



Global Environment Facility

GEF

May 20, 2003

JOINT SUMMARY OF THE CHAIRS GEF COUNCIL MEETING MAY 14-16, 2003

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 Minister Imeh T. Okopido, the Member representing Benin, Cote d'Ivoire, Ghana, Guinea, Nigeria, Sierra Leone and Togo as its elected Co-Chair.

ADOPTION OF THE AGENDA

3. The Council, in adopting the provisional agenda set forth in document GEF/C.21/1, agreed to also consider during the meeting: the Action Plan to respond to the recommendations of the Second GEF Assembly, the policy recommendations of the third replenishment, the recommendations of the Second Overall Performance Study of the GEF, and the World Summit on Sustainable Development; expanded opportunities for Executing Agencies; engaging the private sector; and results of the Commission on Sustainable Development..

STAP

4. Ms. Julia Carabias Lillo, the Chair of STAP, reported on the work of STAP, the composition of which had been approved by the Council at its meeting in May 2002. In particular, she informed the Council about the STAP Triennial Work Program.

STATEMENTS BY REPRESENTATIVES OF THE CONVENTIONS

5. The Council heard statements from representatives of the Convention on Biological Diversity, the UN Framework Convention on Climate Change, the UN Convention to Combat Desertification and the Stockholm Convention on Persistent Organic Pollutants.

Decisions of the Council

6. The Council approved the following decisions with respect to the items on its agenda.

Decision on Agenda Item 4

Appointment of the CEO/Chairperson of the Facility

7. The Council unanimously approves the appointment of Mr. Len Good as CEO/Chairperson of the Facility for a three year term beginning July 12, 2003. The Council expresses its strong support for the appointment of Mr. Good, noting his excellent qualifications for the position. The Council looks forward to working under his leadership and to providing its full support to him.

8. Noting that the process of selecting the CEO could be improved with a view to ensuring greater transparency and communication, more time for reflection and consultation within constituencies, and fuller consultation with all Council Members throughout the process, the Council agrees to review the process for selecting the CEO/Chairperson and to more clearly define the steps to be followed. To this end, the Secretariat is requested to prepare a note exploring options to enhance the process for selecting the CEO for Council review. An interim report should be submitted for Council review at its meeting in November 2003, and a final report should be submitted to Council Members at the meeting in May 2004. Council Members are invited to present information on their experience and their views on how to improve the process to the Secretariat.

Decision on Agenda Item 6(b)

Review of Relations with Conventions

9. The Council, having reviewed Document GEF/C.21/4, *Relations with Conventions*, takes note of the developments of relevance to the GEF within the various international agreements and welcomes the continuing collaboration between the GEF and the Conventions. More specifically, the Council:

- (a) requests the Secretariat to continue to collaborate with the Implementing Agencies and the Secretariat to the Convention on Biological Diversity to prepare a project proposal for Council approval aimed at assisting developing country Parties to the Cartagena Protocol to develop the critical national capacity necessary to access, register and retrieve information to allow effective participation in the Biosafety Clearing House;
- (b) authorizes the CEO to approve financing for projects for the preparation of national communications to the UNFCCC using the new guidelines adopted by COP8 and the operational guidelines for expedited approval to be prepared by the GEF Secretariat in consultation with the Implementing Agencies and the Convention Secretariat and circulated to the Council for comment. The operational guidelines will specify the maximum level of funding which may be approved through expedited procedures. Projects for GEF financing greater than

this level will be prepared in accordance with the GEF project cycle for full-size projects; and

- (c) requests the GEF Secretariat to collaborate with the Secretariat of the Stockholm Convention to prepare for Council review at its meeting in November 2004 a draft memorandum between the GEF Council and the Conference of the Parties to the Stockholm Convention outlining arrangements to give effect to Article 13, paragraphs 6, 7 and 8 of the Convention.
- (d) requests the Secretariat to discuss with the Secretariat of the UNCCD arrangements to facilitate collaboration between the GEF and the CCD, taking into account the proposed designation of the GEF as a financial mechanism of the UNCCD pursuant to Article 21 of the Convention.

Decision on Agenda Item 6(c) LDC Trust Fund

10. Council took note of the progress in resource mobilization for the LDC fund and its operation in accordance with the initial guidance of the Conference of the Parties of the UNFCCC. The Council approves the corporate budget and Implementing Agency fee proposed for the two year period, FY 03-04. The Council requests the GEF Secretariat to keep it and the Conference of the Parties informed of progress with regard to the LDC fund.

