



**JOINT SUMMARY OF THE CHAIRS  
GEF COUNCIL MEETING  
MAY 9-11, 2001**

**OPENING OF THE MEETING**

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

**ELECTION OF A CHAIRPERSON**

2. The Council elected Mr. Jairo Montoya, the Member representing Brazil, Colombia and Ecuador, as its elected Co-Chair.

**ADOPTION OF THE AGENDA**

3. The Council approved the provisional agenda set forth in document GEF/C.17/1.

**REPORT ON DELIBERATIONS FOR REPLENISHMENT OF GEF TRUST FUND**

4. The CEO reported to the Council on the deliberations of the meeting on the third replenishment of the GEF Trust Fund that was held on May 7, 2001, in Washington, D.C. The Summary of the Co-Chairs of the meeting was made available to the Council.

5. One Council Member noted that the GEF had evolved to such a point that it was now facing the situation in which there was the potential to have more project proposals prepared than could be financed with the available resources. The Council Member requested the Secretariat to prepare a note, for consideration by the Council at a future meeting as well as in the context of the replenishment discussions, on procedures for prioritization and allocation of resources, with due regard to not promoting such allocations as entitlements.

**STATEMENT BY THE CHAIR OF STAP**

6. The Chair of STAP, Dr. Madhav Gadgil, reported on STAP's work program and the progress that had been made since the last Council meeting. Dr. Gadgil also responded to questions from the Council Members.

7. The representative of UNEP, noting that the term of the current STAP expires in June 2002, informed the Council that the Executive Director of UNEP had initiated the process of identifying candidates to serve on the next STAP. He noted that UNEP would prepare an information document for the Council's meeting in December 2001 on the process for the reconstitution of STAP.

**STATEMENTS ON BEHALF OF THE CONVENTION ON BIOLOGICAL DIVERSITY, THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE, AND THE UNITED NATIONS CONVENTION TO COMBAT DESERTIFICATION**

8. Statements were made to the Council by Mr. Michael Zammit Cutajar, Executive Secretary, United Nations Framework Convention on Climate Change, Mr. Hamdallah Zedan, Executive Secretary, Convention on Biological Diversity, and Mr. Hama Arba Diallo, Executive Secretary, United Nations Convention to Combat Desertification. The representatives of the convention secretariats responded to questions from the Council Members.

**DECISIONS OF THE COUNCIL**

9. The Council approved the following decisions.

*Decision on Agenda Item 6(b) Council review of relations with Conventions*

10. The Council, having reviewed document GEF/C.17/3, *Relations with Conventions*, takes note of the developments of relevance to the GEF within the various international environmental agreements and GEF action taken to respond to the decisions of the Conferences of the Parties.

*Decision on Agenda Item 6(c) Guidelines for Initial Enabling Activities related to the Stockholm Convention on Persistent Organic Pollutants*

11. The Council, having reviewed document GEF/C.17/4, *Initial Guidelines for Enabling Activities of the Stockholm Convention on Persistent Organic Pollutants*, approves, subject to the comments made at the Council meeting, the initial guidelines as an early response for assisting developing countries and countries with economies in transition to implement measures to fulfill their obligations under the Convention. The Council agrees to the country eligibility criteria, the eligible activities and their sequencing, and the expedited procedures for processing proposals for GEF assistance. The Council requests the GEF Secretariat to undertake efforts to inform recipient countries of the availability of this assistance, including through the appropriate dissemination of relevant information at the Diplomatic Conference that will be held in Stockholm in May 2001 for the adoption of the Convention.

*Decision on Agenda Item 6(d) Options for enhancing support of GEF in assisting affected countries, especially those in Africa, to implement the CCD*

12. The Council, having reviewed document GEF/C.17/5, *Options to Enhance GEF Support for the Implementation of the UN Convention to Combat Desertification*, agrees that the designation of land degradation (desertification and deforestation) as a GEF focal area should be pursued as a means for enhancing GEF support for the successful implementation of the UN Convention to Combat Desertification (CCD). The Council requests the Secretariat, in collaboration with the Implementing Agencies, appropriate executing agencies, the Secretariat and the Global Mechanism of the CCD, to prepare a more detailed note elaborating upon the modalities for such designation for consideration at the Council meeting in December 2001. The note should also address the steps necessary for preparing an amendment to the Instrument for approval at the second GEF Assembly in October 2002.

