

**HIGHLIGHTS OF THE COUNCIL'S DISCUSSIONS  
57<sup>TH</sup> GEF COUNCIL MEETING  
DECEMBER 17-19, 2019, WASHINGTON D.C.**

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 57<sup>th</sup> GEF Council meeting

***Agenda Item 4      The GEF Monitoring Report 2019***

2. The Council welcomed the improved format of the 2019 Monitoring report, which provides stronger strategic portfolio analysis, with performance measures disaggregated by agency.
3. Some Council members underscored the importance of the progress made in meeting efficiency measures, especially in terms of project financial closure. They requested to take expedite action to accelerate progress in reducing the number of projects that have yet to reach financial closure after submitting terminal evaluations. They welcomed the Secretariat's commitment to work with agencies to this end.
4. Several Council members stressed that the report would benefit from further analysis on Programs and multi-focal area projects. Similarly, several council members also suggested that the Secretariat could look into better highlighting progress on efficiency matters.
5. A number of Council members appreciated the Secretariat's commitment to start reporting on actual achieved results along the GEF-7 core results indicators by the 59th Council meeting. They noted progress in achieving GEF-6 Global Environment Benefit targets.
6. A few Council members inquired about the intended use of the \$118 million USD that Agencies have returned to the Trustee as a result of the one-time cancellation of outstanding

programs approved between GEF-2 and GEF-5. The Secretariat confirmed, in line with discussions at the 55th Council meeting, that the cancelled funds would be made available for programming in GEF-7.

7. Several Council members noted the analysis of the Small Grants Programme (SGP) provided in the Report. They highlighted the SGP's valuable contribution and mandate. In response to comments, the Council asked to make available further information on financial management and resource distribution in line with SGP reporting requirements in the GEF Policy on Monitoring (GEF/C.56/03/Rev.01).

***Agency Item 5 Updated Policy on Minimum Fiduciary Standards***

8. Council members welcomed the updated Policy and expressed appreciation for the consultative process used during preparation. All Council members underscored the importance of strong fiduciary standards for the effective implementation of GEF projects and maintaining the strong reputation of the GEF Partnership.

9. While a few Council members suggested that the minimum standards should apply to Executing Entities in addition to the GEF Partner Agencies, members appreciated the provisions in the proposed Policy requiring careful due diligence and oversight of Executing Agencies by GEF Partner Agencies so that proposed executing entities have adequate fiduciary controls in place to manage GEF funds. Many Council members also confirmed the importance of a clear separation of functions between implementing and executing agency roles.

10. The legal counsel explained the origin and structure of the GEF partnership and that the minimum fiduciary standards were developed in order to assess new Partner Agencies in an effort to expand the partnership. She added that these minimum fiduciary standards are intended to be principles to be able to assess a Partner Agency's policies and procedures and that the GEF operates on the basis that the Partner Agencies use their own policies and procedures with respect to the use of GEF funds, including for misuse of funds. The legal counsel stated that World Bank's policies and procedures are used as a baseline for the minimum fiduciary standards and stressed that it would be beyond the Council's mission to step into the role of the Agency's governance framework, including in relation to operational, administrative and staff rules.

11. One Council member referred to recent public allegations of misuse of funds on a GEF project and sought assurances that information on such future cases would be made readily available to Council members. Council members appreciated the additional clarity on the roles and responsibilities of GEF Partner Agencies, the Trustee and the Secretariat in this regard set out paragraphs 37 – 39 of the document (added as a revision to the original document), and requested certain adjustments to the decision and policy text to further clarify and enhance procedures to report to Council in such cases. In response to these requests the Secretariat made adjustments to the document and also included references to co-financing as requested by a few Council members.

12. During the discussion, some Council Members expressed a desire to set up an Ad-Hoc Working Group of interested Council Members to produce draft terms of reference for an additional committee of the Council that will consider implementation and compliance matters relating to the updated Minimum Fiduciary Standards and to present it for Council decision at its next meeting.

13. Finally, Council noted with appreciation the revisions to the Updated Policy document and approved the revised Policy, with immediate effect.