Decision on Agenda Item 7 Operational Program on Sustainable Land Management

11. The Council reviewed the *Draft Operational Program on Sustainable Land Management* (document GEF/C.21/6), and approves it, subject to the comments made during the Council meeting, as a framework to operationalize the land degradation focal area.

12. The Council recognized that in the framework of capacity building projects to be funded under the operational program, the elaboration of national action plans, sub-regional action plans, regional action plans and national reports are considered as components.

13. The Council agreed that the process of determining incremental costs should be made more transparent, and its application more pragmatic.

Decision on Agenda Item 8 Work Program

14. The Council reviewed the proposed Work Program submitted to Council in document GEF/C.21/7 and approves it ¹ subject to comments made during the Council meeting and

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 project proposal, *Syria: Biodiversity Conservation and Protected Area Management*.

additional comments that may be submitted to the Secretariat by close of business on May 30, 2003.²

15. The Council finds that, with the exception of:

- (a) Chad: Conservation and Sustainable Use of Biodiversity in the Moyen-Chari;
- (b) Guinea-Bissau: Coastal and Biodiversity Management Project; and
- (c) Slovak Republic: Global Programme to Demonstrate the Viability and Removal of Barriers that Impede Adoption and Successful Implementation of Available, non-Combustion Technologies for Destroying Persistent Organic Pollutants;

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.

16. With respect to the three projects listed above, the Council requests the Secretariat to arrange for Council Members to receive draft final project documents and transmit to the CEO within four weeks any concerns they may have prior to the CEO endorsing a project document for final approval by the Implementing Agency. Such projects may be reviewed at a subsequent Council meeting at the request of at least four Council Members.

Decision on Agenda Item 9

Issues Note: A Framework for Programming Resources for Enhanced Performance and Results at the Country Level

17. The Council discussed the issues and principles in document GEF/C.21/8, A Framework for Programming Resources for Enhanced Performance and Results at the Country Level.

18. The Council requests the GEF Secretariat to establish and chair a working group of technical experts to prepare elements of a framework for GEF performance-based allocations for Council review and approval. In establishing the technical experts working group, the Secretariat is requested to solicit nominations of experts from Council Members. In carrying out its work, the working group is requested to take into account the discussions of the Council on document GEF/C.21/8 and comments received from Council Members on earlier drafts documents. The

² To permit the World Bank to meet its Board approval date and thereby retain the link between the GEF component and the IBRD loan, Council Members agreed, because of exceptional circumstances, to provide their final comments on the project, China: *Gansu/Xinjiang Pastoral Development* by May 16, 2003, rather than by May 30, 2003.

working group should present its report to the Council for review and comment at its meeting in November 2003. In undertaking its work, the working group is requested to consult with the Council by sharing ideas and preliminary drafts for comment.

Decision on Agenda Item 10

GEF Business Plan FY04-06

19. The Council, having reviewed the *GEF Business Plan FY04-06*, welcomes the plan's strategic approach to planning so as to enhance impacts of GEF-supported activities. The Council approves the business plan, subject to comments made by the Council at the meeting, as a basis for programming of GEF resources, taking into account other related decisions of the Council, including its decision on the programming of resources for enhanced performance. The Council requests the GEF Secretariat to prepare a proposed GEF Business Plan FY05-07 for Council review and approval at its meeting in November 2003.

Decision on Agenda Item 11

Review of Fee-based System

20. Council reviewed document GEF/C.21/10, *A Proposal for a Revised Fee Structure*, and agrees that the current system for determining project fees should continue to be applied. This includes a freeze on the flat fees for enabling activities and medium size projects at current levels. The Council requests the Secretariat to prepare for its review in May 2004 a paper on the fee system that will consider:

- (a) a distinction in the fees depending on project type (for instance, full size free standing projects, full size projects associated with a larger project of an agency; full size projects with cofinancing, medium sized projects, and enabling activities);
- (b) in reviewing fees for medium sized projects and enabling activities, the comparative advantages of the agencies and mechanisms designed to address the expected growth in the number of medium sized projects;
- (c) mechanisms that could lead to more administrative efficiency;
- (d) different incentives to reduce fees such as: competitive bidding; a set level of fees with the possibility of bonuses based on defined criteria; a floor for fees above which greater scrutiny would be given to the justification for higher fees; and use of the corporate budget as an incentive to reduce fees.

21. The Council requests the Secretariat to monitor the trend in fees and to report on such trends at its meeting in May 2004.

