

JOINT SUMMARY OF THE CHAIRS

GEF COUNCIL MEETING

APRIL 2 - 4, 1996

INTRODUCTION

1. This meeting was exemplary in its provision of strategic guidance for GEF operations and provided strong evidence of the maturing of the Council processes. Its deliberations and decisions will contribute to expedited and streamlined decision-making and improved efficiency and productivity of GEF operations.

OPENING OF THE MEETING

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

ELECTION OF CHAIRPERSON

3. The Council elected Ambassador Tuiloma Neroni Slade, the Member representing the constituency comprised of Cook Islands, Fiji, Indonesia, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Papua New Guinea, Philippines, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu, as its elected Chairperson.

ADOPTION OF THE AGENDA

4. The Council adopted the provisional agenda set forth in document GEF/C.7/1/Rev.1.

STATEMENTS ON BEHALF OF BIOLOGICAL DIVERSITY CONVENTION, CLIMATE CHANGE CONVENTION AND STAP FOLLOWED BY QUESTIONS AND ANSWERS

5. Statements were made to the Council by Mr. Calestous Juma, Executive Secretary, Convention on Biological Diversity and Mr. Mukul Sanwal, Senior Adviser, Communication Assessment and Review Programme, United Nations Framework Convention on Climate, on behalf of the Convention's Executive Secretary. Messrs. Juma and Sanwal responded to questions from the Members. The Chairman of STAP, Dr. Pier Vellinga, also made a general statement to the Council and responded to questions from the Members.

6. In responding to questions from the Council, the STAP Chair confirmed that the STAP would explore further the needs and character of an International Waters assessment with a view to adopting a holistic perspective, but that STAP did not intend to undertake an assessment itself. Further STAP activities on this issue will take fully into account the outcome of the CSD meeting on oceans in April 1996.

7. The Council took note of STAP's proposal to convene a brainstorming session and a workshop on land degradation and authorized the CEO to secure funding for the workshop. The outcome of the two will be transmitted to the Council.

DECISIONS OF THE COUNCIL

8. The decisions approved by the Council are appended to this summary. The following are some explanatory notes elaborating upon certain aspects of the Council discussions.

AGENDA ITEM 5(a) Secretariat Note on Operational Policy and Programmatic Analysis

9. The Council considered the *Secretariat Note on Operational Policy and Programmatic Analysis* and agreed that a programmatic analysis was very useful for its work. The Secretariat should include such an analysis in the cover note to the proposed work programs in order to relate the policy and programmatic issues to the actual project proposals contained in the past and current GEF work programs as well as to project proposals under preparation for inclusion in future work programs. The Council raised concerns about the large number of freestanding projects, and requested the Secretariat to keep this issue and its implications for mainstreaming in the Implementing Agencies under review and to report as appropriate to the Council in future programmatic analyses.

10. Other overview information that the Secretariat wished to present to the Council should be contained in an information document that would not need to be discussed at the Council.

11. Any matter for decision should be addressed in a working document before the meeting. Information documents prepared for the meeting would not be discussed unless a Member or one of the Chairs thought it appropriate to raise a matter under an appropriate agenda item or under the agenda item "Other Business". It is not to be assumed that an information document before the meeting that is not discussed during the meeting is accepted as a decision of the Council except for previously approved Council documents that have been revised and reissued as information documents.

AGENDA ITEM 5 (b) Proposed work program

12. The Implementing Agencies informed the Council that a number of projects in the biodiversity area are presently being developed, as evidenced by the fact that 49% of PDF Block A and Block B resources approved to date are for the preparation of biodiversity projects. It was also noted that the project for Lake Victoria, identified as an International Waters project, had a very large biodiversity component. However, concern was still raised about the balance in projects, in terms of size, geographic balance and distribution among the focal areas, in particular with regard to biodiversity. In addition, the Council called on the three Implementing Agencies to increase the level of cooperation and coordination in order to prevent duplication and to encourage joint preparation of projects.

AGENDA ITEM 9 (a) GEF administrative budget

13. While there was general support for the stated planning assumptions on which the budget is based, some Members expressed concern that the proposed outputs would not meet the expectations of many recipient countries and the conventions. It was noted, however, that an administrative budget providing for a 3% nominal increase would allow a growth of 30% in project outputs in FY97. It is anticipated that there will be an additional 25% increase in outputs in FY98. In addition, the decisions that had been taken on enabling activities and the PDF gave a very positive message. This was clear confirmation by the Council of their strong support for the objectives of the GEF.