*Decision on Agenda Item 7 Elements of strategic collaboration and a framework for GEF action for capacity building for the global environment*

13. The Council, having reviewed document GEF/C.17/6/Rev.1:
- (a) takes note of the proposed strategic elements and framework for GEF action to guide a more focused, strategic approach to capacity building for the global environment;
  - (b) requests the GEF Secretariat to present the proposed strategic elements and the framework to the Conference of the Parties to the Convention on Biological Diversity, the UN Framework Convention on Climate Change and the UN Convention to Combat Desertification and to consult with them on the proposed strategic elements and framework for GEF action;
  - (c) requests the GEF Secretariat, in collaboration with the Implementing Agencies and Executing Agencies, to initiate processes so that the self assessment of capacity building needs can begin immediately in countries that request such assistance. The Council agrees that country requests for financial assistance up to US\$200,000 should be developed, approved and implemented through expedited procedures and further agrees that such requests may be approved by the CEO. For countries requesting financial resources beyond US\$200,000 the project proposal should be developed, approved and implemented in accordance with the GEF project cycle. The GEF Secretariat is invited, in collaboration with the Implementing Agencies and Executing Agencies, to prepare and widely disseminate guidelines to assist countries to prepare project proposals for such assistance;
  - (d) requests the GEF Secretariat to consult with intergovernmental and non-governmental organizations participating in capacity building activities related to the global environment

and sustainable development on the proposed strategic elements and framework for GEF action; and

- (e) requests the GEF Secretariat to present to the Council at its meeting in April 2002 revised strategic elements and framework for GEF action that take into account the views expressed by the Conferences of the Parties and others consulted pursuant to this decision as well as lessons emerging from the national assessments.

*Decision on Agenda Item 8 Work Program submitted for Council approval*

14. The Council reviewed the proposed Work Program submitted to Council in document GEF/C.17/7 and approves it<sup>1</sup> subject to comments made during the Council meeting and additional comments that may be submitted to the Secretariat by May 25, 2001.

15. The Council finds that, with the exception of:

- (a) Ecuador: National Protected Areas System,
- (b) Cambodia: Renewable Energy Promotion,
- (c) China: Renewable Energy Scale up Program
- (d) China: Demonstration of Fuel Cell Bus Commercialization in China, and
- (e) India: Fuel Cell Bus Development in India

each project presented to it as part of the Work Program (i) is or would be consistent with the Instrument and GEF policies and procedures and (ii) may be endorsed by the CEO for final approval by the Implementing Agency, provided that the CEO circulates to the Council Members, prior to endorsement, draft final project documents fully incorporating the Council's comments on the work program accompanied by a satisfactory explanation by the CEO of how such comments and comments of the STAP reviewer have been addressed and a confirmation by the CEO that the project continues to be consistent with the Instrument and GEF policies and procedures.

16. With respect to the projects listed in the paragraph above, the Council requests the Secretariat to arrange for Council Members to receive draft final project documents and transmit to the CEO within four weeks any concerns 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.

17. The Council, having reviewed the re-submitted project, *Regional (Albania, FYR Macedonia): Balkan Energy Efficiency Program*, approves it and requests the Secretariat to arrange for Council Members to receive the draft final project document and to transmit to the CEO within four weeks any concerns they may have prior to the CEO endorsing the project document for final approval by IFC.

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<sup>1</sup> One Council Member, in light of national legislation regarding its country's voting position for development projects financed by certain development institutions, did not support the project proposals *India: Conservation and Sustainable Management of Dryland Biodiversity*, and *India: Fuel Cell Bus Development in India*.

The project may be reviewed at a further Council meeting at the request of at least four Council Members.

