

**GEF Council Meeting (May 5-7, 1999)**  
**Notes on Agenda Item 9: Work Program\***

**Date and Time: Thursday, May 6, 1999**  
**Start Time: 9:25 a.m End Time: 12:30 noon**

**Summary**

The recommended Council Decision contained in GEF/C.13/8 was adopted by Council with the following change proposed by Council Members who requested for additional reviews to be undertaken prior to approval/endorsement, and who requested official recording of objections for certain projects.

The following projects will be distributed to Council Members for comment:

- (1) Bolivia: Sustainability of the National System of Protected Areas (WB);
- (2) Ethiopia: Conservation and Sustainable Use of Medicinal Plants (WB);
- (3) Malawi: Barrier Removal to Malawi Renewable Energy;
- (4) Malaysia: Conservation and Sustainable Use of Tropical Peat Swamp Forest and Associated Wetland Ecosystems (UNDP);
- (5) Regional: Mekong River Basin Water Utilization Program (WB); and
- (6) Morocco: Market Development for Solar Water Heaters (UNDP).

As noted in para. 14 of the *Joint Summary of the Chairs* (May 10, 1999), "Council requests the Secretariat to arrange for Council Members to receive project documents and within four weeks transmit to the CEO any concerns that they may have prior to the CEO endorsing a project document for final approval by the Implementing Agency. Such projects may be reviewed at a further Council meeting at the request of at least four Council Members."

The following projects received "recorded objections" based on "a country's national policy," and "in light of national legislation regarding its country's voting position for development projects financed by certain development institutions:" (*Joint Summary of the Chairs*, May 10, 1999, p. 10)

- (1) India: Conservation and Sustainable Use of the Gulf of Mannar (UNDP);
- (2) Global: Removal of Barriers to the Effective Implementation of Ballast Water Control and Management Measures in Developing Countries (UNDP); and
- (3) Regional: Demonstration of Innovative Approaches to the Rehabilitation of the Heavily Contaminated Bays in the Wider Caribbean (UNDP/UNEP).

The project, Regional: Reversing Degradation Trends in the South China Sea (UNEP), was withdrawn from the work program due to lack of endorsement from one of the project's participating countries.

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\* Note Taker: Chona Cruz

The follow-up actions requested by Council Members regarding specific projects are summarized in the table below.

<b>Focal Area/ Country</b>	<b>Description of Requested Follow-up Activities</b>	<b>Constituency Requesting Follow-up</b>
Bio/Bolivia	<ul style="list-style-type: none"> <li>• To ensure sustainability, and recognizing that this is a second phase (from the pilot) project, to “look at the trust fund component carefully and that it is indispensable to have a legal framework in place,” and thus, a “guarantee that there would be some legal reforms;” (Switzerland)</li> <li>• To include mechanisms for “monitoring the trust fund component;” (Pakistan);</li> </ul>	Switzerland, Pakistan
Bio/Ethiopia	<ul style="list-style-type: none"> <li>• To include in the project document “a mechanism for resolving in a systematic way equitable sharing from medicinal plants;” (Germany);</li> <li>• To look at effects of medicinal plants on human health and to “explore involvement of more scientists;” (Pakistan);</li> <li>• To indicate work on “more target beneficiaries, especially women; and to include gender analysis;” (Canada);</li> <li>• USA requested review of the project document prior to approval/endorsement, “not because of any questionable issues or problems, but because of the innovativeness of the project;”</li> </ul>	Germany, Pakistan, Canada, USA
Bio/India	<ul style="list-style-type: none"> <li>• Japan noted that this project cannot be supported due to the foreign policy of “non-agreement with nuclear testing;”</li> <li>• USA also could not support this project on the grounds of foreign policy;</li> </ul>	Japan, USA
Bio/Malaysia	<ul style="list-style-type: none"> <li>• To follow-up “resettlement and its impacts on the project;” and “to make use of existing World Bank guidelines on resettlement;” requested review of project document prior to approval/endorsement;</li> </ul>	USA
Cc/Philippines	<ul style="list-style-type: none"> <li>• To provide more information on “possible cost savings from the project in terms of energy efficiency and scales;” (Germany);</li> <li>• To include discussion of “possible replication issues;” (USA)</li> </ul>	Germany; USA
Cc/Malawi	<ul style="list-style-type: none"> <li>• To address the issues of “lack of institutional base, which questions the long-term sustainability of the project;”</li> </ul>	Canada
Cc/Morocco	<ul style="list-style-type: none"> <li>• To provide clarification on the solar thermal power plant, which has large funding, but also “indicates an imbalance compared to other (energy) programs;” (Korea);</li> <li>• To ensure that “proper environmental impact assessments</li> </ul>	Korea, Pakistan, Switzerland, France