14. The Council recognized that it would facilitate preparation of the administrative budget if the Council were, on the basis of a note from the Secretariat, to give clearer guidance to the Secretariat and the Implementing Agencies at the October/November meeting on its planning assumptions.

15. An Audit of STAP FY95 accounts was submitted to the Council by UNEP. Due to a lack of time, the Council was unable to discuss the audit. Members were invited to submit any comments on the audit to the Secretariat which will transmit the comments to UNEP.

AGENDA ITEM 10 Relations with conventions

16. The Council emphasized the importance it attaches to strong collaborative relationships between the GEF and each of the two conventions for which the GEF serves as the financial mechanism. It recognized that it was important to nurture those relationships, and it requested the Secretariat to continue to strengthen them and to involve the convention secretariats, as appropriate, in GEF operational programming.

17. The Council suggested that it would be useful for the GEF to organize a workshop during the third meeting of the Conference of the Parties to the Convention on Biological Diversity in order to better inform the Parties to the Convention of the GEF and its activities.

AGENDA ITEM 11 Other business

18. On replenishment, the CEO indicated that the Secretariat's preliminary thinking is to initiate discussions on the replenishment in early 1997.

19. The CEO shared with the Council some initial thoughts on the organization of the first meeting of the GEF Assembly in late 1997. The CEO was requested to prepare a brief organizational note describing the Assembly, and to circulate the note to Council Members and GEF Participants for comment. The CEO invited any country that had an interest in hosting the Assembly to contact him at its earliest convenience.

20. The CEO and the Council recognized the importance of the CEO's consultations with Members in facilitating the work of the Council. The CEO was requested to explore ways to further strengthen his consultations, and he invited Members to submit to him any suggestions that they may have in this regard.

21. The Council took note of the following proposed dates for the two regular Council meetings scheduled for 1997:

(a) May 20 to 22; and

(b) November 4 to 6.

CLOSURE OF THE MEETING

22. The meeting was closed by the Chairs on April 4, 1996.

APPENDIX TO CHAIRS' JOINT SUMMARY

COUNCIL DECISIONS

DECISION ON AGENDA ITEM 5(b) *Work Program*

1. The Council reviewed the work program proposed in document GEF/C.7/3 and approves it subject to the comments made during the meeting and technical comments to be submitted within three weeks of the closure of the meeting.

2. STAP is requested to review two projects (the Lake Victoria Environmental Management project and the India Solar Thermal-Electric) under its selective review mechanism.

3. The Council took note of the decision of the Implementation Committee of the Montreal Protocol in which it was recommended that:

"(a) The GEF Council and other aid agencies should consider favourably additional steps to expedite financial assistance for projects proposed for approval within their work programmes;

(b) Future projects should be considered in the light of further clarifications and information to be provided by the Russian Federation to the Implementation Committee."

The Council agrees that the CEO should only endorse the Russia Phaseout of Ozone Depleting Substances II project after he has received confirmation from the Ozone Secretariat that it has received satisfactory responses to the queries posed by the Implementation Committee of the Montreal Protocol to the Russian Federation. The

technology choices made within the ozone projects are to be reconsidered consistent with the relevant provisions of the GEF Operational Strategy.

4. There was broad consensus that activities of the kind described in the proposed project to enable country-driven project development was a high priority for the success of the GEF. However, it was agreed that it should not be part of the work program and financing would be made available through the PDF.

5. The Council considered the proposal to streamline approval procedures for enabling activities projects and agrees:

(a) enabling activities are to be conducted in accordance with the guidance of the Conferences of the Parties to the Conventions for which the GEF serves as the financial mechanism as stipulated in the GEF Operational Strategy;

(b) the financing amounts for the preparation of enabling activities have been developed on the basis of an average estimate used for planning purposes. However, the actual level of support will vary from country to country and with the content of the enabling activities;

(c) an *initial* allocation of \$30 million is approved in order to expedite a broad effort of enabling activities in support of the two conventions. The CEO should report regularly to the Council on resource disbursements and enabling activities requests and approvals;

(d) the proposed expedited approval process is approved recognizing the urgency for implementing these activities and in light of their preparatory nature to enable countries to move forward in implementing the conventions; and

(e) the Secretariat is requested to monitor the preparation of enabling activities and to report regularly to the Council on the approval and implementation of enabling activity projects so as to enable the Council to monitor progress in this area and to consider any evolving guidance from the Conventions concerning this category of activities.

