's Ad Hoc Working Group on the in-depth review and analysis of national reports and the recommendations of OPS2 with respect to a new focal area for land degradation. The elements should incorporate the social dimensions of land degradation.

44. The importance of demonstrating concrete results in the proposed focal area was underlined, and the Secretariat was requested to work with the Implementing Agencies and STAP to develop more precise definitions of global environmental benefits and incremental costs relating to land degradation as well as indicators to guide preparation of project proposals.

45. It was noted that increasing the mandate of the GEF would require an increase in funding, and in this regard, the Council requested the replenishment negotiations to take into account the needs to be addressed in this area when considering the resources to be made available for GEF-3. Some Members expressed the view that financing for land degradation should be of the same order as financing for the other proposed new focal area related to persistent organic pollutants.

Agenda item 8 Directions for corporate business play FY03-05

46. The meeting discussed this item within the context of agenda item 10.

Agenda item 9 Work program

47. The Secretariat confirmed that it would be preparing, in collaboration with the Implementing Agencies, a paper on co-financing for consideration by the Council at its meeting in May 2002. The Secretariat also clarified that with regard to co-financing, the current criteria for project reviews provides that: (a) at the time a project is proposed for inclusion in the proposed work program, the proposed sources of co-financing should be identified; and (b) at the time of endorsement by the CEO the amount and sources of co-financing need to be confirmed. A project will not be endorsed if the level of co-financing projected in the project proposal is not confirmed.

48. One constituency expressed concern regarding the recent GEF pipeline document which notes that as the strategic directions for the GEF Business Plan FY03-05 have not yet been considered by the Council, projects recently technically cleared on eligibility criteria alone had not been formally admitted to the pipeline.

Agenda item 10 Overall structure, processes and procedures of the GEF

49. The meeting noted that the intention of the paper was to explore options for strengthening the GEF within the framework of its existing structure with a view to improving its responsiveness, efficiency and effectiveness.

50. Members noted that further strengthening of the GEF processes and procedures should seek to meet four objectives:

- (a) Improved transparency and accountability in decision making;
- (b) Establishment of strategic priorities and monitoring of their implementation;
- (c) Improved administrative efficiency; and
- (d) Building upon the strengths of existing system through evolutionary steps.

51. In considering the proposed options for strengthening the GEF, the Council noted the need to address a number of considerations. These included:

- (a) balancing strategic planning and priority setting with country-driven project development;
- (b) strengthening national focal points and the constituency system;
- (c) better understanding of the roles and responsibilities of all members of the GEF family, including the GEF Secretariat, the Implementing Agencies, the Executing Agencies, STAP and Governments;
- (d) streamlining the GEF project cycle;

- (e) strengthening of the monitoring and evaluation function of the GEF, its relationship to the Council and its independence.

- 52. Some Members were of the view that due regard should be given to geographic balance in developing the strategic business plan.
- 53. The meeting underlined the importance of mainstreaming by the Implementing Agencies and the integration of the activities of the GEF into national planning frameworks.
- 54. In preparing the corporate business plan, more detailed information should be provided and more attention should be given to the development of indicators.
- 55. The importance of the human resources of the GEF family was recognized.
- 56. The revised paper should recognize the importance of regional initiatives to achieving GEF objectives.
- 57. Noting the suggestion of OPS2, the Council requested the CEO to solicit independent advice regarding the management systems related to skills, staff, work program and coordination of the GEF Secretariat and, when appropriate, advice as to improvements that may be made to such management systems to address the needs related to the roles and responsibilities that are being considered for the GEF Secretariat. Such advice should be commissioned as soon as possible.
- 58. With regard to clarifying the authority of the GEF Secretariat (Part III of the paper), the Council noted that the option of enhancing administrative arrangements between the GEF Secretariat and the World Bank seemed preferable and requested that the implications of both options be fully explored before consideration is given to amending the Instrument.
- 59. A revised paper should be prepared in advance of the April replenishment meeting.

Agenda item 11 Budget related issues

- 60. With regard to the review of the fee-based system, the Council requested that the review include historical information on the level of the fees, both prior and subsequent to the approval of the fee-based system.
- 61. The Secretariat was requested to explore ways to reduce the cost of the independent review.
- 62. Concerning the proposed budget format, the Council noted that organizational changes within the GEF might lead to changes in the budget structure, and therefore, it should be recognized that the format may need to evolve in the future. Information on the actual staffing of the GEF units was requested.

63. The Trustee was requested to report to the Council on the incoming and outgoing cash flow of the GEF Trust Fund, including encashments and earned investment income.

Agenda item 12 Monitoring and evaluation/Second Overall Performance Study of the GEF

64. The meeting expressed their appreciation for the hard work of the team in preparing the report and agreed that the final report would assist the Council in improving the performance of the GEF and contribute to efforts to establish a culture of quality and results. The Council noted that the report provided evidence that the GEF has made a significant contribution to the global environment within the context of sustainable development and that it deserves continued support.

65. It was noted that a guiding principle of the GEF should be to improve its responsiveness to countries and to make its processes more efficient and streamlined.

66. In commenting on the draft report, Members highlighted the importance of:

- (a) Country ownership
- (b) Strengthening of country focal points
- (c) National coordination
- (d) Functioning of constituencies
- (e) Improved communication, better communication products and access to information
- (f) Greater clarity and guidance concerning incremental costs and global environmental benefits
- (g) Innovation
- (h) Mainstreaming
- (i) Replication and impact
- (j) Public participation in GEF projects
- (k) Rationalization of the operational programs
- (l) Catalyzing co-financing and leverage
- (m) Increased engagement of the private sector
- (n) Incorporation of information and lessons learned from enabling activities
- (o) Predictability in funding levels for the Implementing Agencies
- (p) Setting of strategic priorities
- (q) Role of STAP
- (r) Monitoring and evaluation.

67. The Council noted the short time in which the report was prepared and requested that future evaluation reports be planned so as to allow more time for their preparation.

68. The Council noted that the final OPS2 will be translated into six languages, but some Members recommended that, in the future, the final draft should also be translated into the working languages of the GEF so as to facilitate a broader discussion by all Participants of the draft.

Agenda item 13 Other business

69. The meeting took note of plans to convene the African meeting of GEF focal points in Dakar, Senegal, on February 20-21, 2002.

70. It was suggested that the Secretariat prepare a monthly status report of communications with Council Members on operational decisions as well as other documents communicated to Council Members.

71. A number of suggestions were raised for making the Council proceedings more efficient. One was to request the representatives of the Conventions invited to address the Council to submit their statements to the Council in writing and to limit their oral presentations. Another suggestion was to invite Council Members to submit their written views on the agenda items to be considered in advance of the meeting and to limit their oral interventions during the meeting.

CLOSURE OF THE MEETING

72. The meeting was closed by the Chairs on December 7, 2001.