



**HIGHLIGHTS OF THE COUNCIL'S DISCUSSIONS
GEF COUNCIL MEETING
NOVEMBER 11-13, 2008**

1. The following is a record prepared by the Secretariat of comments, understandings and clarifications of certain points made by Council Members during discussions of agenda items and related decisions. The Joint Summary of the Chairs records the decisions agreed by the Council. These points are supplemental to the Joint Summary.

Agenda Item 5 Relations with the Conventions

2. Several Council Members noted with approval the linkage between the GEF biodiversity strategy and program priorities agreed to by the Parties to the Convention on Biological Diversity (CBD). The linkage constitutes the first time in the history of the CBD and the GEF where strategic synchronicity has been sought by both institutions to ensure the most effective and focused use of GEF resources to help countries meet their obligations under the Convention.

3. A number of Council Members expressed concern about the impact the Resource Allocation Framework (RAF) might have on the implementation of the Cartagena Protocol on Biosafety. UNEP confirmed that programming of biosafety has been challenging because of limited resources.

4. A few Council Members noted that it is outside of the GEF mandate to provide financial support to enable universities to develop and/or expand existing biosafety academic programs as outlined in COP decision IX/31.

5. A few Council Members suggested that under GEF-5 consideration should be given to funding National Communications Strategies under the Framework Convention on Climate Change (UNFCCC) from resources outside of the RAF for climate change.

Agenda Item 6 Organization of the Fourth GEF Assembly

6. Many Council Members expressed their appreciation and support to Uruguay for offering to host the Fourth GEF Assembly. The GEF CEO confirmed that the Secretariat will have a more accurate budget to present at the June 2009 Council meeting.

Agenda Item 7 Progress Report of the Evaluation Director

7. Some Members highlighted on-going impact work in other organizations and invited the Evaluation Office to interact with these organizations. The Evaluation Director indicated that the Evaluation Office is involved in several international initiatives but welcomed additional contacts that could lead to further collaboration. The recently finished studies will be published on the Evaluation Office's website in the coming months. On-going and future impact work will be fed into OPS4.

8. The presentation of Mr. Dominique de Cromburgghe, coordinator of the peer review panel reviewing the *evaluation function* of the GEF, and the work of the peer review panel were welcomed and many Council Members looked forward to receiving the report of the panel in the June 2009 session of Council.

9. Many Council Members stressed the importance of a timely presentation of OPS4 to the replenishment meetings. The Evaluation Director reassured the Council that an interim report will be presented to a tentatively scheduled replenishment meeting in June 2009, and that the final report will be presented to a replenishment meeting tentatively scheduled for October 2009.

Agenda Item 8 Mid-term Review of the RAF

10. Several Council Members agreed with the need for a transparent allocation of the scarce resources of the GEF, while recognizing the inadequacies of the current RAF system for small-scale allocations.

11. Many Members supported the need for more flexibility in the design of the RAF, such as deletion of the 50% rule, and many noted the difficulties for group allocation countries and endorsed the abolishment of this aspect of the design. Several Members also expressed concern over the decrease in access for the NGO community and the private sector.

12. Some Members expressed the view that the peculiarities of the GEF (a network and not an institution, with specific objectives) argued for a different allocation system than the multilateral development banks' performance-based systems.

13. Several Members mentioned the importance of equity in resource distribution, of recognition of the vulnerabilities and the difficulties of LDCs and low capacity countries, and of the need to provide adequate capacity building for such countries. A few Members suggested that the GEF might address the equity issue most effectively by scaling up support for adaptation through other funds such as the LDCF.

14. Other Members also emphasized the need to better take into account marine biodiversity

15. At the same time, some Members recognized that the RAF seems to have allowed countries with individual allocation to increase their ownership of their GEF resources and better strategize their use. Also, some Members from recipient countries emphasized that the RAF was

not the only reason for the low level of disbursement in group countries, citing other factors, including the challenge of complying with changing rules during the transition period, a lack of agency interest in small-scale projects, and the capacity of some of the recipients themselves.

