



Global Environment Facility

June 18, 2007

**JOINT SUMMARY OF THE CHAIRS
GEF COUNCIL MEETING
JUNE 12-15, 2007**

OPENING OF THE MEETING

1. The meeting was opened by Ms. Monique Barbut, Chief Executive Officer/Chairperson of the Facility.

ELECTION OF A CHAIRPERSON

2. The Council elected Mr. Dhanendra Kumar, the Council Member representing Bangladesh, Bhutan, India, Maldives, Nepal and Sri Lanka as its elected Co-Chair.

ADOPTION OF THE AGENDA

3. The Council approved the provisional agenda set forth in document GEF/C.31/1/Rev.1.

STATEMENT BY EXECUTIVE SECRETARIES OF THE CONVENTIONS

4. The Council heard statements from Mr. Hama Arba Diallo, Executive Secretary of the UN Convention to Combat Desertification and Mr. Maged Younes, Acting Executive Secretary of the Stockholm Convention on Persistent Organic Pollutants.

DECISIONS OF THE COUNCIL

5. The Council approved the following decisions with respect to the items on its agenda.

Decision on Agenda Item 5

Relations with Conventions and other Institutions

6. The Council considered document GEF/C.31/3, *Relations with Conventions and Other Institutions*, and welcomes the proposed activities to implement the guidance and decisions that have been approved by the Conferences of the Parties to the global environmental conventions. The Council requests the Secretariat and the GEF agencies to continue to work with recipient countries to reflect the guidance and national priorities in their GEF programming and activities and stresses that countries, working with the GEF Secretariat and the GEF agencies, have the primary role in determining priorities for use of their indicative allocation of GEF resources.

7. The Council, having reviewed document GEF/ME/C.31/1, *GEF Annual Performance Report 2006*, and document GEF/ME/C.31/2, *Management Response to GEF Annual Performance Report 2006*, takes notes of the recommendations and the management response and decides that:

- (a) UNDP and UNEP should involve social and institutional expertise in project supervision where appropriate;
- (b) special attention is required to ensure continued and improved supervision by the GEF agencies during implementation of projects and adequate funding should be provided for this supervision from the project fees;
- (c) UNEP should develop a systemic approach to supervision of its GEF portfolio; and
- (d) all GEF agencies should ensure that terminal evaluation reports include adequate information on sustainability of outcomes, quality of monitoring and evaluation systems and reporting on co-financing, in line with the minimum requirements for project evaluation in the GEF M&E Policy.

8. The Council notes that negligible progress has been made in developing a management information system and requests the Secretariat to make this a priority activity for completion before the end of the calendar year.

9. The GEF Evaluation Office is encouraged to continue developing the Annual Performance Report, so that in future years it will include an Agency Performance Matrix as required in the GEF-4 policy recommendations.

10. The Council, having reviewed document GEF/ME/C.31/4, *GEF Country Portfolio Evaluation: the Philippines (1992-2007)*, and document GEF/ME/C.31/6, *Management Response to the GEF Country Portfolio Evaluation: the Philippines*, takes notes of the recommendations of the evaluation and the management response. The Council requests the Secretariat to prepare for Council consideration in November 2007 a proposal for development of country assistance strategies leading to better coordination and programming at the country level. The Secretariat is also requested to ensure transparency of, and better access to, information on GEF procedures and the status of projects in the GEF project cycle.

11. The Council welcomes the response of the Philippines to the evaluation.

12. The Council, having reviewed document GEF/ME/C.31/5, *GEF Country Portfolio Evaluation: Samoa (1992-2007)*, and document GEF/ME/C.31/6, *Management Response to the GEF Country Portfolio Evaluation: Samoa*, takes note of the recommendations of the evaluation

and the management response and requests the Secretariat to take into account Samoa's experience with the GEF in its further development of the proposed GEF-Pacific Alliance for Sustainability, including the following:

- (a) the need for support for establishing an environmental framework in national policies, laws and regulations, and where this has been achieved, the need for support for implementation of the framework so as to achieve global environmental benefits;
- (b) recognition of the importance of marine resources;
- (c) recognition of the need to strengthen resilience to climate change to sustain global environmental benefits;
- (d) recognition of the high transaction costs in the region; and
- (e) the need for involving more GEF agencies in the region, as well as harmonization with recipient countries and other donors.

13. The Council welcomes the response of Samoa to the evaluation and invites the Secretariat to take this into account when preparing the programmatic alliance.

Decision on Agenda Item 9 Four year rolling work plan and budget of the Evaluation office

14. The Council, having reviewed document GEF/ME/C.31/7, *Four-Year Work Program and FY08 Budget of the GEF Evaluation Office*, approves the proposed principles underlying the work program for the next four years, and in particular the principle that OPS4 will be managed and implemented by the Evaluation Office, except for case studies where this would pose a conflict of interest. Council notes that the revised budget includes funding for preparing OPS4 and an increased number of country portfolio evaluations. Council approves a revised and integrated budget of \$3,793,366 for FY08 to cover the cost of operating the GEF Evaluation Office and implementing its work plan.

