

**HIGHLIGHTS OF THE COUNCIL'S DISCUSSIONS
54TH GEF COUNCIL MEETING
JUNE 24 - 26, 2018, DA NANG, VIET NAM**

The following is a record prepared by the GEF Secretariat of comments, understandings, and clarifications made by Council Members. These points are supplemental to the Joint Summary of the Chairs, which records the decisions agreed by the Council.

Agenda Item 1 Opening of the Meeting

1. The CEO and Chairperson of the GEF, Naoko Ishii, opened the 54th GEF Council meeting by thanking the Viet Nam government for hosting the 6th GEF Assembly in Da Nang. Noting the unprecedented challenges in the replenishment negotiations, Ishii commended everyone's tremendous support and hard work for the future of our planet and our next generations.
2. Reflecting on the GEF-6 innovative programs, namely, integrated approaches for cities, commodity supply chains, food security in Africa, sustainable landscapes in Amazon, Non-Grant Instrument, and Capacity Building Initiative for Transparency (CBIT); and the ambitious policy initiatives on gender, results framework, and project cycle efficiency, Ishii welcomed all participants to the GEF 6th Assembly to celebrate the monumental achievement and kick off GEF-7!

Agenda Item 4 Summary of the Negotiations of the Seventh Replenishment of the GEF Trust Fund

3. Council members welcomed the replenishment and commented on various aspects. Some expressed regret at a lower level than GEF-6 and expressed appreciation for those donors that had increased their contributions in national currencies. Emphasis was placed on the fact that the replenishment had been very positive under the circumstances and that the main issue was now to implement it successfully.

4. After the decision was adopted, one Council Member explained the Constituency position by indicating that its joining consensus on the language on climate change should not be taken as a change in its position on the Paris Agreement. The Council member recalled that its national contributions are voluntary and subject to legislative appropriation.

Agenda Item 5 GEF Gender Implementation Strategy

5. The Council welcomed the Secretariat’s commitment to further strengthen the gender equality in every aspect of the GEF operations.

6. A few Council members requested that a more practical approach be incorporated in the project cycle for the effective implementation of the gender strategy.

7. One Council member requested the Secretariat to continue to raise awareness and provide training to recipient countries as part of the Country Support Program.

Agenda Item 6 Updated Co-Financing Policy

8. Several Council members requested further clarification of the terms, ‘*investment mobilized*’ and ‘*recurrent expenditures*’. Noting the importance of consistent interpretation and application of this policy at the beginning of GEF-7, the Secretariat confirmed that the operational guidelines for the policy were being finalized in consultation with the Agencies, and that it would monitor the policy implementation and report back to the Council.

Agenda Item 7 Strengthening the GEF Partnership

9. A few Council members recalled the GEF-7 policy recommendation requesting the Secretariat to develop guidelines on Agencies’ comparative advantages. Some Council members expressed concern about the advisability of adopting a decision that was based on incomplete information. Nevertheless, the decision was adopted with a commitment to “present complete and up-to-date information on the GEF’s share of each Agency’s portfolio ... at the 55th Council meeting in the Fall of 2018.”

10. Several Council members noted the ownership in GEF projects of Operational Focal Points (OFPs) needs to be strengthened. To this effect, Agencies were strongly advised to engage the OFPs throughout the project cycle.

11. Several Council members expressed their preference to work with national agencies as implementing Agencies, and therefore, supported consideration of additional national agencies for accreditation as GEF Agencies.

Agenda Item 8 *Private Sector Advisory Group Terms of Reference*

12. Several Council members requested that the TOR and the selection criteria for the Advisory Group be further developed to ensure: (i) clarity of the Advisory Group’s mandate and its role in the programming approval process, (ii) regional and gender balance, (iii) the identification of the required skill sets and qualifications that the Advisory Group should possess, and (iv) understanding of the cost implications.

13. A few Council members proposed that the tourism sector be represented in the Advisory Group.

14. The decision was adopted after the document was amended on the basis of the comments.

Agenda Item 9 *Updating the System for Transparent Allocation of Resources (STAR)*

15. A few Council members inquired about the Country Performance Index (CPI). In response, the Secretariat explained that the CPI is based on the World Bank’s Country Policy and Institutional Assessment of which the data are publicly available only for a certain category of countries.

