



# Global Environment Facility

October 31, 2000

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## **SUMMARY OF THE CO-CHAIRS PLANNING MEETING FOR THE THIRD GEF REPLENISHMENT, WASHINGTON, D.C., OCTOBER 30, 2000**

1. The planning meeting was opened by Mr. Mohamed T. El-Ashry, Chief Executive Officer/Chairperson of the Facility. He introduced Mr. Motoo Kusakabe, Vice President Resource Mobilization and Co-Financing of the World Bank. As Trustee of the Global Environment Facility Trust Fund, the World Bank has been requested by the GEF Council to initiate the discussions on the third GEF replenishment in cooperation with the CEO/Chairman of the Facility. Mr. El-Ashry and Mr. Kusakabe co-chaired the meeting.
2. At the meeting, representatives from 32 prospective donor countries to the replenishment discussed the work plan for the third GEF replenishment as well as the meeting arrangements. Messrs. Kusakabe and El-Ashry will co-chair the replenishment process. Countries intending to contribute to the third GEF replenishment will be invited to participate in the meetings. Other GEF Participants and representatives of the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity secretariats are welcome to attend the meetings as observers. The importance of the GEF-NGO partnership was recognized, and it was agreed that there is a need to include consultations with NGOs in the process of replenishment.
3. The meeting welcomed the initiation of the third GEF replenishment process and noted the importance of the GEF as the leading multilateral funding mechanism for global environmental protection. The meeting emphasized the importance of initiating the replenishment at this important juncture in the environmental agenda when there is increased awareness and political will to address the global environment both through strengthening commitments to implement existing conventions and through the development of agreements to address new challenges. In this regard, the meeting took particular note of the conclusion of the Cartagena Protocol on Biosafety in January of this year, the forthcoming sixth session of the Conference of the Parties to the UN Framework Convention on Climate Change, the final negotiating session planned for December on an international agreement on persistent organic pollutants, and preparations for the Rio+10 Conference in 2002.
4. The Chairs summarized the current status of the GEF Trust Fund and explained the reasons for initiating the replenishment process at this time. They explained that taking into account Council-approved work programs and the GEF business plan, it is projected

that by the end of the GEF-2 period, June 30, 2002, the Council will have allocated most, if not all, of the resources made available under the second replenishment. In order to assure continuity of GEF operations, the meeting agreed to aim to complete the third GEF replenishment process early in 2002.

5. In response to Mr. Kusakabe, Co-Chairman's request that any donors with new information on the status of their contributions, share that information with the meeting, several donors spoke:

- (a) Italy clarified that as of February 2000, Italy's Parliament has approved payment of the full amount of its GEF-2 contribution.
- (b) Denmark advised that they have just paid the second installment of their GEF-2 contribution and that the payment of their third installment has already been initiated and will be made ahead of schedule.
- (c) France confirmed that they have paid the second installment of their GEF-2 contribution.
- (d) The U.S. advised that the U.S. Congress approved an appropriation for GEF-2 of \$108 million, which would bring U.S. payments to GEF-2 to 27.6% of its total contribution.
- (e) Spain informed the meeting that the legal procedures for its GEF-2 payments have been completed; full payment has now been authorized.
- (f) Nigeria stated that efforts are being made at high levels to pay its GEF-2 contribution.

6. In their general statements, representatives agreed to the need for a successful and substantial replenishment of the GEF, and urged that agreement on the replenishment be concluded before Rio+10. GEF has demonstrated the important contribution that it can make in assisting developing countries and countries with economies in transition in addressing global environmental challenges. It is expected that the GEF role and its mandate will continue to expand while the need for its assistance is continuously growing. This requires a substantial replenishment, which to some countries means a replenishment significantly above the base for GEF-1 and GEF-2. Some countries, on the other hand, indicated that it was premature to determine the size of the replenishment.

7. Should the GEF be designated as the financial mechanism for the legal agreement to address persistent organic pollutants, additional financial resources for this purpose will be made available through the third replenishment.

8. The importance of the global environment as one of the pillars of sustainable development together with the link between the global environment and poverty alleviation was highlighted as a driving force behind the need for a successful replenishment. The replenishment meeting agreed that it was important to look at the means to address the needs of developing country Parties to the Convention to Combat

Desertification and to encourage further work on the linkages between land degradation and the focal areas.

9. The need for a broader funding base and a fair burden sharing arrangement was recognized and the participation of new donors was welcomed. The replenishment meeting urged donors to resolve the issue of arrears.

10. The replenishment should be informed by a quality and timely assessment of the results and impacts of GEF activities to date. Significant importance was attached to the Second Overall Performance Study that is under preparation, and it was requested that the replenishment meetings be convened so as to allow for full consideration of the report in the preparation of policy recommendations to be developed in connection with the replenishment process.

