

Global Environment Facility
GEF/C.8/13
October 15, 1996

JOINT SUMMARY OF THE CHAIRS

GEF COUNCIL MEETING OCTOBER 8 - 10, 1996

OPENING OF THE MEETING

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

ELECTION OF CHAIRPERSON

2. The Council elected Mr. David Turner, the Member representing the constituency of the United Kingdom, as its elected Chairperson.

ADOPTION OF THE AGENDA

3. The Council adopted the provisional agenda set forth in document GEF/C.8/1/Rev.1, with the addition of agenda item 14, *Principles for GEF Financing of Targeted Research*.

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

4.. Statements were made to the Council by Mr. Calestous Juma, Executive Secretary, Convention on Biological Diversity and Mr. Michael Zammit Cutajar, Executive Secretary, United Nations Framework Convention on Climate Change. Messrs. Juma and Zammit Cutajar responded to questions from the Members.

5. The Chairman of STAP, Dr. Pier Vellinga, also made a general statement to the Council and responded to questions from the Members.

6. The Council requested the Secretariat, in consultation with the Implementing Agencies and STAP, to prepare for Council review at its next meeting recommendations concerning follow-up actions to the report of the STAP expert workshop on land degradation (Dakar, Senegal, September 18 - 20, 1996).

7. The Council requested the Secretariat to prepare for Council review at its next meeting an issues paper addressing the experience of the Implementing Agencies in incorporating the work of STAP in their activities, follow-up to the work undertaken to date, and plans for publication and dissemination of STAP's work.

8. The GEF CEO informed the Council that, as part of the efforts to streamline the project cycle, agreement had been reached in principle with the Executive Coordinators of the Implementing Agencies on operational procedures to facilitate and expedite consultation and coordination among the Secretariat, the Implementing Agencies, STAP and the Convention Secretariats with regard to project identification and preparation. The detailed procedures to implement the agreed approach are still to be worked out. The Council requested the CEO to keep it informed of the procedures that are agreed with all interested parties and which the Council will consider as necessary.

DECISIONS OF THE COUNCIL

9. The decisions approved by the Council are appended to this summary. The following explanatory notes highlight some of the Council discussions.

Agenda Item 5 Work program

10. In reviewing the work program, the following policy points were raised:

(a) The Council expressed disappointment at the unsuccessful effort to approve a work program by mail in accordance with its decision last April. The Council agreed to abide by its earlier decision whereby the agreed procedures for approval of GEF work programs would be applied on a one year pilot basis, and that it would evaluate the effectiveness of those procedures at its meeting next May. The Council reconfirmed that projects that raise significant policy issues should not be included in work programs transmitted for approval by mail.

(b) The Council confirmed the principle that additional GEF financing for new phases of projects should not be approved until an evaluation has been made by the relevant Implementing Agency of the activities already financed.

(c) Several Council Members expressed concern over the financing of incremental benefits (negative incremental costs). It was suggested that in cases of incremental benefits the GEF might more appropriately provide a loan as opposed to a grant. For that reason, the Secretariat is requested to prepare a short note revisiting the financial modalities issues of this matter. For the time being, there is a need for justification on a case-by-case basis including an explanation as to why financing could not be mobilized from sources other than the GEF.

(d) The Secretariat was requested to further develop the cover note to the work program so as to help structure and guide the Council's discussion on the policy issues raised by the projects presented in the work program, including the issue of mainstreaming of the GEF in the agencies' work.

(e) With regard to projects proposals that include GEF-financing for funds/trust funds, the Council requested the Secretariat to ensure that the sub-projects developed under such

funds would be consistent with the GEF operational strategy and policies, including the incremental costs approach.

(f) The Secretariat and the Implementing Agencies were requested to continue its efforts to apply the logical framework approach to project proposals so as to include monitoring and evaluation plans, performance indicators and outputs in each project proposal.

(g) The Implementing Agencies were requested to consider the absorptive capacity of recipient countries when developing projects and to provide information addressing this issue in the project proposal.