6. The Secretariat is also requested to coordinate, in consultation with the Implementing Agencies and the convention secretariats, an outreach process to inform recipient countries of the availability of resources for enabling activities and to assess the requests for financial assistance within the next two to three months. The Secretariat is requested to coordinate and promote an expeditious response to such requests by the Implementing Agencies.

DECISION ON AGENDA ITEM 5 (c) *Analysis of the PDF*

7. The Council reviewed document GEF/C.7/10, *Analysis of the PDF*, and takes note of the information and conclusions presented in the analysis. The Council emphasized that the Secretariat and the Implementing Agencies should seek co-financing for PDF grants, consistent with the principles of incremental costs and mainstreaming of GEF activities.

The Council also urged the Implementing Agencies to facilitate access to PDF grants by a wide range of potential executing agencies, including NGOs and academic institutions. The focus for application of PDF resources should be on project development.

8. The Council approves an additional allocation of \$5 million for the PDF. The CEO is authorized, taking into account the availability of co-financing and on an exceptional basis, to authorize Block A grants that exceed the authorized ceiling of \$25,000, up to a maximum of \$50,000, when it is determined by the CEO that additional PDF Block A financing is justified. The CEO will report regularly to the Council on approval of Block A grants that exceed the ceiling.

9. The Secretariat is requested to prepare operational guidance on the use of PDF funds on the basis of the analysis prepared for the Council meeting and the comments made by the Council during its meeting.

10. The Secretariat is requested to prepare, in consultation with the Implementing Agencies, a comprehensive evaluation and assessment of the PDF, for consideration by the Council at its meeting in May 1997.

11. The Secretariat is also requested to provide information to the Council at its next meeting on the national operational focal points.

DECISION ON AGENDA ITEM 5 (d) *Proposal for approval of GEF work programs*

12. The Council reviewed document GEF/C.7/7, *Proposal for Approval of GEF Work Programs*, and approves the proposal presented therein on a one year pilot basis subject to the following revisions and understandings:

(a) One proposed work program may be transmitted for approval by mail in the period between Council meetings;

(b) Proposed work programs transmitted by mail should be approved in accordance with paragraphs 34 to 36 of the Council's rules of procedure for decisions without meeting. Council Members should have four weeks in which to consider the proposed work programs; and

(c) A Council Member may choose to withdraw its objections to a project. It is recognized that objections are to be made on policy grounds. If all objections to a project are withdrawn, the project may go forward.

13. The Council will review these procedures at its meeting in May 1997.

DECISION ON AGENDA ITEM 6 *Monitoring and Evaluation*

14. The Council reviewed document GEF/C.7/5, *Monitoring and Evaluation: work program and budget*. There was general consensus about the important role monitoring

and evaluation should play in the GEF. The Council, while fully recognizing the minimum amount of time available for the newly-appointed Senior Monitoring and Evaluation Officer to prepare the paper, requests that the paper be revised to present a more detailed work program. This paper should take a GEF-wide approach to monitoring and evaluation, as recommended in the independent evaluation of the GEF pilot phase and endorsed in the restructuring of the GEF. It should define goals, priorities, guidelines and procedures of the Monitoring and Evaluation Program, and the specific components and outputs. The Monitoring and Evaluation Program should build upon the monitoring and evaluation policies of the Implementing Agencies. The Council requests that the revised paper be circulated to Members for review and comment no later than July.

15. It was agreed that an interim budget was needed to cover the initial months of work pending approval of the more detailed work program and budget. The Council approved an interim budget of \$398,000 for FY97, to be added to the Secretariat's budget.

DECISION ON AGENDA ITEM 7 *Public Involvement in GEF projects*

16. The Council reviewed document GEF/C.7/6, *Public Involvement in GEF Projects*, and approved the principles as a basis for public involvement in the design, implementation, and evaluation of GEF-financed projects, subject to the following: (a) that there should be emphasis on local participation and local stakeholders; (b) that specific conditions in-country should be taken into consideration; and (c) that public involvement should be consistent with provisions in the Instrument. The Secretariat is requested to prepare operational guidelines as expeditiously as possible.