Decision on Agenda Item 12

GEF FY04 Corporate Budget

22. The Council reviewed document GEF/C.21/11 *GEF FY04 Corporate Budget*, and approves the proposed FY04 corporate budget of \$22.978 million, subject to the comments made during the Council meeting, comprising:

- (a) an amount of \$22.606 million for the resource requirements of the seven GEF units (GEF Secretariat, Monitoring & Evaluation Unit, the three Implementing Agencies, Trustee, and the Scientific and Technical Advisory Panel) in the provision of corporate management services; and
- (b) an amount of \$0.372 million for the proposed continuation of the special initiative for enhancing country-level coordination and country ownership of GEF-financed activities by strengthening national operational focal points.

Decision on Agenda Item 13

Cofinancing

23. The Council, having reviewed document GEF/C.20/6/Rev.1, *Cofinancing*, approves the proposed policy and procedures subject to comments made at the meeting. The Council requests the Secretariat, in consultation with the Implementing Agencies and the Executing Agencies acting under expanded opportunities: (a) to implement the policy when preparing future work programs submitted for Council approval and when proposing any projects eligible for CEO approval under expedited procedures; and (b) to report to Council in each GEF business plan on the overall progress in implementing the policy.

Decision on Agenda Item 14

Monitoring and Evaluation

24. The Council reviewed the terms of reference for an independent monitoring and evaluation unit presented in document GEF/C.21/12 and requested the Secretariat to revise the terms of reference, taking into account the comments made at the meeting and any written comments submitted by Council Members by May 31, 2003. The revised terms of reference should be circulated by June 30, 2003, to the Council for decision by mail. After approval of the terms of reference, the CEO is requested to initiate an open and transparent recruitment process for the director of the independent monitoring and evaluation unit with a view to proposing to the Council at its meeting in November 2003 a candidate for appointment to the position.

25. The Council reviewed the proposed monitoring and evaluation work plan for FY03-06 presented in document GEF/C.21/13, and accepts it as an interim plan to guide the unit's work in FY04. The director of the independent monitoring and evaluation unit should prepare a work plan for Council review at its meeting in May 2004. The Council also approves an amount of US\$2.165 million to cover the resource requirements of the unit in FY04 as part of the FY04 corporate budget approved by the Council under agenda item 12. The Council notes that this increase in the budget is to prepare contributions for OPS3 and should not be considered part of the baseline budget of the unit.

26. The Council requested the monitoring and evaluation unit to prepare a report for consideration at its meeting in November 2003 on the follow-up to the monitoring and evaluation reports before the meeting (documents GEF/C.21/Inf. 6 and GEF/C.21/Inf.7)

27. The Council reviewed document GEF/C.21/Inf.4, *Action Plan to respond to the recommendations of the Second GEF Assembly, the Policy Recommendations of the Third Replenishment, the Second Overall Performance Study of the GEF and the World Summit on Sustainable Development*. The Council requested the Secretariat to revise the action plan on the basis of its comments and present it for Council review at its meeting in November 2003. Council Members are invited to submit written comments on the Action Plan to the Secretariat by June 30, 2003.

HIGHLIGHTS OF COUNCIL'S DISCUSSIONS

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

Agenda Item 6

Relations with Conventions

29. It was recommended that the Convention Secretariats and the GEF Secretariat discuss ways to link the GEF's review of its overall performance with the work undertaken to review the effectiveness of the financial mechanism and that the Secretariats collaborate in sharing information and evaluation materials so that the work underlying the overall performance studies of the GEF could be taken into account in the Conventions' reviews of the effectiveness of the financial mechanism. It was also suggested that it would be useful for the Conventions to share lessons and information on their reviews of the financial mechanism so as to accelerate the process and avoid discussing the same issues within the context of each Convention.

30. In discussing the new funds to be established for purposes of the UNFCCC, the Council noted that operationalization of the new funds was important for fulfilling the agreements of the COP and that it was important to ensure that activities financed under the funds were complementary. It was also noted that in the Secretariat's proposed work on incremental costs, specific attention should be given to how the concept would be applied within the context of the new climate change funds.

31. The Council Member from Italy informed the meeting that her government will contribute US\$1 million to the LDC Trust Fund.

