

**JOINT SUMMARY OF THE CHAIRS
SPECIAL GEF COUNCIL MEETING
AUGUST 28, 2006**

OPENING OF THE MEETING

1. The meeting was opened by Monique Barbut, Chief Executive Officer/Chairperson of the Facility.

ELECTION OF A CHAIRPERSON

2. The Council elected Doorga Persaud, Council Member representing Antigua and Barbuda, Bahamas, Barbados, Belize, Cuba, Dominica, Dominican Republic, Granada, Guyana, Haiti, Jamaica and St. Kitts as its elected Co-Chair.

ADOPTION OF THE AGENDA

3. In approving the provisional agenda set forth in document GEF/C.29/1, the Council agreed to add to its agenda an item on "Amendments to the Instrument."

DECISIONS OF THE COUNCIL

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

Decision on Agenda Item 4 Fourth Replenishment of the GEF Trust Fund

5. The Council, having reviewed the *Summary of Negotiations on the Fourth Replenishment of the GEF Trust Fund* (Document GEF/C.29/3) welcomes the successful conclusion of the replenishment, takes note of the Summary and endorses the Replenishment Resolution, the policy recommendations and the allocation of resources among focal areas set forth in Table 1 of the programming paper.

6. The Council requests the CEO/Chairman of the Facility to transmit this Summary to the World Bank with a request that the World Bank Executive Directors be invited to adopt Annex C to this Summary, *Resolution No. ___, The Global Environment Facility Trust Fund: Fourth Replenishment of Resources*, thereby authorizing the World Bank, as Trustee of the GEF Trust Fund, to manage the resources made available under the GEF-4.

7. The Council expresses its appreciation to all donors from developed and developing countries for their generous contributions to the GEF-4 replenishment which is the highest level of resources committed to the GEF for a replenishment period. The strong replenishment is recognition of the importance of the GEF as a mechanism to address global environmental issues and will enable the GEF to fulfill its roles as the, or a, financial mechanism to the global environmental agreements.

8. Two Council Members requested that their statements on the replenishment agreement be recorded in this joint summary. The statements are attached in the annex to this summary.

Decision on Agenda Item 5 Remaining Issues Related to Work Program circulated for Approval by Mail on June 12, 2006

9. The Council reviewed the proposed work program submitted to Council in document GEF/C.29/4 and approves the work program comprising the following 16 project proposals, subject to comments made during the Council meeting and additional comments that may be submitted to the Secretariat by September 11, 2006.

1. Global: Critical Ecosystem Partnership Fund, Phase 2
2. Global: Institutionalizing Payments for Ecosystem Services
3. Regional (Benin, Burkina Faso, Mali, Senegal, Togo): West African Regional Biosafety Project
4. Global (Bangladesh, Bolivia, Niger, Samoa, Guatemala, Jamaica, Kazakhstan, Morocco, Namibia, Vietnam): Community-based Adaptation (CBA) Programme
5. Global: Solar Water Heating Market Transformation and Strengthening Initiative, Phase 1
6. Regional (Ethiopia, Kenya, Malawi, Swaziland, Tanzania, Uganda, Sudan): Cogen for Africa¹
7. Regional (Burundi, Kenya, Malawi, Mozambique, Rwanda, Tanzania, Uganda, Zambia): Greening the Tea Industry in East Africa
8. Argentina: Energy Efficiency
9. Egypt: Bioenergy for Sustainable Rural Development
10. Egypt: Sustainable Transport
11. Regional (Kazakhstan, Kyrgyzstan, Turkmenistan, Uzbekistan, Tajikistan): Central Asian Countries Initiative for Land Management (CACILM) Multi-country Partnership Framework, Phase 1
12. Burkina Faso: Partnership Programme for Sustainable Land Management (CPP), Phase 1
13. Regional (Albania, Algeria, Bosnia-Herzegovina, Bulgaria, Croatia, Egypt, Lebanon, Libya, Macedonia, Morocco, Serbia and Montenegro, Syria, Tunisia, Turkey): World Bank-GEF Investment Fund for the Mediterranean Sea Large Marine Ecosystem Partnership, Tranche 1²
14. Philippines: National Program Support for Environment and Natural Resources Management Project
15. Brazil: Development of a National Implementation Plan in Brazil as a First Step to Implement the Stockholm Convention on Persistent Organic Pollutants
16. China: Alternatives to DDT Usage for the Production of Anti-fouling Paint.

10. With respect to the following five proposals approved as part of the work program, the Council requests the Secretariat to arrange for Council Members to receive draft final project documents and to 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 or Executing

¹ The U.S opposed the project on grounds that it benefits Sudan.

² The U.S opposed the project on grounds that it benefits Syria and the West Bank.

Agency. Such projects may be reviewed at a further Council meeting at the request of at least four Council Members.

