

November 27, 2013

**HIGHLIGHTS OF THE COUNCIL'S DISCUSSIONS
45TH GEF COUNCIL MEETING
NOVEMBER 5 – 7, 2013**

1. The following is a record prepared by the GEF Secretariat of comments, understandings, and clarifications of certain points made by Council Members during discussions of the agenda items and related decisions. The Joint Summary of the Chairs records the decisions agreed by the Council. These points are supplemental to the Joint Summary.

Agenda Item 1 Opening of the Meeting

2. The GEF CEO highlighted the recently adopted Minamata Convention on Mercury, which has already been signed by over 90 countries and drew attention to the important role that the GEF will have in the implementation of the Convention. The CEO welcomed the first two new GEF Project Agencies -- World Wildlife Fund-US (WWF-US) and Conservation International (CI) – and invited their representatives to address the Council.

Agenda Item 4 Annual Monitoring Review FY 13: Part I

3. Several Council Members requested that AMRs include statistics on time elapsed between project approval and first disbursement by GEF Agencies.

4. Noting the variations between resource programming targets by strategic objectives and actual programming, a Council Member requested that these variances be reflected in GEF-6 programming. The Secretariat explained that while programming targets by strategic objectives are set as notional during the replenishment process, the actual programming varies as it is the result of country priorities and demand, within the mandate and focal area strategies of the GEF. The Secretariat explained that it aims to maintain both the programming levels against the overall focal area allocations and the balance among the focal areas, as they were agreed during the replenishment.

5. Several Council Members recommended that Agencies should avoid delays in project implementation and highlighted the need to expedite project preparation and to identify causes for delays. Several Members emphasized that improving project cycle efficiency be prioritized during GEF-6.

6. A Council Member requested that AMRs also provide performance analysis of the statistics presented in the reports.

Agenda Item 5 Annual Report on Impact and Management Response

7. The Council appreciated the work of the Evaluation Office (EO) in assessing the impact of GEF projects to mitigate GHG emissions. Council Members welcomed the finding that GEF projects have generally met or exceeded their GHG emission reduction goals with indirect impacts worth ten times as much.

8. Several Council Members expressed their concerns about the methodologies used to calculate GHG emission reductions and requested STAP to conduct a dialogue to standardize the methodologies. Some Council Members asked for coordination with UNFCCC and other institutions working on developing and standardizing methodologies.

9. Some Council Members also raised questions about the methodology used by the Evaluation Office in this study, such as the choice of countries and projects, and asked for greater scientific rigor.

Agenda Item 6 Progress Report of the GEF Evaluation Office Director, including the OPS5 Progress Report and Management Response

10. In its management response, the Secretariat noted its collaboration with the Evaluation Office to develop a methodology to track the progress of projects during the preparation phase. The Secretariat also noted the choice of indicators already reflected in the focal area results frameworks included in the documents to be presented for the third replenishment meeting in Paris.

11. The Council generally supported the structural changes to the GEF Evaluation Office to follow best practice standards in the international community, including a broad support for the separation of the budget of the Evaluation Office from the Corporate budget.

Agenda Item 7 Mid-Term Evaluation of the System for Transparent Allocation of Resources and Management Response

12. Several Council Members expressed appreciation for the increase in transparency, predictability, and country ownership that have resulted from the STAR allocation system.

13. Several Council Members emphasized that the recommendations from the Mid Term Evaluation of the STAR should be considered in the context of the GEF6 Replenishment negotiations. The GEF CEO clarified that recommendations for STAR should be seen in the context of the ongoing replenishment negotiation which will submit its proposal to the Council for operationalization..

14. Many Council Members expressed reservations about the Evaluation Office's recommendation that the purchasing power parity (PPP)-based indicator be used instead of the

market exchange rate-based GDP indicator currently used in the STAR. They suggested that the Secretariat undertake a feasibility study on this topic.

15. Some Council Members called for an increase in the floor allocations. A few Council Members suggested that vulnerability could be included in the STAR, allocating more funds to LDCs and SIDS. A Council Member supported the Evaluation Office's call for increased quality control of the calculation of the allocations and database management in generating STAR allocations.

16. Some Council Members supported the Evaluation's recommendation to increase the marginal flexibility of country allocations, arguing that it would reflect the current reality of increasing synergies and integration across focal areas. Other Council Members, however, agreed with the Secretariat that caution should be exercised in increasing flexibility levels, in particular in the context of agreed focal area allocations and obligations to Conventions.

Agenda Item 8 Mid-Term Evaluation of the National Portfolio Formulation Exercise (NPFE) and Management Response

17. Several Council Members expressed their appreciation for the NPFEs and recognized their importance in building country ownership. Council Members supported to initiate a new round of such exercises prior to the new replenishment period.