*Decision on Agenda Item 9 Monitoring and Evaluation*

18. The GEF Council reviewed the *2000 Project Performance Report* (GEF/C.17/8) and supports the conclusions of the review, subject to the comments made at the meeting. The Council stressed in particular that the GEF should identify and monitor more systematically the risks to project success as well as the creation of framework conditions for project implementation. The Council also underlined the importance of promoting demonstration and replication effect of GEF projects.

*Decision on Agenda Item 10 CEO note on GEF activities related to the World Summit on Sustainable Development*

19. The Council, having reviewed the *CEO Note on GEF Activities related to the World Summit on Sustainable Development*, document GEF/C.17/9, notes the significance of the World Summit to be held in Johannesburg, South Africa, in September 2002, and welcomes the proposals of the CEO aimed at ensuring that the GEF makes an important contribution to the preparations and deliberations of the Summit. The Council fully supports the active participation of the GEF in the Summit and its preparations, and approves the proposed budget to cover the costs of this special initiative. The budget of US\$1,398,918 should be included in the FY02 corporate budget of the GEF Secretariat. The CEO is invited to seek, in a spirit of partnership, the collaboration and contributions of the GEF family and other appropriate organizations and entities in organizing events leading to the World Summit, and is further encouraged to seek bilateral and other contributions to assist in offsetting the cost to the GEF corporate budget.

*Decision on Agenda Item 11 Note on the second GEF Assembly*

20. The Council reiterated its sincere appreciation for the generous offer of the Government of China to host the second GEF Assembly in Beijing in October 2002. The Council approves the organization and structure of the Assembly proposed in the *Note on the Second GEF Assembly*, document GEF/C.17/10, subject to the comments made at the meeting. In this regard, the Council also approves the proposed budget of \$265,500 for FY02 to continue preparations for the Assembly and requests that these costs be incorporated in the GEF Secretariat's corporate budget for FY02. The Council also takes note of the tentative estimate of costs to be incurred in FY03 for the convening of the Assembly and requests the Secretariat to include these costs in the corporate budget for FY03 to be submitted for approval by the Council at its meeting in April 2002.

*Decision on Agenda Item 12 FY02 corporate budget*

21. The Council reviewed document GEF/C.17/11, *GEF FY02 Corporate Budget*, and approves the proposed FY02 corporate budget of \$22.272 million, subject to the comments made during the Council meeting, comprising:

- (a) an amount of \$20.019 million for the resource requirements of the six GEF units (the three Implementing Agencies, GEF Secretariat; Trustee and the Scientific and Technical Advisory Panel) in the provision of corporate management services; and
- (b) an amount of \$2.253 million to support the proposed special initiatives of (i) the Second GEF Assembly; (ii) the World Summit on Sustainable Development; and (iii) the final phase of the Country-Level Coordination and Country Ownership of GEF-Financed Activities.

*Decision on Agenda Item 13 Mechanisms and arrangements for expediting disbursements of GEF funds to small projects*

22. The Council, having reviewed document GEF/C.17/12, *Mechanisms and Arrangements for Expediting Disbursement of Funds for Small Projects*, welcomes the reports of the Implementing Agencies on steps that they have undertaken to streamline the processing and implementation of projects and disbursement of funds. The Council approves the procedures proposed in the document to expedite the disbursement of the first tranche of GEF financing for PDF grants, enabling activities and medium-sized projects. The Council requests the GEF Secretariat to work with the Implementing and Executing Agencies acting under expanded opportunities to prepare standard legal agreements that address project start up activities and to ensure that procedures are in place in each agency that will allow the timely release of start up funds for such projects and that promote maintenance of financial accountability together with decentralized financial management of funds at the country level.

*Decision on Agenda Item 14 Criteria for the expansion of opportunities for executing agencies*

23. The Council reviewed document GEF/C.17/13, *Criteria for the Expansion of Opportunities for Executing Agencies*. The Council approves, taking into account the comments made at the meeting, the criteria proposed for the selection of executing agencies that may participate in the expanded opportunities approved by Council in May 1999 and as further defined by the Council in November 2000. On the basis of these criteria, the Council approves the selection of the International Fund for Agriculture and Development (IFAD) and requests the Secretariat to make the necessary legal and procedural arrangements with IFAD.