(h) One Council Member, in light of national legislation regarding his country's voting position for development projects financed by certain development institutions, opposed the proposed Supply-side Energy Efficiency and Energy Conservation Planning Project in Syria. Several Council Members noted that the Council Member's position should not distract from the high quality of the project and its consistency with the GEF policies and operational strategy.

Agenda Item 7 Business Plan for FY98 - FY00

11. The Council noted that the figures given in the business plan for allocating resources beyond those available in the present replenishment cycle can only be viewed as planning figures given by the GEF Secretariat and the Implementing Agencies and that these do not prejudice the next replenishment of the GEF Trust Fund in any way.

12. It was noted that the business plan should maintain flexibility within the allocation of resources so as to enable the GEF to respond to unforeseen challenges.

13. The Council requested that future business plans strive to complement the planning assumptions with a description of strategic goals in the allocation of GEF resources and include targets for co-financing.

14. In preparing the budget for FY98, staffing implications for preparing and implementing medium-sized projects in accordance with the expedited procedures should be taken into account.

15. The Council noted its concern over the level of funds proposed for biodiversity activities in the business plan, and it requested the Secretariat and the Implementing Agencies to ensure appropriate financing over time.

Agenda Item 8 Medium-sized projects

16. The proposal for expediting procedures for the approval of medium-sized projects was welcomed, particularly in light of the guidance provided by the Conference of the Parties to the Convention on Biological Diversity as well as the expectation that many medium-sized projects will address the biodiversity focal area. In reviewing the proposal

for the preparation and approval of medium-sized projects, the following points were highlighted:

- (a) All GEF-financed projects should be country-driven and based on national priorities. This will be ensured through the participation of the national operational focal points. The Implementing Agencies and the Secretariat were encouraged to work with the national focal points in developing procedures and criteria for the review and endorsement of project ideas and proposals;
- (b) All GEF-financed projects should ensure a participatory approach to project development and implementation;
- (c) Project preparation financing should be included in the total costs, which in the case of medium-sized projects should not exceed US\$1 million in GEF financing;
- (d) Project documents should be made publicly available;
- (e) The approved expedited procedures should be widely disseminated; and
- (f) The need for co-financing.

Agenda Item 9 Relations with conventions

17. The Council welcomed the cooperation that had occurred between the Secretariat of the Convention on Biological Diversity and the GEF Secretariat in preparing a revised Memorandum of Understanding between the Conference of the Parties to the Convention and the GEF Council. In view of the fact that the Council had not received the revised text of the Memorandum prior to its meeting because the two Secretariats only completed their consultations the previous week, the Council was unable to discuss the text. The Council looks forward to consideration of the proposed Memorandum of Understanding by the Conference of the Parties and to approving the Memorandum after its approval by the Parties at their third meeting in November 1996.

Agenda Item 11 GEF Voluntary Fund

18. Some Council Members expressed reservations with regard to the financing of NGO consultations totally through the administrative budget.

Agenda Item 14 Principles for GEF Financing of Targeted Research

19. The Council stressed that the highest priority for GEF financing is to be given to project activities in recipient countries. Targeted research should be integrated with the project activities of the GEF and should be consistent with the GEF operational programs and convention guidance. Research components funded by the GEF should primarily involve experts and institutions from recipient countries.

Agenda Item 15 Other business

20. The CEO distributed a proposal for facilitating the process of preparing national communications under the Framework Convention on Climate Change and national reports and strategies under the Convention on Biological Diversity that had been prepared by the Secretariat in collaboration with the two Convention Secretariats. The Council requested the CEO, in collaboration with the Convention Secretariats and the Implementing Agencies, to elaborate this proposal further, including additional information as to how the proposal relates to on-going activities and a detailed budget, and to circulate the revised proposal for Council's review and approval by mail.

21. Ambassador Robert Ryan, Special Advisor, Interim Secretariat of the Convention to Combat Desertification, briefed the Council on discussions and conclusions of

the Convention's Intergovernmental Negotiating Committee.