18. Several Council Members raised concerns regarding the difficulties in accessing the funds and the administrative burden associated with the exercise. One Council Member requested clarification regarding are yet to complete their NPFE. The Secretariat explained that the procedures have been significantly simplified and that some countries are still in the process of formally closing their NPFEs, even though the exercises are essentially completed.

19. Some Council Members emphasized the importance of including capacity development initiatives, with a special focus on LDCs and SIDS for GEF-6.

Agenda Item 9 Progress Report on the GEF Project Cycle Streamlining Measures

20. A number of Council Members expressed concern regarding the OPS5 finding that fewer than half of the Council approved projects to date have met the 18-month target between Council approval and CEO endorsement in GEF5. They called on the Secretariat to review the reasons behind this delay and to consider procedures for cancellation of projects that are unduly delayed during preparation.

21. Council Members inquired about the methodological differences between the Evaluation Office and the Secretariat in assessing project cycle performance. The Secretariat explained that it is collaborating with the Evaluation Office to develop a standard metric for project cycle performance.

22. A number of Council Members expressed concern about the lack of information about project concepts before they are submitted to the Secretariat. The Secretariat explained that a

web-based pre-PIF module developed two years ago has not been used by recipient countries. The Secretariat indicated that it would attempt another round of requesting countries to use the module.

23. Many Council Members expressed interest in learning more about the pilot harmonization initiative between the World Bank and the Secretariat, inquiring about the intention to replicate this initiative with other GEF Agencies. The Secretariat explained that not enough information is available yet, as only 25 projects have gone through the concept stage and none have reached CEO endorsement. Therefore it is too early to consider the lessons of this pilot and whether it is viable with other GEF Agencies. Council Members also raised a range of other issues and questions about the harmonization process, particularly regarding: (i) the quality of the documentation available for the Council to review projects; (ii) the additional amount of time spent by the World Bank and the Secretariat on the harmonization process; and (iii) the final goal and timeline for this initiative.

24. There was concern about shifting costs between GEF and the Agencies rather than realizing cost savings. One Council Member commented that the abolition of milestone extension request leads to a longer elapsed time of project cycle performance. The Secretariat indicated that it will look into these issues and provide a report to Council at the next meeting.

Agenda Item 10 Update on GEF 2020

25. The GEF CEO introduced the updated GEF 2020 document and the process for its finalization to the Council. The Chair of STAP provided comments to the Council emphasizing the importance of focusing on drivers of environmental change and the unique role the GEF can play in knowledge management.

26. Council Members reaffirmed their appreciation for the efforts to develop a long term strategy for the GEF, and expressed their support for the draft strategy's overall direction for the GEF to strengthen its ability to address underlying drivers of environmental degradation. Several Council Members also noted that it would be appropriate to interpret "long term" as beyond the year 2020.

27. Noting that while the draft document articulates well the global environmental challenges that GEF is helping address, more work is needed in terms of articulating GEF's specific role in their solutions. Against this background, Council Members noted that the draft strategy should be sharpened considering some key dimensions, including *inter alia*: (i) elaborating on the GEF's existing strengths that the long-term strategy should build upon; (ii) articulating how the GEF will continue to meet the obligations with Multilateral Environmental Conventions while expanding its focus on drivers; and (iii) reflecting the importance of aligning GEF activities with country priorities. Other issues to be strengthened in the document include a description of GEF's relevance for evolving post-2015 development agenda; articulation of GEF's focus on issues like gender, GEF's engagement with private sector, CSOs and Indigenous Peoples.

28. As next steps, Council Members noted that it would be useful in the near term to prepare a more substantive Executive Summary that better conveys the strategy's main points. Council

Members discussed the time-line for the completion of the Strategy, weighing the need to give sufficient time to make the necessary adjustments with the need to bring it to completion within a reasonable timeframe. It was concluded to prepare a final version by the spring 2014 Council Meeting.

Agenda Item 11 Update on GEF-6 Replenishment

29. The GEF CEO provided an update to the Council about the GEF-6 Replenishment process ahead of the December meeting in Paris. The final replenishment meeting is scheduled to take place in February 2014.

30. Council Members acknowledged that the substantive discussions regarding the replenishment should take place at replenishment meetings rather than at the Council. Some Council Members expressed disagreement on the proposal for concessional and differentiated financing. One Council Member suggested increasing the allocation floor.

***Agenda Item 12 Relations with the Conventions and Other International Institutions –
Statements by the Executive Secretaries of the Conventions***

31. The Council welcomed the Executive Director of UNEP via videoconference and the Executive Secretaries of the CBD, UNCCD, and the Stockholm and Minamata Conventions. The Executive Director of UNEP stated that he appreciated the work of the GEF, and that he was particularly interested in the engagement with the private sector, but cautioned that such work might be very challenging.