32. The Council confirmed that countries that have initiated the preparation of second national communications using the guidelines adopted by COP 2 of the UNFCCC, and have received GEF funding for this purpose under expedited procedures or on an agreed full cost basis, will continue to receive the approved funding

Agenda Item 7

Operational Program on Sustainable Land Management

33. The Council welcomed the approval of the operational program as a means to facilitate the early implementation of the Assembly's decision to designate land degradation, primarily

desertification and deforestation, as a new GEF focal area. The Council will keep under review the implementation of the operational program with a view to promoting the program's evolution through the incorporation of lessons learned and best practices.

Agenda Item 8 Work Program

34. The Council welcomed the introduction of standardized executive summaries of the project proposals in the work program and noted that the summaries greatly facilitated their review of the proposals.

35. The Council stressed the importance of incorporating the conclusions and recommendations of the GEF's monitoring and evaluation reviews into future project planning.

36. Recalling the policy recommendations of the third replenishment that recommend that all projects should include indicators and provisions for monitoring the impacts and outcomes of projects, the Council stressed its expectation that each project proposal will include such indicators and outcomes.

37. The Council requested that more attention be given to gender issues in the project proposals and to methods to achieve more active involvement of stakeholders.

38. One Council Member requested that the cover note to the work program include information on the regional allocation of projects within each focal area as well as information on the trends and balance in distribution of projects among the regions in comparison to the last work program. It was noted that the regional balance of the GEF portfolio must be viewed over time, since there is inevitably a fluctuation in the balance from work program to work program.

39. It was also noted that national communications and strategies developed pursuant to the global environmental conventions serve as an indicator of country drivenness when project proposals are derived from such national processes.

40. The Implementing and Executing Agencies were requested to include in the summary of a project proposal, information on a person or persons to contact should a Council Member wish to seek a clarification on the project proposal.

Agenda Item 10 GEF Business Plan FY04-06

41. The Council supported the Business Plan as a guide to developing GEF projects. In particular, the Council welcomed the work that had been developed by each of the GEF focal area task teams.

42. The Council noted that the resource allocation to capacity building should be reviewed in light of the capacity building strategy to be reviewed and approved by the Council at its meeting in November 2003 and the revised business plan. The strategy should include targets and indicators for measuring results and impacts of capacity building activities. The strategy

should also describe the role and responsibilities of the Implementing Agencies with respect to their comparative advantage in managing capacity building activities.

43. The Council recommended that cofinancing targets be included in the business plan. It was also requested that indicators on financial efficiency and driving for results be included in the plan.

44. The Council requested that the strategic priorities for land management be elaborated in light of the operational program that had been approved at the meeting.

45. The Council requested that the strategic priorities for climate change take into account the possibility of supporting projects related to adaptation, subject to guidance of the Convention.

46. The Council recognized the linkages between the business plan and the framework for performance based allocations.

47. Some Council Members questioned the steep decline in the planned financing for POPs in FY04 and 05.

Agenda Item 11

Review of Fee-Based System

48. The Council expressed its continuing concern at the rising trend in the fees. In particular, the Council noted that the proposed flat fee for medium sized projects and enabling activities was unacceptably too high.

49. The Council welcomed the early disbursement of fees, particularly those for the preparation of projects.

50. In reviewing the trend in the fees at its meeting in May 2004, some Council Members noted that they might wish to consider a cap on the fee-grant ratio.

51. The Council requested that the paper to be prepared for May 2004 include more information on the specific costs related to medium-size projects and enabling activities.

Agenda Item 12

GEF FY04 Corporate Budget

52. The Council requested that the planned evaluation of support to national focal points and Council Members be circulated to the Council prior to its review in May 2004 of proposals to strengthen focal points.

53. The Council requested the Implementing Agencies to provide a better accounting of the actual activities and services to be financed by the FY04 budget prior to the November 2003 Council meeting.

Agenda Item 13 Cofinancing

54. The Council welcomed the paper and its effort to clarify classifications and terminology concerning cofinancing.

55. The Council welcomed the early establishment of a database on cofinancing and noted the importance of monitoring and reporting.

56. The Council requested that the establishment of cofinancing targets be explored in preparing the next business plan, taking into consideration country capacity and focal areas.

Agenda Item 14 Monitoring and Evaluation

57. The Council stressed the importance of the independence of the monitoring and evaluation director and unit, and its expectation that there would be direct communication and reporting between the unit and the Council.

58. In revising the terms of reference, additional sections should be included addressing: human resources and management; evaluation principles of accountability, independence and incorporation of lessons learned; and processes for approval of evaluation reports.

59. The terms of reference should address the responsibility of the GEF Secretariat and the Implementing and Executing Agencies to provide data and information required by the monitoring and evaluation unit to fulfill its mandate.