16. Many Council Members expressed support for the small grants programme and the need for its predictable and sufficient financing. The potential effects on the enabling activities were deemed also to merit attention in the future.

17. Considerable discussion took place on the issue of complexity and transaction costs. While Council appreciated that many factors had influenced RAF implementation, delegations endorsed the suggestion of a moratorium on new changes or additions to RAF and project cycle rules and procedures. Members expressed agreement with the need for simplification to ensure efficiency of access to GEF resources, and a few requested specific proposals for such simplification. The Evaluation Office was invited by some Members to identify concrete possibilities for simplifications on the basis of the mid-term review. In response to a request by some Council Members, the CEO stated that the Secretariat would impose a moratorium on changes in procedures and rules for implementation, except for the simplifications and reallocation of unused funds in the last year.

18. In recognition of the delays in the launch of the RAF, several Council Members indicated that the RAF may not be sufficiently advanced to provide clear lessons on all aspects of implementation or on the cost-benefit of the system. Conversely, other Council Members considered that one had already the elements to assess the RAF and that the cost-benefit of the system was not yet apparent at this mid-point of GEF-4.

19. As regards GEF-5, several Members were concerned with the possibility of an expansion of the RAF to four more GEF focal areas, given the limitations highlighted by the mid-term review.

20. It was emphasized that the level of replenishment would have a dominant effect on whether it would make sense to extend the RAF to other focal areas and how best to adjust the current RAF. Some Council Members suggested that the Secretariat develop options and simulations to assess the feasibility of expansion at different replenishment levels.

21. In response to a question on how the Secretariat would implement the decision on this agenda item, the GEF CEO said that the proposal to create a sub-group of the Council to work on the RAF will be part of the menu of options presented next June.

Agenda Item 9 Report by the Chair of the Scientific and Technical Advisory Panel

22. The Scientific and Technical Advisory Panel Chair made a statement on the work of the Panel.

23. Council praised the Chair of the Panel and the quality of his presentation.

24. A few Members observed that the Panel's project reviews were very useful, and one Member raised the question whether the Panel had the capacity to fully undertake this function.

25. A couple of Members underlined the value of work by the Panel on ecosystems.

Agenda Item 10 Strategic Program to Scale up Investment in Technology Transfer

26. Many Council Members expressed appreciation for the exhaustive consultation process the Secretariat had undertaken to sharpen and balance the revised document, which many felt had incorporated well the range of views and perspectives conveyed during the consultations.

27. Some Council Members suggested edits to better balance the presentation of public and private sector contributions to technology transfer or to clarify points in the paper.

28. Many Council Members observed that the Technology Needs Assessments (TNAs) could be useful, particularly if improved, and one Member cautioned that the submission of a TNA should not serve as a prerequisite for a country to receive GEF funding.

29. A few Members suggested that monitoring & evaluation should also be considered for this program.

Agenda Item 11 Work Program

30. Council Members welcomed the increase in the number of programmatic approaches in the Work Program and the number of projects associated under them.

31. Council Members from the Africa region, in particular, welcomed the three programmatic approaches in the Congo Basin and West Africa in the climate change, biodiversity and multi-focal areas. They suggested that such an approach should be extended to other parts of Africa, such as East Africa, as well as to other focal areas. They noted that these programmatic approaches have enabled small group allocation countries under the RAF to participate in GEF-4 to an extent which would otherwise have been difficult. The Members also praised the highly participatory consultative processes, including ministerial level discussions, undertaken in the formulation of these programmatic approaches.

32. In response to concerns raised, a representative of UNDP, the GEF Agency responsible for the Venezuela project in the climate change focal area, explained that the revised proposal has fully recognized potentially counter-productive energy policies in Venezuela and their impact on the market. The UNDP representative reported that the government has launched several initiatives to address some of these concerns; he further noted that the project could serve as catalyst to improve energy policies in the country.