16. Council members had a lengthy discussion on the issue of flexibility and how it affected various countries. It was agreed that no country would have less flexibility than it had in GEF-6. The document was amended on this basis.

Agenda Item 10 *GEF Business Plan and Corporate Budget for FY19*

17. Council members discussed the possibility of reducing the Secretariat budget by a certain proportion (one proposal was 2%). The discussion made clear that the Secretariat had already introduced efficiencies and savings in its proposed budget, and that any further cuts would require reducing staff and/or cutting back on the tools the staff required to get the job done. It was recognized that this would negatively affect delivery and Council members indicated they did not wish to reduce the number of staff at the Secretariat. The budget was adopted with a commitment to keep a tight management of the budget.

Agenda Item 11 *Terms of Reference and Membership of the Working Group on Governance*

18. A Council member introduced this document, which received support from a number of Council members. The decision on ToRs was adopted and Council members were encouraged

to volunteer as members of the Working Group. The required number of volunteers was reached, and a second decision was adopted designating the members of the Working Group.

Agenda item 12 *Identification of Issues Related to Anti-Money Laundering and Combating the Financing of Terrorism*

19. Several Council members welcomed the report and highlighted the importance of having the highest standards for addressing AML-LFT across the GEF partnership. An updated policy on Minimum Fiduciary Standards will be considered at the next meeting.

Agenda Item 13 *Updated Results Architecture for GEF-7*

20. Council members welcomed the document. Several members requested that *marine plastics* be added as a sub-indicator. This was agreed.

21. One Council member considered that Annex 2, and the link it provided with the SDG indicators was not appropriate, while others felt that Annex 2 was desirable. The document was amended to remove paragraph 12, and Annex 2 was made into a separate information document.

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

22. The Chairperson of STAP gave a brief overview of the following papers: Integration; Environmental Security; Novel Entities; Learning; and Climate Risk Screening. She also informed that upcoming STAP work will focus on three core themes: Integration, Innovation, Learning.

23. Council members expressed appreciation for the work of STAP highlighting the relevance of many of STAP's recommendations.

24. One Council member asked who would be the partners for the proposed topics to which STAP answered that it would be working with the GEF Agencies and other institutions.

25. Another Council member stressed that STAP has an important role to play on evidence-based learning. STAP responded that better connections need to be made between across child projects and the overarching programmatic goal, and better linkage is also needed between the text of proposals (PIF) and the final project documents.

Agenda Item 15 *Semi-Annual Evaluation Report June 2018*

26. Several Council members addressed the issue of sustainability ratings of completed projects. They acknowledged the improvement in sustainability ratings for projects that were

approved in more recent replenishment periods, but affirmed that improving sustainability remains a focus.

27. A Council member asked why sustainability ratings of UNDP's full portfolio were excluded from the portfolio rating comparison. The IEO explained that sustainability ratings of the non-GEF portfolio of UNDP are not publicly available and that presenting the rating of their GEF portfolio would not have added to the analysis. Therefore, UNDP's full portfolio was excluded from the analysis. Several Council members wanted to know the reasons for higher sustainability ratings of UNEP's project portfolio compared to other Agencies and were interested in knowing whether GEF may draw some lessons from their experience. The IEO clarified that the difference may be due to the nature of their portfolio, measurement approach, and/or level of actual performance, and that to have a better understanding of this would require further study.

28. Two Council members expressed concerns over the low terminal evaluation submission rate for UNDP implemented GEF-3 MSPs. They urged the Secretariat to give attention to this low rate.

29. The Council appreciated the IEO's efforts to control its budget. One Council member wanted to know the extent to which the IEO has made savings due to the efficiency measures associated with the World Bank general capital increase. The IEO reported that this saving was US\$0.25 million.

Agenda Item 16 Relations with the Conventions and Other International Institutions

30. The Secretary of the Minamata Convention thanked the GEF for its support, for the replenishment amount and for the GOLD program.