## HIGHLIGHTS OF COUNCIL'S DISCUSSIONS

24. The following comments, understandings and clarification were made during the Council's discussions of its agenda items and related decision.

*Agenda Item 6(c) Guidelines for Initial Enabling Activities related to the Stockholm Convention on Persistent Organic Pollutants*

25. James B. Willis, Director, UNEP Chemicals, briefed the meeting on the conclusions of the negotiations on the Stockholm Convention on Persistent Organic Pollutants and preparations for the Diplomatic Conference that will be held in Stockholm later in the month at which the Convention will be opened for signature. Mr. Willis welcomed the Council's approval of the Guidelines for Initial Enabling Activities related to the Stockholm Convention which were elaborated in collaboration with the UNEP Chemicals office.

26. The Council reaffirmed the need for a quick start on providing GEF assistance to countries to fulfill their commitments to the Stockholm Convention on Persistent Organic Pollutants. To implement such a quick start, Council agreed to provide expedited enabling activities and approved the initial guidelines for these enabling activities. Council further noted that at the Meeting in May 2000, they had approved the expansion of opportunities to FAO and UNIDO specifically because of their comparative advantage in the area of persistent organic pollutants and their consequent ability to help countries with the quick start on these activities. Consistent with these decisions, Council therefore approved, until further review, the direct access of FAO and UNIDO to GEF resources for expedited enabling activities on persistent organic pollutants, up to the limit of \$500,000 specified in the initial guidelines.

27. Council requested the Secretariat and the Trustee to prepare appropriate legal instruments for the approval of such expedited enabling activities and for the transfer of the allocations and associated standard fees to FAO and UNIDO.

28. The Council fully supported initiation of activities to assist countries to prepare for the entry into force of the Convention and agreed that the focus should be on the preparation of national implementation plans concerning the twelve priority substances listed in the Convention.

29. One Council Member suggested that consideration be given to addressing issues concerning POPs in the wider contexts of Chemicals, including coordination with related conventions.

30. In operationalizing the enabling activities for the Stockholm Convention, the Secretariat and the Implementing and Executing Agencies should incorporate the lessons learned from GEF experience in financing enabling activities for other conventions, particularly drawing upon the evaluations that have been undertaken of those activities. Projects will need to be adapted to the circumstances of each country and should be integrated into the development strategy of the country.

31. With regard to eligibility, consideration should be given to Article 13, paragraph 5, of the Convention.

*Agenda Item 6(d) Options to Enhance GEF Support for the Implementation of the United Nations Convention to Combat Desertification*

32. The Council expressed strong support for strengthening the efforts of the GEF to finance activities addressing land degradation (desertification and deforestation), and it agreed that these efforts should be enhanced while continuing the pursuit of the designation of land degradation as a focal area of the GEF. The Council fully recognized that the issue of land degradation is integral to the pursuit of sustainable development and poverty alleviation and synergies amongst the global environmental conventions.

33. The Council took note that 105 countries have prepared national reports on the status of implementation of the Convention to Combat Desertification and 34 national action programs to combat desertification have been finalized by affected country Parties.

34. The Council noted that GEF activities to address land degradation need to be integrated with national development policies and national planning. The paper to be prepared for the next Council meeting should explore, *inter alia*, how GEF assistance can produce maximum impacts on the ground while leading to global environmental benefits.

*Agenda Item 7 Results of the Capacity Development Initiative*

35. The Council emphasized the importance of promoting cross convention synergies in capacity building activities in order to promote efficiency and quality. In this respect, the Secretariat was requested to clarify how the proposed framework for GEF action could lead to better coordination amongst the enabling activities for the conventions as well as the link between the proposals for capacity building and the evolving work on a programmatic approach.