**Agenda Item 6**                    ***Report on the Assessment of GEF Agencies' Compliance with Minimum Standards in the Polices on Environmental and Social Safeguards, Gender Equality, and Stakeholder Engagement***

14. The Secretariat introduced the report recalling previous policies decided by Council that already apply and mandate this report. The report addresses the gaps that have been found in 14 agencies and presents time-bound plans of action to address them, all of which have been validated. Updates will be presented at each Council and the Council will be informed when the targets have been met.

15. Council members welcomed the report and its value for further transparency. Some Council members expressed concern that 14 agencies were found to have gaps, that the time frame for compliance is excessive and that some of the standards are noticeably weaker. Other Council members sought assurance that the standards are implemented and what would be the consequence of non-implementation.

16. The Secretariat recalled that agencies require the approval of their respective governing bodies to make changes to their policies and this can take time. Therefore, they cannot commit to a specific date. Nevertheless, many agencies are already in process of updating safeguard policies and are trying to do it as quickly as possible. They will be reporting to the Council through the Secretariat and any consequence for non-compliance is in the hands of the Council. The report will include a new expert assessment.

**Agenda Item 7**                    ***GEF's Private Sector Engagement Strategy***

17. The Secretariat introduced the genesis of this strategy to take private sector engagement to a more strategic level and summarized its three pillars presenting it as a process rather than a static event. The PSAG has been a critical contributor to this strategy.

18. Helen Crowley (PSAG, Kering and Conservation International) shared the context of private sector sustainability efforts and the formation of the PSAG, composed of larger multi-nationals and smaller companies, as a dynamic group of private leaders who are passionate

about the GEF and how to contribute environmental benefits. She highlighted the key principles of the strategy and noted the rapid evolution in business that has led to a deeper understanding of the opportunities in enhancing sustainability and the “new nature economy.”

19. Many Council Members welcomed the strategy, expressed support for the approach and highlighted its strengths as well as areas where further development and improvements, including a detailed action plan, would be welcome before it could be adopted.

20. The Secretariat recognized the need for further consultation to bring broad constituencies on board. On substance, it heard the comments on gaps, vision, indicators, metrics, modalities and timelines recalling it is an engagement strategy, so more time is needed to sort out and articulate the expectations. The need for synergy with blended finance was also noted. The strategy will be redrafted including an implementation plan.

***Agenda Item 8            GEF’s Private Sector Engagement Strategy***

21. The STAP Chair presentation covered new science, tipping points, recent IPCC reports, as well as the ongoing work of STAP, including Impact programs, climate risk assessment and durability, plus early thoughts in the lead up to GEF-8.

22. Council members welcomed the report and expressed their high appreciation for its quality and its scope. They highlighted their recognition for the work of the STAP and made general comments on the topics raised by the report.

23. The STAP Chair replied by stating that STAP will work on fragile states; does screen every project for climate risk and puts forward the questions used to interrogate every PIF as standard practice. She added that the issue of risk appetite is for the Council to decide, especially in the lead up to GEF-8. She also stressed that several STAP members have familiarity with adaptation and social science, as well as strong connections to the social science community which is why STAP is prepared to work on behavioral science.

***Agenda Item 9            Semi-Annual Evaluation Report of the Independent Evaluation Office and Management Response***

24. The IEO presented to the Council the 2019 Semi-Annual Evaluation Report (SAER) which included an update on the work program and progress towards OPS7, a Knowledge Management Needs Assessment survey carried out by IEO, and an update on the peer review being carried out on the IEO. The IEO also presented the Council with a methodological approach to post-completion evaluations and a case study on the Yellow Sea. Council thanked the IEO for the SAER and welcomed the presentation on the proposed evaluation methodology.

25. The Council members noted the high ratings for utility and satisfaction with IEO evaluations reported in the knowledge management survey. One council member noted the finding that evaluation reports are used most by Secretariat staff of all stakeholders but this group records lowest satisfaction. The Council member requested that the Secretariat and CEO consider how IEO products are used in institutional learning; this would be a valuable improvement in the way the institutions within GEF work with each other.