31. Several Council members highlighted the need for coordination in the work carried out with the Conventions. In particular, the need for coordination between GEF and GCF was mentioned by several Council members.

Agenda Item 17 Work Program

32. Council members welcomed the priority given to the SIDS and LDCs and the balance among focal areas.

33. Some Council members expressed the need for more information on organization participating, on co financing, on transparency, on the role of NGO/CSOs and private sector engagement.

Agenda Item 18 *GEF Small Grants Programme: Implementation Arrangements for GEF-7*

34. Council members thanked the Secretariat for a very informative and comprehensive paper. Several Council members acknowledged the value of the GEF Small Grants Programme (SGP) and the role it plays in achieving the GEF's mission.

35. A number of Council members recognized that the programme has great impact both locally and globally and that it makes possible the financing of innovative actions taken by communities and civil society that can be replicated and scaled up in GEF programs and projects.

36. Some council members mentioned that the programme should be more integrated with other GEF projects and with the programming directions of GEF-7.

37. Several Council members representing recipient countries emphasized the importance of accessing STAR resources at the levels of GEF-6 to continue strengthening the programme. This was agreed and a change to this effect was introduced in the paper.

38. Council members requested that the SGP results framework conform to the results architecture of the GEF.

Agenda Item 19 *Country Support Program Implementation Arrangements for GEF-7*

39. In line with the emphasis on the private sector engagement in GEF-7, a few Council members requested the Country Support Program serve as the vehicle to engage the private sector.

40. Several Council members requested the Secretariat prioritize the National Dialogues to support recipient countries' GEF-7 programming at an early stage and to deploy sufficient CSP resources to respond to the immediate needs of recipient countries. They also suggested that the component on programming (National Dialogues) and the components on training (Workshops) be combined into one. The paper and the decision were adjusted accordingly.

Agenda Item 20. *Strengthening Consultations with Civil Society: Proposed Topic for Discussion at the Consultations of the 55th GEF Council Meeting*

41. Council members confirmed and noted the importance of the subject "Connecting Environmental Impact and Gender Equality", and asked the GEF Secretariat to reach out to gender experts and relevant civil society organizations and women's groups to participate in the Consultations at the 55th Council meeting.

Agenda Item 22. Membership of the Ethics Committee

42. The decision on new members of the Ethics Committee to replace vacancies was adopted without comment.

Agenda Item 23. Other Business

43. One Council member drew the attention of the Council to the fact that their allocation from GEF-5 and GEF-6 had not been used. In his view the reason was that it had been blocked by one of the donors. The Council member recalled they had submitted PIFs for two projects in January and February 2016, respectively. He stressed the country had not had a review from the Secretariat. He stated that they had requested \$1.5M from STAR for the SGP in February 2016 and received indication from UNDP that it had been confirmed only to be told later that this was not the case. Therefore, the Council member stated it did not want to see the GEF politically paralyzed.

44. One Council member noted its strong support for the CBIT and its mission to enhance transparency of reporting in developing countries. Due to administrative procedures within its Government it needed a short extension to the CBIT Trust Fund in order to finalize the transfer of a \$5M tranche of its pledged contribution to that Fund. The Council was therefore requested to decide an extension until October 31, 2018. The decision was supported and adopted.

45. Another Council member announced that it was in a position to increase its pledge to the GEF Trust Fund by 25% in USD terms as compared to its GEF-6 contribution. The Council expressed its appreciation and decided to reflect that fact in the *Summary of the Negotiations of the Seventh Replenishment of the GEF Trust Fund*.

46. The Secretariat recalled that the 55th GEF Council Meeting will take place on December 17-20 in Washington, DC and that the 56th GEF Council will be on June 3-6, 2019.

47. The Secretariat also proposed that the dates for the 57th GEF Council Meeting should December 9-12, 2019. The dates were approved.

48. One Council member requested that the dates for the 56th meeting be reconsidered since they coincide with the Eid celebrations. It was decided that new dates would be proposed in a decision by mail.