15. Regarding FY09 through FY10, Council takes note of the proposed work program and activities and requests the Evaluation Office to prepare annual budgets for Council consideration and approval in each of its June meetings.

16. The Evaluation Office will also prepare for Council consideration a detailed proposal and budget for the RAF mid-term evaluation. The Evaluation Office is requested to circulate for comment, prior to the next Council meeting, a draft terms of reference for the mid-term evaluation so that a revised proposal and a budget can be approved by the Council at its meeting in November 2007.

Decision on Agenda Item 10 STAP

17. The Council reviewed the *Proposal of the Executive Director of UNEP on Enhancing the Impact of the Scientific and Technical Advisory Panel* (document GEF/C.31/4) and approves the

revised Terms of Reference for the STAP presented in the annex to the document. In particular, the Council agrees that:

- (a) STAP should develop and maintain a broader global network of scientific and technical expertise;
- (b) STAP should provide more effective strategic advice at both the programmatic and project level;
- (c) UNEP should take steps to reconstitute STAP as described in the revised Terms of Reference and should propose new membership to the Council for approval by mail; and
- (d) the STAP Secretariat should be strengthened, within the approved budget, to deliver more effective operational advice and support to the Panel.

Decision on Agenda Item 11

Comparative advantages of GEF agencies

18. The Council, having reviewed document GEF/C.31/5, *Comparative Advantages of the GEF Agencies*, notes the description of the comparative advantages of the GEF agencies presented in the document as guidance for moving forward and requests the Secretariat, in agreement with the country concerned, to assess the comparative advantage of the GEF agency proposed to manage a project during the PIF review. In assessing an agency's comparative advantage, an agency's national or regional presence and the national context of the proposed project should be taken into account.

19. GEF agencies are requested to focus their involvement in GEF project activities within their respective comparative advantages as described in document GEF/C.31/5. In specific cases of integrated projects that include components where the expertise and experience of a GEF agency is lacking or weak, the agency should be invited, on the basis of paragraph 28 of the Instrument and previous Council decisions, to partner with another agency and to establish clear complementary roles so that all aspects of the project can be well managed.

20. The Council agrees that the criteria and description of comparative advantages presented in the document should be regularly reviewed by the Council based on an analysis of additional information and assessments of agency and project performance to be generated through the performance and outcome matrix and other reports of the GEF Evaluation Office. The Council also agrees that the comparative advantages of the agencies will need to be reviewed in light of any changes in an agency's mandate or the conclusions of the UN reform process.

Decision on Agenda Item 12

Proposed policy on fiduciary standards and financial accountability

21. The Council, having reviewed document GEF/C.31/6, *Recommended Minimum Fiduciary Standards for GEF Implementing and Executing Agencies*, takes note of the minimum fiduciary standards recommended by Trustee and requests the GEF agencies to implement them.

22. The Council requests each agency within one year, to implement the recommended minimum fiduciary standards or otherwise equivalent relevant procedures or policies, or to have in place a monitorable program that includes a specific target date for implementation.

23. The Council requests each agency to present a report to the GEF Secretariat on its compliance with the fiduciary standards and, as necessary, plans to remedy any shortfall. The GEF Secretariat is requested to consolidate the ten agency reports as an information document for submission to the Council at its meeting in April 2008. Council will then determine whether further assessment is appropriate.

24. Recognizing that international practices will evolve over time, Council agrees to review the standards every four years.

Decision on Agenda Item 13 GEF project cycle

25. The Council reviewed the *GEF Project Cycle* (document GEF/C.31/7) and approves the project cycle as revised by the Council for immediate application. The Council notes that the project cycle ensures: (a) Council oversight of the implementation of GEF focal area strategies and programs; (b) GEF CEO executive authority to determine the composition of the work programs, including clearance of all concepts entering the work program, and cost effective use of GEF resources; and (c) Council review of final project documents prior to GEF CEO endorsement.

26. The Council requests the Secretariat, in consultation with the GEF agencies, the Trustee and the Evaluation Office, to prepare an operational manual to support the implementation of the project cycle and to facilitate access to GEF resources.

27. The Council requests the Secretariat to prepare a report on the operation of the project cycle management procedures for Council consideration at its meeting in November 2008.

28. The Council requests the Secretariat to submit to it for information an annual report on proposed project concepts submitted as PIFs that are not approved.

Decision on Agenda Item 14 Work program

29. The Council reviewed the proposed work program submitted to Council in document GEF/C.31/8 and approves¹ the work program comprising the following twenty-nine programs and project proposals, subject to comments made during the Council meeting and additional comments that may be submitted to the Secretariat by June 29, 2007.