	<p>(EIAs) are conducted in the project;” (Pakistan);</p> <ul style="list-style-type: none"> <li>• To recognize that the solar technologies are new and “there are many unknowns” and needs more “clarification on project justification due to the high subsidy for solar power;” (Switzerland, France);</li> <li>• Switzerland and France requested review of project document prior to approval/endorsement;</li> </ul>	
Iw/Georgia	<ul style="list-style-type: none"> <li>• The delegate from USA remarked that this project had “remote ties with international waters” and wanted “justification regarding the specific GEF intervention window proposed in the project;”</li> </ul>	USA
Iw/Global (Ballast Water)	<ul style="list-style-type: none"> <li>• USA could not support this project on the grounds of foreign policy;</li> </ul>	USA
Iw/Wider Caribbean	<ul style="list-style-type: none"> <li>• USA could not support this project on the grounds of foreign policy;</li> <li>• The representative from Colombia queried whether the project had a “legal binding annex related to MARPOL, or if this project was meant to engage in a separate, or parallel, inter-governmental process;”</li> </ul>	USA, Colombia
Iw/Mekong River	<ul style="list-style-type: none"> <li>• To formulate “rules on water use and technical capacity, as these relate to (project) sustainability;” (Canada);</li> <li>• To consider this project as a “high risk” especially in terms of the “capacity of the Mekong River Commission (in) dealing with water management and monitoring;” (USA);</li> <li>• USA requested review of the project document prior to approval/endorsement;</li> </ul>	Canada; USA
Oz/Russia	<ul style="list-style-type: none"> <li>• To ensure that “substances chosen in terms of GHG reduction are appropriate,” and to “use other technologies with hydrocarbons,” and to “recognize that the status of the economy in Russia may prove to be a hindrance to the project;” (Switzerland)</li> <li>• Switzerland requested for review of the project document prior to approval/endorsement, but this request was questioned by the Council representatives from the U.K., Denmark, and Finland;</li> <li>• The representative from Russia noted that this was the largest ozone depletion project and that government adopted a special resolution on further reducing ODS and will provide GEF with a copy of this resolution and endorsement letter;</li> <li>• Montreal Protocol Secretariat responded by highlighting that “Russia accounts for 15% of world production of ODS and that the substitutes are relatively climate safe;”</li> </ul>	Switzerland, U.K., Denmark, Finland, Russia

## **Presentation by Mr. K. King, GEF:**

A summary of the issues raised in the Cover Note was made by Mr. King, providing the views and descriptions of projects on behalf of the Secretariat and the Implementing Agencies. It was stressed that: (a) this work program is the first under the expedited processing of projects; (b) it is the largest work program in terms of number of projects and GEF allocation; and (c) it provides an opportunity for “collating experiences in the processing of projects.”

The title of the Cover Note needs to reflect that it is a Work Program. Two projects were clarified: (a) the UNEP Iw South China Sea project was withdrawn from the work program due to lack of a country endorsement from one of the participating countries in the project; and (b) the Malaysia Bio project “caused some confusion, and it is emphasized that there is no resettlement within project boundaries,” and that there would be no GEF funding to support logging, and instead, the project would “provide improved decision making in the management of peat swamps.”

Additionally, it was noted that there was variability in the “degree of preparedness of project proposals,” and that an inter-IA workshop was initiated to “clarify project review criteria, strengthen upstream consultations, and improve pipeline management.”

## **General Comments**

Council Members expressed satisfaction with the presentation of the Cover Note and its usefulness in summarizing the key issues for Council consideration. The general comments on the work program are noted below.

(a) ***On the Cover Note*** – The representative from Finland suggested that “perhaps in the next Cover Note, the Secretariat may highlight actions for follow-up in a separate table or annex.” The delegates from USA and Italy said that “disclosure of problems and shortfalls in projects should also be made in the summaries,” (Italy) including the “good track record of projects” (USA). The representative from Malaysia said “that some issues raised in the Cover Note were really non-issues and that the IAs should be involved in the write-up of project summaries.” The delegate from Denmark observed that the Cover Note is important “in light of the large volume of (project) materials which were difficult to read.”

(b) ***On the Volume of the Work Program*** – Several Council Members took note of the large volume (in number and size of GEF allocation) of the current work program (Kenya, USA, Finland, Italy, Malaysia). However, the delegates from the USA, Italy, and Malaysia cautioned that the large-size volume should not be a “hindrance to promoting project quality” and to recognize that the problem of “slow processing of projects” still exists and needs to be addressed. Further, the representative from France observed that the volume of the work program is “not, by relative standards, really that large, and to note that last year was unusually unproductive for the GEF,” and that projects previously submitted tended “not to be up to scratch,” and had “an unbalanced distribution of projects by focal area and region.”