60. In carrying out its work, the monitoring and evaluation unit should be cognizant of other monitoring and evaluation processes within the country and should work with other agencies and donors to harmonize their policies and procedures so as to avoid duplication of work and to achieve efficiency in the use of human and financial resources.

61. The Council stressed that the third overall performance study of the GEF should be submitted to the Council at its first meeting in 2005.

62. The Council requested that monitoring and evaluation reports be discussed more thoroughly in Council meetings, and that the agenda on monitoring and evaluation should be included earlier in the Council's schedule.

63. In presenting reports to the Council, the monitoring and evaluation unit was requested to include specific conclusions and recommendations for future action in the executive summary of the document so that the Council could review and take action on the recommendations.

64. The Council suggested that the monitoring and evaluation unit focus on improving the quality of existing monitoring and evaluation products before seeking to broaden the range of its reports.

65. The GEF Secretariat and the Implementing and Executing Agencies were requested to take action on the recommendations of the Project Performance Report 2002 and the Secretariat Managed Project Review 2002.

66. The monitoring and evaluation unit was requested to work with the Implementing and Executing Agencies to harmonize their data so as to achieve comparability among the results of the agencies.

67. UNEP and UNDP were requested to describe their internal systems for identifying and responding to projects at risk.

68. The monitoring and evaluation unit was requested to report to the Council on the retrofitting of projects with more than two years left in their implementation to include provisions for monitoring the impacts and outcomes of projects.

Agenda Item 15 Other Business

69. Under other business, the Council considered a number of information documents before the meeting as well as additional matters.

Action Plan

70. The Council requested that a revised action plan give greater priority to the most urgent recommendations, and in particular those related to the third replenishment of the GEF that were endorsed by the Council at its meeting in October 2002.

71. The action plan should consider the concept of partnerships endorsed by the WSSD, and propose criteria and conditions for the GEF to contribute to such partnerships aimed at achieving global environment benefits.

72. Actions proposed in the plan should include timelines, indicators and benchmarks.

Executing Agencies

73. The Council expressed its disappointment that a review of the experience of other executing agencies designated under expanded opportunities was not before the Council at this meeting, and it requested the Secretariat to prepare such a report for Council review in November 2003 and May 2004. On the basis of the reports, the Council will consider whether additional agencies should benefit from direct access through the GEF Secretariat to the Council for GEF project funding. After May 2004, such a report should be prepared annually.

Trustee Report

74. The Council requested the Trustee to include in its reporting to the Council on the financial status and management of the GEF Trust Fund information concerning pledges, commitments, payments, arrears and deferred contributions to the Fund.

Private Sector

75. It was agreed that the review of GEF's engagement with the private sector being prepared by the monitoring and evaluation unit would be circulated to Council Members by July 16, 2003. Council Members are invited to submit comments on the document, *Issues and Options for Engaging the Private Sector*, to the Secretariat by September 1, 2003. The Secretariat was requested to organize a lunch time presentation on the private sector at its meeting in November 2003.

76. The Council Member from Switzerland informed the meeting that they would be cooperating with the Secretariat to organize a meeting on business models for technology transfer and sustainable development in Geneva in mid-September as an input to the development of a GEF strategy on the private sector.

CSD

77. The Secretariat was requested to prepare for the Council meeting in November 2003 a note on how the GEF might respond to the invitation of the CSD for the GEF to participate in the work of CSD to follow-up the decisions of the WSSD.

Other matters

78. The Council took note of the letter from the Member of the GEF Caribbean Constituency to the CEO/Chairman stating the reasons for his absence from this meeting of the Council. The GEF Secretariat will continue to work closely with the World Bank and appropriate authorities to facilitate the representation of all constituencies at future GEF Council meetings when they are alerted by Council Members of any difficulties in attending Council meetings.

79. The GEF Secretariat was requested to explore making the feasibility of providing space on the GEF website for electronic forums within and among constituencies in order to allow better communication and consultations.

Tribute to Mohamed T. El-Ashry, CEO/Chairman of the Facility

80. The Council expressed its deep appreciation and highest esteem for Mohamed T. El-Ashry for his strategic and visionary leadership of the GEF since its initiation as a pilot program through its restructuring and first decade of operations. The Council stressed that Mr. El-Ashry's leadership, personal commitment and professionalism had enabled him to make an outstanding contribution to advancing the sustainable development agenda.

CLOSURE OF THE MEETING

81. The meeting was closed by the Chairs on May 16, 2003.