1. Global: Critical Ecosystem Partnership Fund, Phase 2
2. Regional (Benin, Burkina Faso, Mali, Senegal, Togo): West African Regional Biosafety Project
3. Global (Bangladesh, Bolivia, Niger, Samoa, Guatemala, Jamaica, Kazakhstan, Morocco, Namibia, Vietnam): Community-based Adaptation (CBA) Programme
4. Global: Solar Water Heating Market Transformation and Strengthening Initiative, Phase 1
5. Argentina: Energy Efficiency

11. With respect to the remaining eleven proposals approved as part of the work program, the Council finds that each project proposal presented to it as part of the work program is, or would be, consistent with the Instrument and GEF policies and procedures and may be endorsed by the CEO for final approval by the Implementing or Executing 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.

12. With respect to the following four proposals:

1. Global: Critical Ecosystem Partnership Fund, Phase 2
2. Regional (Kazakhstan, Kyrgyzstan, Turkmenistan, Uzbekistan, Tajikistan): Central Asian Countries Initiative for Land Management (CACILM) Multi-country Partnership Framework, Phase 1
3. Burkina Faso: Partnership Program for Sustainable Land Management (CPP), Phase 1
4. Regional (Albania, Algeria, Bosnia-Herzegovina, Bulgaria, Croatia, Egypt, Lebanon, Libya, Macedonia, Morocco, Montenegro, Serbia, Syria, Tunisia, Turkey): World Bank-GEF Investment Fund for the Mediterranean Sea Large Marine Ecosystem partnership (Tranche 1)

the Council approves them on the understanding that any sub-project to be financed through the larger project or program will be circulated to Council Members for comment during a three week period prior to CEO approval of the sub-project.

13. The Council requests the Secretariat to prepare for its consideration at the Council meeting in December 2006 a policy paper clarifying the procedures to be followed for the approval of sub-projects developed under larger programs and umbrella projects approved by the Council. The Council will decide at the time it approves the policy paper whether the agreed procedures will be applied to the project listed in paragraph 12 above.

14. Council's approval of the project proposals, Regional (Ethiopia, Kenya, Malawi, Swaziland, Tanzania, Uganda, Sudan): *Cogeneration for Africa*; and Regional (Burundi, Kenya, Malawi, Mozambique, Rwanda, Tanzania, Uganda, Zambia): *Greening the Tea Industry in East Africa*.

is contingent upon UNEP securing agreement prior to CEO endorsement from the World Bank/IFC or one of the regional development banks with direct access to the GEF to jointly implement the project. If after one year UNEP has not found a partner from among such GEF financial institutions, the project is to be removed from the work program and returned to the pipeline until an appropriate partner can be found.

15. In approving the project proposal, *Global: Critical Ecosystem Partnership Fund, Phase 2*, the Council agrees that the general objectives of the CEPF are very important, but believes that the fund needs to address urgently the numerous issues which may affect the fund's cost-effectiveness, impact and accountability to the Council and the general public. Therefore, specifically for the project, Council agreed on the following conditions for CEO endorsement:

- a) The costs of Component 2A (Enabling local civil society groups to play a greater role in key aspects of project implementation), 3(Effective monitoring and knowledge sharing) and 4(Global priorities, business planning, and project execution) should be capped at 24% of the total project cost of the fund.
- b) Council understands that program management costs for sub-grantees would also be capped as in CEPF-1 at 13%.
- c) CEPF funds would be targeted to projects that create global environmental benefits that are executed by civil society and the private sector, and any capacity building would be towards assisting implementation of those specific projects.
- d) The World Bank confirms that the environmental and social safeguards policies the Bank's accountability and anti-corruption mechanisms, including hotline, were in place during CEPF 1. The Bank also confirms that, as is the case with all Bank-implemented GEF financed projects, CEPF projects are reviewable by the Inspection Panel, provided the Panel's eligibility criteria are met.
- e) The World Bank Implementation Completion Report of the first phase of the project shows a rating of satisfactory or above, as confirmed by IEG review.
- f) The CEPF puts in place a clear exit strategy, and indicates that it will not seek further support from the GEF Trust Fund.
- g) The operational manual has been revised to establish:
 - i. To make clear that all GEF financed projects, including CEPF projects, are subject to the World Bank environment and social safeguards policies, and all applicable accountability and anti-corruption mechanisms.
 - ii. Procedures for circulation to the GEF Council and other indirect donors of all subprojects of \$1 million and over for a three-week review period prior to CEO approval;

- iii. Measures cleared by the World Bank Legal Department that ensure that CEPF operates in a manner that is free of conflicts of interest, including that an applicant for CEPF funding cannot participate in the decision-making process related to that application,.
 - iv. requirements that all projects target direct global environmental benefits, track results, and be evaluated in a manner consistent with GEF's monitoring and evaluation policy;
 - v. That the consideration of intellectual property rights that may derive from or relate to a CEPF project does not explicitly or implicitly provide an undue comparative advantage to any grant applicant, nor does it impede opportunities for fair and balanced private sector investment.
 - vi. a plan for stronger outreach to the private sector.
16. If after one year, these steps have not been taken, the project is to be removed from the work program.
17. The Council also agrees that, in general, any GEF support for these kinds of external funds should be limited to a one-time effort to catalyze their creation and provide initial funding, but with no further funding commitments.