32. The Executive Secretary of the CBD discussed the work underway to find opportunities for the six biodiversity conventions to work together, and expressed his hope that governments will fulfill the commitments they made to increase funding for biodiversity. The Executive Secretary of the Stockholm Convention remarked that synergy should be viewed as a means to an end and not an end in itself, and he commented on the ongoing work of the chemical conventions to coordinate the delivery of better results and reduce reporting burdens and costs. Council Members welcomed Monique Barbut back to the GEF Family, in her new role as Executive Secretary of UNCCD. She underlined the important role of the GEF in promoting synergies among the Conventions, highlighting the efforts to promote an impact as positive as possible with the limited available resources.

33. Council Members welcomed the work of Conventions to reduce the reporting and meeting burden and their efforts to promote synergies. Several Council Members requested the participation of the UNFCCC Executive Secretary in the future. One Council Member noted the need to shift from planning and preparatory activities to further ground work on chemicals, and asked the Secretariat to share its plans to assist in this shift.

34. Council Members welcomed the representatives of the Interim Secretariat of the Minamata Convention on Mercury for the first time attendance at the GEF Council meeting and appreciated the important role of the GEF as a financial mechanism for this new convention.

Agenda Item 13 Amendments to the Instrument

35. The GEF Secretariat presented a number of proposed amendments to the GEF Instrument for Council review. Changes included updating the Instrument to mention the GEF's new role as a financial mechanism for the Minamata Convention, as well as changes in terms used for UNDP programs to reflect their current language. There was also a separate proposal to change the name of the Evaluation Office to "Independent Evaluation Office".

36. A number of Council Members stated that they had specific suggestions to the text on the Minamata Convention on Mercury and that they would like to see the amendments presented as a complete package including the name change for the Evaluation Office.

37. The Secretariat indicated that it will send a draft decision by mail by mid-January 2014 containing all proposed changes to the Instrument after consultation with the Agencies.

Agenda Item 14 Report of the Chairperson of the Scientific and Technical Advisory Panel

38. Council Members expressed appreciation for STAP's valuable work and its contributions to the GEF, particularly with regards to its input to GEF strategies and its role in knowledge management. Some Council Members encouraged STAP to improve its communications with and delivery of advice to developing countries, particularly to help them build research capacity. In this regard, STAP was encouraged to be more independent and in a position to conduct more strategic research so that the GEF can better respond to Convention mandates.

39. One Council Member raised concerns over the quality of indicators used by the GEF and asked STAP to focus on improving them so they would better capture emerging environmental and development concerns. Another Council Member stated that more work needed to be done to ensure that framework documents of the GEF programmatic approach reflect STAP comments and advice.

40. The STAP Chair responded that STAP is looking for ways to improve communications, particularly with developing countries. There are high demands on both STAP operational advice (e.g. review of projects) and strategic advice (e.g. strategies, knowledge products, toolkits etc.), which STAP continuously seeks to manage within its limited resources. STAP noted that it will be particularly important to contribute to GEF's effort to build its knowledge management function and, in this regard, will continue to produce high-quality knowledge products. In terms of indicators, STAP is interested in working with relevant GEF Agencies to develop better socio-economic indicators, in addition to standard environmental indicators.

Agenda Item 15 Review of GEF Agencies on Environmental and Social Safeguards and Gender Mainstreaming

41. The Council expressed its appreciation for the thorough, rigorous assessment of the current GEF Agencies on Environmental and Social Safeguards and Gender Mainstreaming performed by the GEF Secretariat. Several Council Members expressed surprise that most GEF

Agencies had not yet fully met all the requirements and standards under the two Policies. They underscored the need for all existing Agencies to meet the applicable standards in a timely manner, and also that the experience with the GEF Fiduciary Standards Policy (in which some Agencies needed several years to reach compliance) should not be repeated. One Council Member commented that if eight of the nine Agencies did not meet all of the GEF environmental and social safeguard standards, perhaps they were too stringent and should be revisited.

42. A few Council Members questioned why GEF Project Agency applicants needed to meet the standards to be accredited, but existing Agencies could adopt time-bound action plans to meet them in the future. One Council Member asked whether the Council could impose more stringent timelines in May if they considered necessary. One Council Member commented that the GEF should explore an alternative approach going forward of leaving the compliance requirements up to Agencies (and at their own expense) and requiring them to submit periodic compliance reports (Agencies' self-assessment).

43. Several GEF Agencies responded to the Council that they would fully meet the standards in a timely manner, and that their action plans would clearly explain how and by when they would do so. The Secretariat will forward these plans to the Council by the end of December. The Secretariat also clarified that the November 2011 Council Document (GEF/C.41/10/Rev.1), which presented the safeguards policy to Council, provided that in cases when an existing Agency was out of compliance, it could agree to a time-bound action plan. The same paper provided that GEF Project Agency applicants would have a grace period during which they would be able to strengthen their systems in order to comply.

