

December 22, 2017

**HIGHLIGHTS OF THE COUNCIL'S DISCUSSIONS
53RD GEF COUNCIL MEETING
NOVEMBER 28-30, 2017, 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 53rd GEF Council meeting by affirming the GEF's commitment and highlighting the progress made toward the Paris Agreement and the SDGs. Responding to the sobering news -- record high carbon dioxide level measured at Mauna Loa Observatory and the devastating effect of deforestation all around the world, Ishii noted the recent achievements led by the GEF together with the GEF family, such as the CoP meeting for UNCCD where the GEF announced its support for the Land Degradation Neutrality (LND) Fund; the historic COP1 for newly ratified Minamata COP; and the Climate COP23 where the GEF announced its contribution for the Climate Resilience and Adaptation Finance and Technology Transfer Facility (CRAFT) and the GEF received new sets of pledges for the LDCF.

2. Ishii stated that the world is paying greater attention to the power of soil, forest and ecosystems. She reflected on her recent visit to Bhutan for the launch of Bhutan for Life, an incredible story of the landlocked mountainous country for their vision and stewardship of nature and people. Ishii commended Bhutan's leadership and commitment which empowered various stakeholders from the public and private sectors, NGOs, GEF and GCF to come together toward the shared vision. As the GEF is about to enter into the new replenishment cycle, Ishii shared the vision of the GEF: driver focused approach, integration and strategic partnership.

Agenda Item 4 Policy on Gender Equality

3. The Council welcomed and commended the new Policy on Gender Equality and strongly supported its approval.

4. Many Council members supported the “do good” approach, and emphasized the importance of empowering women. They welcomed the proactive approach to gender mainstreaming, the mandatory gender analysis at the design and approval stage, and the strong focus on results, including sex-disaggregated indicators.

5. Many Council members noted the need to operationalize the Policy, and acknowledged the important role that the forthcoming guidelines, action plan and strategy will play in this regard. They further stressed that building capacity within the Secretariat and among the GEF partnership to ensure the effective implementation of the Policy, is essential.

Agenda Item 5 Policy on Stakeholder Engagement

6. The Council welcomed the updated Policy on Stakeholder Engagement as a positive move to increase transparency and fully engage stakeholders throughout the program and project cycle.

7. Some Council members expressed their appreciation with the mandatory nature of agency requirements and the need to monitor and report on the Policy implementation. They also emphasized the important role of recipient country governments in the effective engagement of stakeholders in GEF programs and projects, particularly in upstream consultations and the need to allocate resources to ensure proper engagement.

8. Regarding the Guidelines, a number of Council members mentioned that they would like to see more details on the respective roles and responsibilities of the different stakeholders.

Agenda Item 8 Updated Vision to Enhance Civil Society Engagement with the GEF

9. The Council welcomed the Updated Vision on Civil Society prepared by the ad-hoc Council Working Group on Civil Society and commended the working group for all the work conducted in the past 18 months.

10. Council members agreed on the complementary role that civil society plays in informing Council about GEF’s activities on the ground and on the need to make the CSO consultations more meaningful. They also agreed with the need for a transparent and participatory process of selection of CSOs to attend Council meetings, while keeping the costs within budget.

11. Council members agreed to review the proposal at the meeting, in the light of the comments received. A revised document was presented by the ad-hoc Council Working Group and it was approved by the Council.

Agenda Item 9 Semi-Annual Evaluation Report November 2017 and Management Response + OPS6 Presentation

12. The Council welcomed the Semi-Annual Evaluation Report and the management response.

13. The Council noted the satisfactory rating of project outcomes, but was concerned with low project sustainability ratings and asked the IEO to take a deeper look into the issue of sustainability.

14. The Council noted the recommendations of the climate change focal area study and urged the GEF Secretariat to clearly define its strategic positioning and its niche, while continuing work in this area.

15. On the Review of GEF's Engagement with Indigenous Peoples, the Council appreciated the findings on the impact of Indigenous Peoples and encouraged the GEF secretariat and the Council to advance engagement with IPs through dedicated funding and updating the policies and guidelines and the move to “free prior informed consent”.

16. On governance and management, the Council noted the importance of improving operational governance, specifically regarding operational guidance, and instituting rules for Interagency cooperation. With respect to the recommendation for considering an independent chair the Council noted that it would be beneficial to look at a wider group of MDBs and other organizations for comparison.

17. On GEF's Engagement with the Private Sector, the Council supported the recommendation to catalyze the private sector. The Council noted that value of private sector engagement should be clearly expressed in project design and invited the GEF to look at private sector beyond financing. The Council asked for additional analysis on operational restrictions in engaging with the private sector noting that institutions such as IFC and IBRD have strong private sector engagement regardless of operational restrictions.

18. The Council expressed the need to take on board the results from the Programmatic Approaches Evaluation and the Integrated Approaches Pilots. The Council raised questions concerning the lack of information on program performance in the programmatic approaches evaluation and the absence of conclusions on the additionality of the IAPs. The IEO responded that the programmatic approaches prior to the IAPs did not report results at the program level.

The IEO additionally noted that the evidence on the additionality of the IAPs will be measured as outcomes become available.

19. A Council member noted that it would be beneficial to have a report from the CEO on approved MSPs and a review by the IEO on MSPs. The IEO will conduct an evaluation on MSPs within the next year, noting that the findings of the transformational change study demonstrated that MSPs can be transformational.