Decision on Agenda Item 6

Governance of the Climate Change Funds

18. The Council reconfirms that for purposes of the Least Developed Countries Fund for Climate Change (LDCF) and the Special Climate Change Fund (SCCF), the GEF will function under the guidance of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP). For purposes of the Adaptation Fund (AF), the GEF will function under the guidance of the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (COP/MOP).
19. The Council reconfirms that the policies and procedures and the governance structure of the GEF will apply to the climate change funds, managed by the GEF in accordance with the decisions of the COP or the COP/MOP, unless the Council decides it is necessary to modify such policies and procedures to be responsive to the guidance of the COP or COP/MOP.
20. The Council also confirms that the policies and procedures separately established for the climate change funds will not apply or be taken to establish any precedent for the operation of the GEF Trust Fund.
21. The administrative costs of managing each fund will be financed solely from the resources of the relevant fund.
22. The Council agrees that the general decision making principles applied to the operation of the LDCF and the SCCF, as approved by the Council at its May 2002 meeting on the basis of

Document GEF/C.19/6, *Arrangements for the Establishment of the New Climate Change Funds*, should be modified as follows.

23. With respect to decision making for the LDCF and SCCF, the Council will meet as the Council for the LDCF and the SCCF (hereafter referred to as the LDCF/SCCF Council.) Any Council Member is eligible to take part in the LDCF/SCCF Council. Any Council Member may choose to participate in the LDCF/SCCF Council or to attend as an observer. A formal vote by the LDCF/SCCF Council will be taken where consensus cannot be achieved. Such vote will be conducted by a double weighted majority, that is, an affirmative vote representing both a 60 percent majority of GEF Participants represented on the LDCF/SCCF Council and a 60 percent majority of the total contributions to such fund. The total contributions will be calculated based on the actual cumulative payments made to the respective fund.

24. Pursuant to the request of the SBI inviting relevant institutions to submit information on issues raised in the compilation document on the AF and recalling decision 10/CP.7 in which the Conference of the Parties decided that the adaptation fund shall be operated and managed by an entity entrusted with the financial mechanism of the Convention, the Council agrees that should the COP/MOP give further guidance to the GEF on the management of the AF, the Council would meet as the Council for the AF. Decisions of the Council on matters concerning the operation of the fund would be taken by consensus among all Council Members representing Participants that are parties to the Kyoto Protocol. A formal voting procedure would be agreed by the Council meeting as the Council for the AF following further guidance of the COP/MOP and taking into account the GEF Instrument.

25. Notwithstanding any other provision of this decision, any decisions or actions directly affecting only the LDCF, the SCCF and the AF, respectively, will be delegated to the LDCF/SCCF Council and the AF Council, as appropriate. The LDCF/SCCF Council and the AF Council cannot amend this delegation of authority without approval of the GEF Council.

26. The Council requests the Secretariat and the Trustee to make necessary arrangements to effect the changes reflected in this decision.

Decision on Agenda Item 8

Amendments to the Instrument

27.

CLOSURE OF THE MEETING

28. The meeting closed on August 28, 2006.

Annex

Statement of Belgium on the GEF-4 replenishment

Belgium joined this GEF-4 replenishment process, as we did in the past, with a view to fortifying the Global Environment Facility as the unique mechanism we consider it is to address global environment issues. We believe that the entire international community needs to join hands in order to make the GEF stronger, so that it can continue to support the multilateral environmental agreements for which it is the, or a, financial mechanism and through which we are complying with our commitments under the Conventions.

We are disappointed that not everyone is in a position to do so and that is the reason why Belgium is making an extra effort by going beyond its basic share to provide a supplemental contribution. We greatly welcome similar efforts by many other donors and sincerely thank the new donors, including recipient country donors, for coming on board.

Belgium wants to make it very clear that it is this effort of a limited number of donors that has allowed the level of GEF-4 replenishment to increase beyond that of GEF-3. Belgium is happy to be part of it, and we can only invite as many others as possible to join.

Statement of the United States on the GEF-4 replenishment

The United States welcomes the historic GEF-4 replenishment agreement. The United States regrets, however, the opposition by a number of Council Members to full implementation of the GEF-3 agreement with respect to the establishment of a Resource Allocation Framework to help maximize the ability of GEF funds to provide benefits for the global environment. This failure to implement the GEF-3 agreement in a timely manner led to a loss of \$70 million in incentive funding under GEF-3 and to lower available funding for GEF-4 than might otherwise have been possible.