The delegate from the USA wanted “more transparency and information early in the process regarding project pipelines,” and that this should consist of information useful to stakeholders who may want to submit similar or parallel projects. Such a pipeline “should be updated at least one Council meeting before inclusion in the work program, including information on OPs and funding requirements.” Further, it was observed that “the seemingly excessive growth in the work program may be consistent with the 15% steady growth in financing which is the norm for GEF.”

Mr. El-Ashry, in responding to comments on the large-size work program, said that “credit for the work program really goes to the IAs.”

(c) ***On Some Operational Issues*** – There were several comments on specific operations related issues. These are outlined below.

- ***Decline in co-financing.*** Concerns were raised about the declining pattern of co-financing, and as noted in the Cover Note, specifically the lower co-financing from the U.N. agencies (USA, U.K., Finland, Denmark, Italy). Co-financing at the country level is the “strongest indicator of project success” (USA, Denmark). The IAs should look at the “constraints to co-financing” (USA, U.K., Finland). The representative from Colombia asked if “GEF had a broader definition of leveraging, as noted in para. 36 of the Cover Note,” and what such a definition implied regarding “effects on defining action plans of projects.”
- ***Need for more inter-IA collaboration.*** There were encouraging statements about the progress made towards inter-IA collaboration (Italy, Germany, Samoa). The importance of collaboration is especially needed in the small island developing states (SIDS), and as noted in para. 10 of the Cover Note, to determine how such collaboration can be replicated in regional projects (Samoa). The NGOs added that collaboration should also focus on “co-management arrangements and partnerships” and “encourages the GEF to expand cooperation in the field of renewable energy, possibly in partnership with the WB.” The IAs gave examples of collaboration, such as the Memorandum of Agreement between UNDP and UNEP in developing a pipeline of projects for land degradation (R. Asenjo, UNDP); the collaboration of 22 countries in Africa for regional and subregional action plans for desertification (A. Djoghla, UNEP); and the World Bank collaboration with IFAD on land degradation (L. Vidaeus, WB).
- ***Defining the executing arrangements.*** The delegate from the USA observed the increasing number of projects executed by UNOPS, a concern raised in light of the “call for diversifying executing arrangements.” R. Asenjo (UNDP) replied that 60% of projects in the current work program are nationally executed, and the rest are executed by other U.N. agencies, with some co-executed by NGOs.
- ***Better project preparation.*** The delegates from Korea and the USA sought clarification regarding the need for better prepared proposals, and whether the projects were indeed “premature in (for) submission.” L. Vidaeus (WB) replied that it was not a case of “less preparedness,” but added that Council may want to consider at what stage a project should be included in the work program. Mr. El-Ashry said that this issue was resolved a while ago, and that it would be a “balance between project concept stage and full project development,” so that

- Council inputs can be made at “a strategic point in the process of project development, and not too early, nor too late.”
- **Concerns about project financing and sustainability.** The delegate from Germany stressed the need for addressing “problems related to recurrent costs, including trust funds, donors, etc” and to continue to monitor lessons learned.
  - **Low disbursement rates.** The representative from Kenya observed the low rates of disbursements of project funds and “wanted GEF to look into this issue.”
  - **Clarification on research projects.** The delegate from France wanted a “clarification on the processing of research projects.” Mr. King said that there was a system in place for review of research projects, with an added review by the Research Committee for targeted research projects. The Committee is chaired by STAP.
  - **Call for speedy simplification of incremental costs.** The NGOs reiterated overwhelming public demand for a speedy issuance of “simplified incremental cost guidelines,” especially as these relate to medium-sized projects (MSPs).
  - **Call for rapid disbursements in enabling activities.** The NGOs wanted further consideration of new or additional support to follow-up of enabling activities, and to rapid disbursements of funds, especially since these activities “directly supported capacity building.”

## Land Degradation

Fourteen Council Members<sup>1</sup> commented on the absence of projects in the current work program that deal directly with land degradation. This reflects a “clear imbalance in the development of the portfolio, despite efforts in the past (such as the May 1997 workshop) where specific projects have already been identified, and despite follow-up in relation to the CCD” (Kenya, Antigua and Barbuda, Cote D’Ivoire). It was questioned whether such imbalance was due to lack of capacities in-country to develop land degradation projects (Iran, NGOs). Further, the delegates from Iran and Algeria wanted GEF “to identify the obstacles or constraints” and to coordinate with STAP and IFAD on a proactive approach to developing more projects.” These delegates also noted that land degradation issues are not “geographically limited to Africa.”