33. The GEF CEO responded to questions raised regarding coordinating and developing programmatic approaches. The GEF Secretariat and the Lead Agency have been providing coordination in the preparation process, and the Lead Agency has been helping countries prepare the framework documents for the submission of programmatic approaches to the GEF. To date, the CEO explained, much of the upfront coordination work has been financed out of the GEF

Secretariat's administrative budget, and the Lead Agency has not been getting any extra remuneration for its coordinating function. The GEF CEO noted further that this issue will be discussed in a paper to be presented to Council after this meeting.

34. Other issues raised included concerns about the duplication of coordinating bodies of the two West Africa programmatic approaches, the lack of large ground water projects, as well as the absence of programmatic approaches in the international waters focal area in the current work program. Council Members will submit their technical comments by November 28, 2008 or two weeks after the Council meeting.

Agenda Item 12 GEF Trust Fund for Programs

35. There was strong support in the Council for expanding programmatic approaches and discussing the best ways to achieve this objective under GEF-5. There was also wide agreement that the GEF should strive to bring additional voluntary contributions as cofinancing to programs and, that, as stressed by the Secretariat, there was a clear need to cover coordination and monitoring costs for programs..

36. However, some Members questioned whether establishing a programmatic trust fund was the best way to achieve this objective. One concern expressed was that a programmatic trust fund could encourage donors to earmark resources for their respective preferred programs, thereby possibly undermining the RAF and the integrity of the GEF Trust Fund. Several Members also suggested looking first at other options than the creation of a new trust fund to facilitate program co-financing.

37. One Member emphasized that the GEF needed some flexibility to encourage funding for specific programs and wondered why it would not be possible to achieve this goal within the GEF, at a time when there were a growing number of targeted environmental funds and initiatives among multilateral institutions.

38. Some Members suggested that a programmatic trust fund be established on a pilot basis strictly for GEF-4 with a sunset clause. However, others reacted that such an approach would ensure that the fund would operate at most for a year and hence not be practical.

39. In response to a request from a Council Member, the Secretariat assured Council that it would consult with the GEF agencies when revising the document GEF/C.34/7, *GEF Trust Fund for Programs*, in accordance with the decision taken under this agenda item.

Agenda Item 13 Report on the Completion of the Strategic Priority on Adaptation

40. Council Members applauded the completion of the SPA; a Council Member noted the effort exerted by the GEF to pioneer an approach to adaptation in the face of difficulties to implement the double incremental cost approach. Another Member noted the groundbreaking effort in the context of a poor fit with the Instrument.

41. Several Council Members queried about modalities of Council engagement in the evaluation to be undertaken by GEFEO.

42. A few Members stressed that it will be important to review adaptation activities at, and to enhance coordination among, the different organizations and the COP, as well as with the investment funds that work on Adaptation.

43. Other Members suggested that during the evaluation, it will be important to describe the lessons learnt, so that countries could understand the set of criteria used for selecting projects in adaptation.

44. One country asked for the possibility of commenting on the TORs for the evaluation. The representative of the Evaluation Office expressed that, consistent with past practice for previous evaluations, the TORs will be circulated for comment to the Council and other relevant stakeholders.

Agenda Item 14. Enhancing Civil Society Engagement and Partnership with the GEF

45. In response to questions by Council Members, the Secretariat clarified that the amount provided to support NGO participation in the NGO consultations prior to Council meetings is \$70,445 US dollars per meeting.

Agenda Item 15 Decision on the Fifth Replenishment of the GEF Trust Fund

46. The CEO made assurances that all documents relevant to the replenishment will be uploaded to the GEF website and that the GEF will report formally at Council meetings on progress made.

Agenda Item 16 Other Business

47. The Trustee reported on how the financial crisis is impacting the GEF Trust Fund. The Trustee will continue the prudent management of funds; however, they anticipate lower investment returns in the current low yield environment.

48. The CEO reported on a heads of agency retreat that took place at the end of October with the WB, UNEP, and UNDP. The retreat was constructive, and the CEO expressed her commitment to holding more frequent meetings among the GEF partnership.