Agenda Item 10 Work Program

20. The Council welcomed the very impressive and large Work Program that showed good focal area diversity and geographic scope.

21. The Council noted the important support to LDCs and SIDS as well as the attention given to advancing all focal area programming levels.

22. The Council also noted the difficulty of obtaining high co-financing levels and private sector engagement for projects mostly from LDCs and SIDS countries.

23. Some Council members noted the concentration of projects in this work program on only three agencies. The Secretariat noted that 25% of the work program is to be implemented by MDBs and that the relatively small size of projects and the emphasis on SIDS and LDCs drove the trends observed by the Council.

Agenda Item 11 Plan to Review GEF's Social and Environmental Safeguards

24. The Council expressed the need to carry out the proposed plan in a timely and cost efficient manner. To this end, noting the international best standards recently developed by other international entities, such as the World Bank and GCF, many Council members requested the Secretariat make efforts to harmonize the GEF's Social and Environmental Safeguards with these standards.

Agenda Item 12 Rationale and Plan to Review GEF's Fiduciary Standards

25. A few Council members emphasized the need to address AML/CFT and reputational risks in the GEF financial transactions and operational risk management.

Agenda Item 14 Annual Portfolio Monitoring Report 2017

26. The Council addressed the issue of agency concentration, where only a few agencies implement over half of the portfolio, and expressed concern that the performance ratings on the projects and programs implemented by these agencies suggest their performance is below the overall average rating. With respect to the agencies' self-rating system for the implementation performance, a few Council members inquired whether all agencies apply consistent methodology. In this regard, a few Council members urged the GEF to pay attention to the direct access modality and to provide more opportunities for national entities to build capacity and take more active role in the GEF work.

27. Some Council members noted while certain GEB indicators have exceeded or are very close to the targets, a few areas -- such as land management, fisheries and certain chemicals -- are underperforming against the targets, and requested the Secretariat examine the issue and take into consideration in the GEF-7 target setting exercise.

28. Some Council members expressed concerns over the longer time elapsed between the Council approval and CEO endorsement.

29. A few Council members inquired whether the issue of *sustainability* (as presented in the OPS6) can be presented in the APMR.

Agenda Item 15 Relations with the Conventions and Other International Institutions

30. Mr. Rolph Payet, Executive Secretary of the Basel, Rotterdam and Stockholm (BRS) Conventions, highlighted that there are legacy Persistent Organic Pollutants (POPs) and the need for continued support for their elimination. He highlighted significant co-benefits from chemicals work across several SDGs, including green jobs. Mr. Payet thanked Naoko Ishii and her team for engaging closely with the BRS secretariat on the GEF-7 replenishment process, and underscored the relevance of the chemicals and waste agenda for food security, energy, and climate change. He also touched on the emerging issue of marine litter and plastics including POPs and impacts on wildlife and food sources. Other priorities identified include alternatives to POPs, DDT elimination, and addressing new hazards by electronic and other wastes.

31. Mr. Jacob Duer, Coordinator of the Secretariat of the Minamata Convention, provided an overview of the first Conference of the Parties in September 2017, including the first guidance to the GEF. He further highlighted that the decision on the Memorandum of Understanding (MoU) between the Council and the COP was deferred and that the period leading up to the next COP will be used to facilitate the adoption of the MoU. Mr. Duer thanked the support by the Council and Secretariat for the achievements to date by the Convention.

32. In response to Council discussions, Ms. Amy Fraenkel of the CBD Secretariat highlighted the need for enhanced synergies among the conventions and summarized the proposed project preparation facility for Rio Conventions and the need for further consultations. Mr. Melchiade Bukuru of the UNCCD Liaison Office further stated the importance of synergies to implement the conventions as a background for the proposal. Mr. Bukuru also thanked the GEF Secretariat for its support to the Land Degradation Neutrality (LDN) fund. Mr. Alejandro Kilpatrick of the UNFCCC Secretariat conveyed that the UNFCCC Executive Secretary recognized the importance of enhancing synergies for implementation of the Paris Agreement.

33. On the question of the deferred Minamata Convention MoU, the GEF Legal Counsel stated that there is no legal requirement for an MoU in order to implement the Convention, given that the Convention binds the COP and states that the GEF is a financial mechanism of the Convention. The lack of an MoU does not eliminate the need for the Council to implement the Convention as if the MoU was in place, according to the Legal Counsel.

34. In response to a request for an example of GEF-supported partnership platforms, the CEO highlighted the Good Growth Partnership for the IAP to Remove Deforestation from Commodity Supply Chains, bringing together a broad range of actors including agencies, country governments, large private sector entities and indigenous communities. The CSO Network commended GEF's efforts to facilitate synergies and reiterated the need for scaled-up funding through the GEF-7 replenishment.

Agenda Item 16 Non-Grant Instruments: Experience of the GEF Partnership

35. The Council welcomed the successful deployment of the GEF-6 NGI pilot in which GEF non-grant financing was able to promote and pioneer innovative and flexible approaches to engage private sector in delivering global environmental benefits across climate change, biodiversity and land degradation. Many Council members noted the need to expand ambition and grow these types of investments in the future while ensuring support for a variety of private sector engagement at the country level. A few Council members inquired whether the NGI investment reflow will return to the GEF Trust Fund, to which the Secretariat responded affirmatively.

36. Some Council members questioned the role of non-grant instruments in the proposed policy on differentiation, noting little demand from countries for concessional loans because loans are either not suitable or less preferred to traditional grants.