22. The CEO briefed the Council on plans for the next replenishment which he proposed be similar to those followed for the first replenishment. The process will be launched by an informal meeting in early 1997 (the exact dates still to be determined).

CLOSURE OF THE MEETING

23. The meeting was closed by the Chairs on October 10, 1996.

**APPENDIX TO CHAIRS' JOINT SUMMARY
COUNCIL DECISIONS**

Decision on Agenda Item 5 Work Program

1. The Council reviewed the proposed work program presented in Document GEF/C.8/3, and approves it. The Council requests the Implementing Agencies to develop the approved projects further, taking into account the comments raised by the Council and any subsequent written comments submitted by Members. Members are requested to submit their comments to the Secretariat by October 31, 1996.

2. Recognizing the general principle that additional financing for the continuation or further development of projects that have already received GEF-financing will not be approved unless the Council has received an evaluation of the project and the activities already financed by the GEF, the Council agrees that the international waters projects for the Black Sea and the Danube River Basin, and the multi-focal area project for Small and Medium Scale Enterprises should not be submitted for CEO endorsement until an evaluation of previous GEF-financed activities has been completed. The evaluation is to be submitted together with the proposed final project document, and the CEO should include the evaluation when he circulates the proposed project document to the Council.

3. The Council requests the Secretariat to prepare an issues note for its consideration on trust funds, including information on the lessons that are emerging from the funds that have been financed by the GEF.

Decision on Agenda Item 6 Monitoring and Evaluation

4. The Council reviewed document GEF/C.8/4 and approves the work program and budget presented therein for the GEF monitoring, evaluation and dissemination program, subject to the comments raised by the Council and any written comments submitted by Members. Members are requested to submit their comments to the Secretariat by October 31, 1996. The Secretariat is requested to circulate for Council's information at its next meeting the revised text of document GEF/C.8/4.

5. The Council requests the Secretariat to use the comments made during the meeting together with the written comments received to revise the current paper and to prepare, in consultation with the Secretariat, the Implementing Agencies and STAP, a paper describing supplemental activities that may complement the approved work program. This paper should clarify the specific role of STAP in the monitoring and evaluation activities.

Decision on Agenda Item 7 GEF Corporate Business Plan FY98 - FY00

6. The Council reviewed document GEF/C.8/6, *GEF Corporate Business Plan FY98 - FY00*. The Council requests the Secretariat and the Implementing Agencies to take into account its comments on the business plan when preparing the proposed FY98 budget for approval by the Council at its meeting in May 1997. The Council further requests the Secretariat to continue to work with the Implementing Agencies to develop and apply the improved costs accounting approach for preparing the FY98 budget.

Decision on Agenda Item 8 Proposal for Medium-sized Projects

7. The Council reviewed document GEF/C.8/5, *Proposal for Medium-sized Projects*, and approves a proposal based on that presented in the document for the preparation, approval and implementation of medium-sized projects on the following understandings:

(a) STAP should review the project proposals on a selective basis;

(b) Monitoring and evaluation criteria and indicators should be included in the project proposals;

(c) Flexibility should be provided in the time allocated to the national operational focal points to endorse in writing any project ideas in step 1 of the procedures;

(d) The implementation of these procedures, and their effectiveness, will be reviewed by the Council in 1998, and thereafter, the Secretariat will prepare an annual analytical report on medium-sized projects for review by the Council;

- (e) Administration of the procedures should be cost effective; and
- (f) The need for co-financing of medium-sized projects.

8. The Council agrees that medium-sized projects will be approved as follows:

The Council delegates to the CEO/Chairman of the GEF responsibility for approving project proposals that do not request more than \$750,000 of GEF-financing. Medium-sized proposals requesting more than \$750,000 in financing will be included in the first proposed work program subsequent to the recommendation of the Secretariat to be considered for approval by the Council. In approving project proposals, the CEO will specifically confirm that the proposal is consistent with the operational strategy and other GEF requirements. The CEO will not disburse any funds beyond normal PDF funding for a 15 day period during which time the Council Members will have an opportunity to review the project.