36. The proposed elements of strategic collaboration and the framework for GEF action for capacity building for the global environment should more explicitly take into account the integration of GEF capacity building activities into broader sustainable development strategies.

37. Flexibility was encouraged with regard to the design of decentralized programs at the country level to allow for regional approaches where countries agree that such an approach would be beneficial.

38. The Council requested the GEF Secretariat to initiate implementation of the actions called for in its decision as early as possible, using the resources in the Secretariat corporate budget. It was agreed that the Secretariat would submit to the Council at its December meeting a request for the resources required to carry out the Council's decision.

*Agenda Item 8                      Work Program*

39. With regard to the project, *Regional: Development of National Implementation Plans for the Management of Persistent Organic Pollutants*, the Council agreed that countries that are not among the 12 pilot countries to be assisted through the project can request financing from the GEF for the development of their National Implementation Plans for POPs management, in accordance with the Initial Guidelines for Enabling Activities for the Stockholm Convention on POPs, utilizing one of the Implementing or Executing Agencies.

40. With regard to the focal area of ozone layer depletion, the Secretariat was requested to prepare a paper on the potential costs and operational implications of a commitment to provide funding to the countries with economies in transition for the replacement of HCFCs and methyl bromide and related substance in accordance with the stipulations of the Montreal Protocol for consideration at the Council meeting in December as well as in the discussions on the third replenishment of the GEF Trust Fund.

41. The Secretariat was requested to prepare, for consideration at the next Council meeting, a note on co-financing of GEF projects. The note should review co-financing policies that are already in place and should highlight issues that need to be clarified or addressed. In preparing the paper, the Secretariat is requested to take into account the practices of the Multilateral Development Banks with regard to co-financing.

42. The Secretariat was requested to explore with the Implementing Agencies the development of a uniform project format that would provide information on the matters of concern to the Council as a way of streamlining the project documentation to be reviewed.

43. The Council expressed concern about the approval of project funding in phases, particularly with regard to the sustainability of such projects and the implied contingent liability for future financing. The Council noted that it would like to have an overview of the entire project and an indication of the entire budget expectations when approving the first phase of financing.

44. It was suggested that it would be useful for the work program cover note to include information on the average cost of projects in each focal area as well as an indication of the annual growth rate of the work program and data on private sector involvement.

*Agenda Item 9                      Monitoring and Evaluation*

45. The Council agreed that the Secretariat should work with the Implementing Agencies to develop more clear and detailed criteria for project review with a view to better harmonizing project implementation reviews and making them realistic and more comparable between the agencies. The Secretariat and Implementing Agencies should explore providing better incentives for staff to report more fully the internal and external problems and risks to project success.

46. The Council underlined the need to build capacity to help countries to develop policies and strategies to deal with global environmental challenges and not just capacity to meet the requirements of the conventions.

47. The Council emphasized that attention should be given to ensuring that lessons learned are disseminated widely and incorporated in project activities by the countries and the Implementing and Executing Agencies and to developing procedures for restructuring projects that are under-performing.

48. Concern was expressed about delays between Council approval of project proposals and disbursement of project funds to the project beneficiaries. The Council noted that there is still room for improvement in expediting the processing and implementation of projects, and requested that this continued to be monitored.

49. It was agreed that continued attention should be given to the development of indicators of project impacts and more well defined baselines.

*Agenda Item 10      CEO Note on GEF Activities related to the World Summit  
on Sustainable Development*

50. The Council agreed that the objective of GEF activities related to the WSSD should be to inform a wide audience about the achievements of the GEF, present lessons learned that are valuable for future action and look beyond WSSD to the contribution that the GEF could make to the achievement of global environmental benefits within the context of sustainable development.

51. In carrying out the proposed activities, the Secretariat is requested to collaborate with the Implementing Agencies, the Secretariat for the World Summit, the Conventions, and other interested partners, and to integrate the proposed activities into the preparatory process for the Summit and at the Summit itself.

52. The GEF Secretariat was requested to keep the Council informed of the activities being undertaken pursuant to the Note and to solicit the participation of the Council whenever possible.