26. One Council member noted the tight timeline for delivering OPS7 and wanted to ensure that IEO had enough resources to deliver. IEO clarified that it has adequate budget and resources to deliver OPS7 on schedule, and that it plans to integrate the new post completion evaluations into ongoing or planned thematic evaluations. The continued importance of cross cutting issues such as private sector engagement, gender, fragility and resilience was also noted.

27. Another Council member requested the IEO conduct a workshop for southern cone countries to provide more information on the evaluation process, timelines, and the new post-completion methodologies.

***Agenda Item 10      The Strategic Country Cluster Evaluation of the Small Island Developing States***

28. The IEO presented the Small Island Developing States (SIDS) evaluation. The evaluation was based on 10 country visits and review of 286 projects and found evidence of overall effective GEF project implementation in SIDS. Regional projects were found to have more satisfactory project outcomes and more likely to be sustainable than individual country projects. The evaluation also noted that integrated thematic approaches were successful and that GEF has been giving increased attention to cross-cutting issues such as gender, resilience, and private sector engagement.

29. The evaluation was well-received by several council members although concern was expressed that SIDS projects had lower rates of projects achieving satisfactory outcomes and being rated as less likely to be sustainable relative to the overall GEF portfolio. Several Council members supported the recommendation to diversify the Agencies working in SIDS since 86% of the projects were implemented by only three Agencies. Council members also showed support for the recommendation to continue using integrated thematic approaches to projects in SIDS.

30. Council members representing constituencies including SIDS applauded the overall positive findings of the evaluation which reaffirm the benefits of the partnership between SIDS and the GEF. However, it was noted that SIDS are very heterogenous and therefore it is difficult to apply the conclusions broadly. In addition, one Council member noted that the conclusions

were quite general and lacked specific actionable items. The IEO responded that the Council is the policy-making body within the GEF partnership and is therefore responsible for turning IEO recommendations into actionable policies.

***Agenda Item 11      A Methodological Approach for Post Completion Verification: November 2019***

31. The proposed post-completion evaluation methodology was very well received by Council members. There were many questions on the budget required to carry out this work. Additional questions from Council members focused on limitations of the methodology, selection criteria, and extent to which these evaluations will be used were posed by multiple Council members. Council members also requested clarity on who would be carrying out the post-completion work—the IEO or the Agencies—and how the results would be reported.

32. The Council was pleased to see the continued use of remote sensing and GIS in the proposed methodology but noted the importance of including qualitative methods not measurable by remote sensing to ensure that beneficiary feedback is reflected (including whether projects had differentiated impacts on women, indigenous peoples, and local communities).

33. IEO clarified its preference to use the term post-completion evaluation (not verification) because the planned activities include a broad objective assessment, rather than validation of terminal evaluation findings. In response to concerns about the budget for post-completion evaluations, IEO assured Council members that these would not incur additional costs, because they would be carried out as part of field work for planned evaluations and therefore covered by approved budget allocations.

***Agenda Item 12      Work Program for GEF Trust Fund***

34. The Secretariat highlighted the main characteristics of the work program, including that it amounts to about 15% of total GEF-7 resources, shows strong sectoral integration, includes the Sustainable Cities IP, a second call for FOLUR IP and showcases the first NGI projects. The high coverage of results indicators was also stressed.

35. Council members welcomed the work program and positively noted the further roll out of the Impact Programs. Council members appreciated the level of co-financing and private sector participation.

36. Council members were happy to note the geographical balance and broad agency participation in the work program.

37. Some Council members requested that focal points be informed of NGI projects in their countries. Others requested Agencies to share with them Secretariat comments on projects in order to contribute to the responses.

38. Some Council members appreciated the work of the Secretariat in providing upstream assistance to countries in identifying projects for early programming of resources.

**Agenda Item 13      *Towards Greater Durability of GEF Investments***

39. The Secretariat introduced the issue of durability or sustainability and highlighted that it had begun with a paper from IEO in 2017 followed by one from the Secretariat and another one from STAP. The current document identifies the determinants of durability by having a portfolio assessment, learning from Agency experience and from academic research. The paper identifies the elements of theory of change, stakeholder processes and involvement and adaptive learning. It looks at how these are being done and how they can be done better, including some examples. The policies adopted in recent Councils are providing support to these elements. The paper concludes that the GEF is working in this direction and that more can be done.