DECISION ON AGENDA ITEM 8 *GEF Strategy for engaging the private sector*

17. The Council reviewed document GEF/C.7/12, *GEF Strategy for Engaging the Private Sector*, and agreed that the paper should be revised to reflect a more strategic approach. Issues related to the involvement of the private sector together with financing modalities should be addressed in the revised paper. The revised paper should be resubmitted for consideration by the Council.

DECISION ON AGENDA ITEM 9 *GEF administrative budget*

19. The Council reviewed document GEF/C.7/8, *Revised GEF FY97 Corporate Budget*, and accepts the proposed budget for FY97. Based on the budget and the Council's comments, the individual submissions of the six GEF entities are to be revised and appended to a revised budget document for the record.

20. The Council agreed that a mid-year review of the budget should be prepared for its consideration at the October Council meeting.

21. There was general support in the Council for sustainable growth of the GEF operational outputs and the delivery of high quality projects consistent with the Operational Strategy. In accepting the administrative budget, the Council expressed its

expectation that on the basis of the budget the Implementing Agencies would be able to produce project outputs totaling an estimated US \$415 million during FY97. The Secretariat and the Implementing Agencies were requested to seek continuous improvement in the efficient use of administrative resources, especially with regard to increased productivity as experience is gained in preparing and managing GEF projects.

22. The Council recognized the need for flexibility with regard to the administrative budget and authorized the CEO to approve increases to the operations segment of the administrative budget of the Implementing Agencies so as to ensure that no eligible high quality project would be postponed due to inadequate administrative resources. The Council agreed that the CEO may exercise this flexibility, if necessary and appropriate, at a level of 5% of the approved administrative budget of the Implementing Agencies.

23. The Council approves the recommended approach for cost accounting and the preparation of future GEF budgets, including the proposal for undertaking additional work on performance measures and outputs, proposed in document GEF/C.7/9, *Recommendations Concerning the Preparation of the GEF Administrative Budget*.

DECISION ON AGENDA ITEM 10 *Relations with Conventions*

24. The Council, having reviewed document GEF/C.7/11, *Relations with Conventions*:

(a) takes note of the decisions of the second meeting of the Conference of the Parties to the Convention on Biological Diversity relevant to the GEF in its capacity as the institutional structure operating, on an interim basis, the financial mechanism of the Convention;

(b) approves the proposed draft annex to the Memorandum of Understanding between the Conference of the Parties to the UN Framework Convention on Climate Change and the Council of the GEF on Determination of Funding Necessary and Available for Implementation of the Convention, with the revision that the last sentence of paragraph 3 will be amended to read: "The COP may, in its action on the GEF reports, consider the adequacy of the resources available for the implementation of the Convention; and

(c) approves an approach for reporting to the Conferences of the Parties to the Convention on Biological Diversity and the Framework Convention on Climate Change. This approach is to submit to the COP the most recent GEF Annual Report and the Quarterly Operational Report, together with a factual up-date and a note prepared for the COP addressing a synthesis view of GEF activities in the focal area addressed by the Convention and showing how the COP guidance and decisions have been implemented. The note could also, when appropriate, specify issues on which the GEF would like to seek COP guidance. The note would be circulated in draft form to the Council for comment prior to its transmittal to the COP.

DECISION ON AGENDA ITEM 11 *Other business*

25. The Council requested the Secretariat to prepare, in consultation with the Implementing Agencies, a proposal on ways to streamline and make effective and efficient the processing and financing of medium-sized projects. In preparing the proposal, the Secretariat is requested to take into account three basic principles:

(a) One of the three Implementing Agencies must be accountable to the Council for any project financed by the GEF;

(b) In recommending streamlined and efficient procedures, the proposal should make use of and build upon the existing structures and should ensure that such procedures would apply to all potential executing agencies provided for in paragraph 28 of the *Instrument*, and

(c) The proposal should address the processing and approval of medium-sized projects. Recognizing that there are various options, it is requested that the proposal address the strengths and weaknesses of each option.