Agenda Item 16 Progress Report on the Pilot Accreditation of GEF Project Agencies

44. Council Members welcomed the newly accredited GEF Agencies – WWF-US and CI – and the unique expertise they bring to the GEF network. Many Council Members conveyed their countries' willingness to work with the new Project Agencies and expressed their expectation that more Agencies would be accredited soon. The GEF NGO Network representative emphasized the importance of having CSOs as GEF partners.

45. Some Council Members expressed concerns that the accreditation process has been lengthy and costly, while others noted that adherence to best international standards and the use of a rigorous and robust assessment methodology for reviews is critical to the credibility of the Pilot. Many Council Members agreed that accreditation procedures should not be changed mid-way through the Pilot. However, some members suggested that accreditation procedures could be streamlined and a certain degree of flexibility could be allowed to expedite the process.

46. The Secretariat responded that the first round of accreditation is expected to be completed by the end of 2014. The Secretariat also explained that the Panel is implementing the detailed safeguard standards approved by the Council, requiring applicants to produce evidence and documentation that they have the right policies in place, which requires a lot of work and time.

47. A Council Member commented that the progress report presented was short and results-oriented but needed more details, especially regarding problems encountered during the process

and what makes the process so challenging. It was pointed out that because this is a pilot the Council could learn from the experience and that there is value gathering lessons from the first round before embarking on a second. The Secretariat responded by saying that it would report on lessons learned.

48. Several Council Members raised the issue of a second round of accreditation. Some Council Members said that they should begin to discuss modalities for a second round before the first round is completed, otherwise the second round will be much delayed. However, others emphasized that the first round should be completed before beginning a second round. A Council Member noted that the GEF2020 paper does not address this issue and requested the Secretariat to clarify the long-term objective of the Pilot and the role of new GEF Agencies and the expansion of the partnership.

49. The GEF CEO emphasized the importance of not compromising the GEF standards as set at the beginning and stated that it would not be appropriate or productive to change the review process or the GEF standards mid-way through the Pilot. She pointed out that the Council already agreed to the December 2014 as the absolute deadline for completing accreditation, and requested the Council to allow the process to be completed. She also emphasized that the Council had already decided to consider a second round of accreditation only after the first round is complete and said that the Council should not reverse this decision made in June 2013.

Agenda Item 18 Work Program

50. The Council expressed its appreciation of the strong work program and how it was constituted and presented.

51. Council Members welcomed the timely responses provided by GEF Agencies and the Secretariat on the initial comments provided by several Council Members prior to the meeting. Council Members requested the Secretariat to continue this procedure, recognizing the value of the new system in addressing questions in a timely manner. The World Bank Executive Coordinator noted that the Council is requesting for more projects to be recirculated to the Council for review prior to CEO endorsement, possibly due to the pilot harmonization scheme. The World Bank indicated its openness to using an earlier milestone to share information.

52. One Council Member highlighted the need to strengthen the financial sustainability of projects in protected areas, citing the Seychelles project as a good example, and suggested that future projects should provide this information systematically.

53. A number of Council Members and the GEF NGO Network representative, indicated that they would be providing additional written comments to the Secretariat about work program issues within two weeks after the Council meeting.

54. Several Council Members expressed their support to the first project submission by WWF-US.

Agenda Item 20 Other Business

55. A Council Members raised the question of requirements related to co-financing of projects and requested a discussion of actual practices by the Agencies in this matter; requested flexibility on a case-by-case basis as each project has its own circumstances; and also asked for greater support from the Agencies in mobilizing co-financing given that the Agencies have access to sources that countries do not. Looking forward to GEF-6, a Council Member voiced opposition to the development of any concessional loan modality as there are many other institutions, such as the World Bank and regional development banks, which already provide these funding options. These views were supported by several Council Members.

56. One Council Member raised the issue of gender imbalance in the composition of the GEF Secretariat's senior staff, while acknowledging that overall the Secretariat showed approximately a 50/50 ratio. The Secretariat reported on improvements in the trend over the past years and that it would continue to pay close attention to the matter.

57. There were some questions on initial guidance for Enabling Activities for the Minamata Convention. The Secretariat requested that Council Members provide feedback on the document within the next 30 days, so that the Secretariat can distribute a revised document for Council review in early January.

58. Several Council members expressed recognition, admiration and appreciation for the contributions of Bonizella (Boni) Biagini and her untiring dedication to the development and growth of the GEF work on adaptation, specifically with the SPA, the LDCF and the SCCF.