40. The Council welcomed the paper and its recommendations. Several Council members expressed interest in the practical application of these elements in the projects. Other aspects highlighted by the Council included country ownership, the involvement of CSOs, monitoring the durability, and the linkage to transformational change. The participation of the private sector was brought forward by various Council members as highly relevant to durability.

41. The Secretariat recalled that all the partnership is involved and paying attention to this issue so the way to put this into practice will be to review projects against these elements carefully. There is a need to make sure stakeholders are an integral part of the process. This topic can also be a part of the GEF-8 replenishment discussions. The Secretariat stressed the value of a theory of change that is flexible and can adjust over time based on the knowledge acquired. Durability can be assessed several years after the project has ended; but following the execution closely and learning from how the project evolves is also key to attaining durability.

**Agenda Item 14      *Relations with the Conventions and Other International Institutions***

42. The Council welcomed the report on the Relations with the Convention and Other International Institutions. The Council also welcomed presentations made by the Executive Secretaries of the UN Convention on Biological Diversity (CBD) and of the Minamata Convention on Mercury. The Co-chair of the Open-ended Intersessional Working Group on the Post-2020

Global Biodiversity Framework provided an update on the intersessional process towards the upcoming CBD Conference of the Parties.

43. Many Council members appreciated the efforts by the GEF to enhance collaboration and synergy with the Conventions and relevant international institutions, especially with the Green Climate Fund.

44. Other issues included the need for the GEF to support countries in a transition to the post-2020 Global Biodiversity Framework; to continue engagement with the Montreal Protocol; and to maintain strong links with guidance from Conventions. Acknowledging the various milestone events in 2020 related to Conventions that the GEF serves, some Council members asked how the GEF Secretariat intends to be engaged.

45. Some Council members requested the GEF Secretariat to streamline support for the new reporting modalities and transparency regime under the UNFCCC Paris Agreement as well as continued support for the Capacity-Building Initiative for Transparency. Some Council members sought additional information on collaboration with the Stockholm Convention on plastic marine litter and others called for more focus on the Stockholm Convention related activities.

46. The Secretariat of the Montreal Protocol presented its ongoing work and reported on collaboration with the GEF Secretariat. A representative of the Civil Society Organization commented on the report and on the need to support civil society participation in Convention meetings.

47. The GEF CEO expressed her appreciation to the outgoing Executive Secretary of the Minamata Convention Mercury on her work and leadership during her tenure, echoing comments of gratitude expressed by several Council members.

***Agenda Item 15      Approval of Amendment of the Memorandum of Understanding between the Conference of the Parties Serving as the Meetings of the Parties to the Kyoto Protocol and the Council of the Global Environment Facility regarding Secretariat Services to the Adaptation Fund Board***

48. The Council had no objections to the amendment to the Memorandum of Understanding between the Conference of the Parties Serving as the Meetings of the Parties to the Kyoto Protocol and the Council of the Global Environment Facility Regarding Secretariat Services to the Adaptation Fund Board.

**Agenda Item 16      *Strengthening Consultations with Civil Society: Proposed Topics for Discussion at the Consultations of the 58<sup>th</sup> and 59<sup>th</sup> GEF Council Meetings***

49. The Secretariat presented two topics to be addressed in subsequent Council meetings for consideration: a) The Application of Traditional Knowledge by Indigenous Peoples and Local Communities, Stewards of the Global Environment to be discussed at the 58<sup>th</sup> Council meeting in June 2020; and b) Enhancing Climate Resilience and the Role of Civil Society, Local Communities and Indigenous Peoples to be discussed at the 59<sup>th</sup> Council meeting in December 2020.

50. Several Council members supported the two topics, emphasizing the importance of both traditional knowledge and the participation of indigenous peoples and local communities, and the issue of resilience to climate change to enhance the sustainability of GEF projects.

51. Council members recognized the value of the GEF Consultations with civil society and requested the Secretariat to organize the agenda in such a way as to minimize having parallel competing events to facilitate the attendance of Council members. The CSO Network supported the choice of topics selected and invited all Council members to participate more actively in the Consultations and to engage private sector and other high-level public sector participants.