A comprehensive approach to land degradation was suggested by the delegates from Antigua and Barbuda, Italy, and Algeria. The representative from Italy said that defining the scope of land degradation was a key concern of government and in fact Italian funding was earmarked for organizing a workshop sometime in June of this year for STAP to take the lead in consolidating views towards a “comprehensive approach to land degradation.” L. Vidaeus (WB) added that an action program on land degradation was being implemented by the Bank in Africa, and “a brainstorming session will be organized in June of this year in collaboration with IFAD.” A. Djoghlaflaf (UNEP) said that several project concepts were submitted to the GEF Secretariat and this pipeline of projects have already been reviewed jointly with UNDP. UNEP has “some agreement with 22 countries in Africa on development of regional and sub-regional action plans on land degradation.”

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<sup>1</sup> Kenya, Finland, U.K., Germany, Iran, Denmark, Canada, Korea, USA, Antigua and Barbuda, Italy, Algeria, Cote D’Ivoire, Korea

Mr. El-Ashry responded by reminding Council Members that land degradation projects are under preparation and the pace follows the “cycle of normal ups and downs of the IAs.” This does not mean that less priority is given to such an important global issue, and that, in fact, “land degradation was pushed to a higher level of commitment at the Heads of Agencies meeting, with a special focus on Sub-Saharan Africa.” GEF plays a facilitating role in the CCD, and “that whatever projects may be funded by GEF would only be a part of a much broader development effort and program on land degradation.”

### **Shortfall in Climate Change Projects**

Eight Council Members (Finland, Korea, U.K., Germany, Russia, Italy, France, Samoa) and the NGOs noted para. 33 of the Cover Note regarding the shortfall in climate change projects. There was concern about identifying the constraints to expanding the climate change portfolio, and as the delegates from France and the U.K. observed, specifically in the area of renewable energy. The representatives from Italy, U.K., and Germany wanted “GEF to provide Council an idea of the climate change pipeline, including types of projects, expected funding, etc.” In light of being “more pro-active” with projects, Germany and France wanted “GEF to coordinate closely with the UNFCCC Secretariat in identifying projects.”

The delegates from France and Germany encouraged GEF to “renew partnerships with the World Bank” and “to show flexibility in defining the baseline and the increment (cost) in projects.” The NGOs suggested that aside from partnerships which may include the private sector, the problem of a shortfall in projects may be due to “barriers or constraints such as fuel prices and the economic crisis.”

Regarding the balance of the climate change projects in the work program, the delegate from Korea said that there is “too much focus on solar and renewable energy, but there may also be a need to look at energy efficiency such as cogeneration and power/fuel switching.” Additionally, it was emphasized that the climate change program should “not concentrate solely on GHG reduction as an end goal by itself but also target even small improvements in recipient country energy efficiencies which may result in some win-win strategies.”

L. Vidaeus (WB) responded by clarifying the Bank’s energy lending as “moving from projects to more policy and sectoral reforms,” and informed Council Members that there is in fact “a declining trend in the Bank’s energy lending portfolio.” However, it was emphasized that the Bank’s energy program, despite such a pattern, “continues to be robust with a pipeline of 32 projects estimated at a cost of over \$460 million.” There is a paper prepared by the Bank which outlines the issues, including the constraints to expanding the energy portfolio. These constraints include “in-country events which delayed, or worked against, developing more energy projects, such as the financial crises and oil prices.”

## **Biodiversity Priorities**

On the biodiversity projects, it was observed that there should “be more focus on sustainable use versus conservation” (Korea, Denmark, Finland) and “to specifically include issues related to benefit sharing” (Denmark). The representative from France said that the projects “focused too much on protected areas and that for purposes of *durable* management there should also be a focus on conservation outside of protected areas.”

The NGOs made three suggestions regarding further development of the GEF’s biodiversity portfolio. First, benefit sharing needs to be emphasized as a form of “barrier removal” to destructive uses of resources. Second, projects should be “prioritized towards the megadiversity countries.” And third, there should be “more projects that support enhanced management of areas with indigenous groups.”

## **Public Involvement:**

It was noted by the representative from Cote D’Ivoire that local stakeholders are involved in projects in their country. The representative from Germany noted that participation of local institutions, especially in addressing recurrent costs, is important for project sustainability. The delegates from Canada, USA, and Switzerland mentioned the importance of ensuring stakeholder participation, in particular, at the community level. The USA representative noted that participation of indigenous groups was significant.

The NGOs emphasized the role of participation of non-governmental institutions, especially at the community level, and suggested targeted activities to support the needs of indigenous groups. In this light, the NGOs stressed the potentials of expanding medium sized projects and expressed support for the UNDP small grants program.