9. The Secretariat is requested to convene a task force, as described in paragraph 31 of the document, to facilitate the early application of these procedures. The task force will also consider plans of the Implementing Agencies to expedite their procedures, including those concerning procurement and disbursements, with a view to promoting rapid and efficient execution of projects. The Secretariat is also requested to prepare an analytical assessment of the procedures and their effectiveness in promoting the approval and implementation of medium-sized projects for review by the Council at its first regular meeting in 1998.

Decision on Agenda Item 9 Relations with Conventions

10. The Council, having reviewed document GEF/C.8/9, *Relations with Conventions*, takes note with appreciation of the collaborative efforts that have been made by the secretariats of the conventions and the GEF to build an effective working relationship. The Council takes note of the decisions of the second session of the Conference of the Parties to the UN Framework Convention on Climate Change and the early initiatives of the Secretariat and Implementing Agencies to respond to those decisions. The Council also notes the steps that have been agreed upon to ensure the rapid preparation, approval and implementation of enabling activities and medium-sized projects, and urges the Secretariat and the Implementing Agencies to seek every opportunity to expedite the work of the GEF in recipient countries, and in particular, in carrying out enabling activities. The Council confirms that enabling activities in the climate change area are to be implemented in line with the new guidance of the Conference of the Parties concerning national communications of non-Annex I Parties. The Council, recognizing that each Convention is to undertake a review of the effectiveness of its financial mechanism in 1997, requests the Secretariat to collaborate, as appropriate, with each Convention in its review and to keep the Council apprised of the review process. Council Members and GEF Participants are encouraged to participate fully in the review process to be undertaken by the Conventions.

Decision on Agenda Item 10 Report of the GEF to the COP of the CBD

11. The Council reviewed the draft Report of the GEF to the third meeting of the Conference of the Parties to the Convention on Biological Diversity. Finding that the report responds to the reporting guidance of the Conference of the Parties, the Council approves the report subject to comments made at the meeting. The Council requests the Secretariat to prepare the report for submission to the third meeting of the Conference of the Parties in November 1996, taking into account the comments made by Council Members.

Decision on Agenda Item 11 GEF Voluntary Fund

12. The Council reviewed the experience with the GEF Voluntary Fund over the past twelve months described in Document GEF/C.8/11. Recognizing the valuable contribution to the work of the Council provided by the NGO Consultations, the Council agrees that the GEF administrative budget be used to finance the costs of two NGO consultations in connection with the regular Council meetings. The remaining funds, as well as additional contributions to, the Voluntary Fund should be used to finance the costs of GEF-related regional consultations to be convened in recipient countries. Voluntary contributions to the fund are encouraged, including from NGOs, in order to demonstrate continued partnership and to enhance the cost effectiveness of GEF administrative budgets.

Decision on Agenda Item 12 Note on GEF Assembly

13. The Council welcomes with appreciation and accepts the offer of the Government and people of India to host the first GEF Assembly. The Council agrees that the Assembly will be convened in the spring of 1998, preferably in conjunction with the regular meeting of the Council. The Council requests the Secretariat to prepare a note on the scope and format of the Assembly, taking into account the Council's discussions. The note is to be circulated for comment to the Council and all GEF Participants by the end of November. On the basis of the comments received, the Secretariat will prepare a proposal for review by the Council at its next meeting.

Decision on Agenda Item 13 Draft Annual Report FY96

14. The Council reviewed the draft Annual Report covering the activities of the GEF during FY96, document GEF/C.8/8, and approves it, subject to any factual corrections that may be submitted by Council Members by October 31, 1996. The Council requests the Secretariat to finalize and distribute the document.

Decision on Agenda Item 14 Principles for GEF Financing of Targeted Research

15. The Council reviewed document GEF/C.8/12 and commented upon the proposed principles. Council Members are requested to submit written comments on the document to the Secretariat within three weeks. STAP is requested to prepare, in consultation with

the Secretariat and the Implementing Agencies, a revised document on the basis of the written comments received as well as those made during the meeting. The Council will consider a revised document together with the intersessional work program