11. The need for continued improvement in efficiency, effectiveness and streamlining of procedures, improved responsiveness of the GEF to country clients, greater acceptance of the GEF and strategic programming of resources was emphasized. In addition, consideration should be given to both the needs and absorptive capacity of recipient countries as well as capacity of the GEF to deliver. The GEF should continue to strengthen its capacity to monitor and evaluate impacts and trends in order to ensure quality of its operations.

12. The meeting agreed on a schedule of replenishment meetings and workplan as set forth in the annex to this summary.

## Proposed Schedule of Replenishment Meetings

### Meeting 1: October 30, 2000: Planning Session - Washington, D.C.

The agenda is attached as Appendix 1.

### Meeting 2: May 7, 2001: Assessment, Programming of Resources & Exchange Rate Considerations - Washington, D.C.

This meeting will precede the May 2001 GEF Council meeting and will include an assessment of GEF operations and financing to date, as well as GEF's financial status. It will also include the proposed GEF programming of resources during the period of the third replenishment. Papers to be reviewed include:

- *GEF Implementation Review*

Discussion Paper: This document will examine progress in the GEF portfolio. It will be prepared by the GEF Secretariat in cooperation with the Implementing Agencies, drawing primarily on the GEF monitoring and evaluation activities, including the studies in biodiversity, climate change, and international waters that are under preparation as contributions to the second Overall Performance Study. (see below)

- *GEF Pledges and Funding Situation*

Technical Note: This paper will update in detail the current financial condition of the GEF, showing net funding availability and proposed work program projections through FY02.

- *GEF Programming of Resources during the Third Replenishment*

Technical Note: This paper will outline the proposed programming of resources for the third GEF replenishment cycle. It will present a number of scenarios for the size of the replenishment based on anticipated needs and building on convention guidance as reflected in the Business Plan, agreed operational programs, and project pipelines of the GEF.

- *Exchange Rate Considerations in the Third Replenishment*

Technical Note: This paper will provide donors with options for setting reference exchange rates for the conversion of SDR pledges to national currencies.

**Meeting 3: September/October 2001 (2 days): Assessment I & Work Program II**  
**Location to be determined**

- *First Draft Report of the Second Study of GEF's Overall Performance*

Discussion Paper: The Second Study of GEF's Overall Performance will assess the extent to which the GEF has achieved, or is on its way to achieving, its main objectives as specified during the restructuring in 1994 and according to policies adopted by the GEF Council. The Second Overall Performance Study will also assess the implementation of the GEF's Operational Strategy and its operational programs. The central theme of the overall performance study is the assessment of impacts and results. The study will be undertaken by a fully independent team, appointed by the Senior Monitoring and Evaluation Coordinator in accordance with the terms of reference approved by the GEF Council and in consultation with the GEF CEO/Chairman. A draft of the final report will be made available in November 2001 for discussion during the December 2001 replenishment meeting.

- *Draft Policy Recommendations*

Discussion Paper: The paper will draw upon the first draft of the second Overall Performance Study to propose draft policy recommendations based on the findings of the study. The recommendations will subsequently be submitted to the GEF Council for approval.

- *GEF Programming of Resources – Third Replenishment*

Discussion Paper: This paper will lay out in more detail the proposed GEF work program, reflecting the May 2001 discussion of the earlier outline paper and additional comments received from the participants.

**Meeting 4: December 2001 (2 days): Assessment II & Exchange Rate – Washington D.C.**

Papers to be reviewed at this time include:

- *Final Draft Report of the Second Study of GEF's Overall Performance*

Discussion Paper: This paper will reflect the September/October 2001 discussion of the first draft of the Second Study of GEF's Overall Performance; and additional comments received from the participants. The final study is to be published in January 2002.

- *Discussion and Agreement of Pledges and Recommendations*

Donors will discuss and agree on their respective national currency contributions. Agreement will also be reached on the policy recommendations to be submitted to the GEF Council for approval. The agreed outcome will be incorporated in the Trust Fund Agreement to be finalized at the closing replenishment meeting in February 2002.

**Meeting 5: February 2002 (1 day): Trust Fund Agreement – Location to be determined**

- *GEF Trust Fund Agreement – Pledges to Contribute to the Third Replenishment of the GEF Trust Fund*  
This document will formally record the Replenishment Agreement.

## Planning Meeting of the Third GEF Replenishment

### Agenda

1. Welcome and Introduction
2. Status of GEF-2
3. Progress report on the GEF
4. General statements by Participants
5. Timetable for replenishment meetings and their agendas
6. Summary of the Co-Chairs