53. The CEO was requested to continue to strengthen his outreach efforts and consultations with country representatives in New York.

*Agenda Item 11      Second GEF Assembly*

54. The Council agreed that the document proposed in paragraph 5(a) concerning recommendations on matters before the Assembly, to be prepared by the Council, could include recommendations concerning the designation of POPs and Land Degradation (desertification and deforestation) as GEF focal areas as well as policy recommendations arising from the third replenishment of the GEF Trust Fund and the World Summit on Sustainable Development.

*Agenda Item 12      FY02 corporate budget*

55. The Council requested that more detailed information be given in the corporate budget so as to provide more transparency and to demonstrate operational efficiency. In this regard, it was agreed that the Secretariat would prepare for the Council meeting in December a more detailed breakdown of the FY02 corporate budget. This would provide the Council with an opportunity to review the more detailed presentation and to provide guidance to the Secretariat for the preparation of the FY03 corporate budget.

*Agenda Item 13      Mechanisms and arrangements for expediting disbursements of GEF funds to small projects*

56. The Council welcomed the proposed steps and further comments to expedite disbursement of project financing while maintaining financial accountability as this was an important demonstration of responsiveness to the concerns expressed in the Conference of the Parties to the Conventions and a number of recipient countries.

*Agenda Item 14      Expanded opportunities for executing agencies, including criteria for the expansion of such opportunities to other agencies*

57. The Council welcomed the inclusion of IFAD as an executing agency that may participate in the expanded opportunities, recognizing that its participation will strengthen GEF's ability to develop and implement projects, particularly in the area of address land degradation.

58. With regard to the criteria developed for the selection of executing agencies, the Council requested the Secretariat to further elaborate the criteria regarding complementarity in line with previous Council decisions and to present them to the next Council meeting.

59. It was noted that while executing agencies are primarily invited to participate in expanded opportunities due to their comparative advantage and expertise with regard to a specified focal area and that this should remain the primary focus of its activities, an agency would not be precluded from developing projects in other areas when there is a GEF business need and such agency possesses a comparative advantage and demonstrates a core commitment to the area. This would be considered on a case by case basis.

60. The Council supported the proposal in the paper that the participation of the executing agencies be regularly reviewed and the results of such review be included in the GEF corporate business plan. The overall institutional strategy of the GEF in drawing on the comparative advantages of all its partner agencies should also be elaborated upon in the corporate business plan.

61. The Council noted that the expansion in executing agencies participating in expanded opportunities would require increased coordination of the Implementing and Executing Agencies.

62. The Council confirmed that the same fee system for implementing GEF projects that applies to the Implementing Agencies would apply to the executing agencies participating in expanded opportunities. As agreed at the Council meeting in November 2000, there should be no additional fee when an Implementing Agency and Executing Agency are collaborating on a project. In this regard, the Council noted its earlier decision calling for a review of the fee based system at its meeting in April 2002.

63. The Council requested the Secretariat to prepare a paper for consideration at the next Council meeting, as well as at the next replenishment meeting, on the overall structure, processes and procedures of the GEF, taking into consideration the findings and conclusions of OPS2.

64. Council requested the Secretariat to prepare a report for its next meeting on the operational modalities, and any inconsistencies and complexities, of the GEF experience with the executing agencies acting under the policy of expanded opportunities. This report would

- (a) cover experience with the PDFs and projects approved by that time, including any enabling activities they have executed in the field of persistent organic pollutants;
- (b) further elaborate on the agreed criteria for the selection of executing agencies under expanded opportunities (namely: strategic match, capacity, and complementarity) in the light of the comments made at the meeting on document GEF/C.17/13; and
- (c) describe the experience in applying the fee system to executing agencies, noting that a full review of the fee system will be available to Council in April 2002.

*Agenda Item 15      Other business*

65. The Secretariat was requested to include in the information that it currently makes available on commitment and disbursement of GEF resources annual information on procurement on a country basis.

**CLOSURE OF THE MEETING**

66. The meeting was closed by the Chairs on May 11, 2001.