¹ The Council Member representing the United States of America, in light of national legislation regarding its country's voting position for development projects financed by certain development institutions, opposed the following projects: *Global: Building Partnerships to Assist Developing Countries to Reduce the Transfer of Harmful Aquatic Organisms in Ships' Ballast Water* (UNDP), *Regional: World Bank-GEF Investment Fund for the Mediterranean Sea Large Marine Ecosystem Partnership, Tranche 1, Second Installment* (World Bank), *Regional: Demonstration of Sustainable Alternatives to DDT and Strengthening of National Vector Control Capabilities in Middle East and North Africa* (UNEP), and *Regional: Strategic Partnership for the Mediterranean Large Marine Ecosystems – Regional Component: Implementation of Agreed Actions for the Protection of the Environmental Resources of the Mediterranean Sea and its Coastal Areas* (UNEP/UNIDO).

Biodiversity

- Global (Ghana, Kenya, South Africa, India, Nepal, Pakistan, Brazil) : Conservation & Management of Pollinators for Sustainable Agriculture through an Ecosystem Approach (UNEP) (GEF Grant : \$ 7.81 m)
- Global (Peru, Chile, China, Tunisia, Philippines, Algeria) : Conservation and Adaptive Management of Globally Important Agricultural Heritage Systems (GIAHS) (FAO) (GEF Grant : \$ 3.50 m)
- Brazil : Effective Conservation and Sustainable Use of Mangrove Ecosystems in Brazil (UNDP) (GEF Grant : \$ 5.00 m)
- Costa Rica : Overcoming Barriers to Sustainability of Costa Rica's Protected Areas System (UNDP) (GEF Grant : \$ 4.80 m)
- Guatemala : Improvement of Management Effectiveness in the Maya Biosphere Reserve (MBR) (IADB) (GEF Grant : \$ 4.10 m)
- Nicaragua : Strengthening and Catalyzing the Sustainability of Nicaragua's System of Protected Areas System (UNDP) (GEF Grant : \$ 1.80 m)
- Seychelles : Mainstreaming Prevention and Control Measures for Invasive Alien Species into Trade, Transport and Travel Across the Production Landscape (UNDP) (GEF Grant : \$ 2.00 m)
- South Africa : National Grasslands Biodiversity Program (UNDP) (GEF Grant : \$ 8.30 m)

Climate Change

- Regional (Bangladesh, China, Indonesia, Thailand, Vietnam) : Barrier Removal to the Cost-Effective Development and Implementation of Energy Efficiency Standards and Labeling Project (BRESL) (UNDP) (GEF Grant : \$ 6.80 m)
- Brazil : Market Transformation for Energy Efficiency in Buildings (UNDP/IADB) (GEF Grant : \$ 13.50 m)
- China : China/GEF/World Bank Urban Transport Partnership Program (World Bank) (GEF Grant : \$ 21.00 m)
- China : Energy Efficiency Financing (World Bank) (GEF Grant : \$ 13.50 m)
- Russian Federation : Renewable Energy Project (RREP) (World Bank) (GEF Grant : \$ 10.00 m)
- South Africa : Sustainable Public Transport and Sport: A 2010 Opportunity (UNDP) (GEF Grant : \$ 11.00 m)

International Waters

- Global (China, Brazil, India, Mexico, Turkey, South Africa, Iran, Argentina, Venezuela, Chile, Algeria, Egypt, Ukraine, Peru, Morocco, Libya, Croatia, Ecuador, Guatemala, Angola, Sudan, Costa Rica, Cote d'Ivoire, Panama, Trinidad and Tobago, Yemen, Jordan, Ghana) : Building Partnerships to Assist Developing Countries to Reduce the Transfer of Harmful Aquatic Organisms in Ships' Ballast Water (GloBallast Partnerships) (UNDP) (GEF Grant : \$ 5.64 m)

- Regional (Cambodia, China, East Timor, Indonesia, Malaysia, Philippines, Lao PDR, Thailand, Vietnam, Brunei) : Implementation of Sustainable Development Strategy for the Seas of East Asia (SDS-SEA) (UNDP) (GEF Grant : \$ 10.88 m)
- Regional (El Salvador, Honduras, Nicaragua) : Integrated Ecosystem Management of the Gulf of Fonseca (IADB) (GEF Grant : \$ 5.00 m)
- Regional (Albania, Montenegro) : Lake Skadar-Shkodra Integrated Ecosystem Management (World Bank) (GEF Grant : \$ 4.55 m)
- Regional (Cambodia, China, Indonesia, Lao PDR, Malaysia, Philippines, Thailand, Vietnam) : World Bank/GEF Partnership Investment Fund for Pollution Reduction in the Large Marine Ecosystems of East Asia (Tranche 1, 2nd Installment) (World Bank) (GEF Grant : \$ 10.00 m)
- Regional (Albania, Algeria, Bosnia-Herzegovina, Bulgaria, Croatia, Egypt, Macedonia, Lebanon, Libya, Morocco, Serbia, Syria, Tunisia, Turkey) : World Bank-GEF Investment Fund for the Mediterranean Sea Large Marine Ecosystem Partnership, Tranche 1, 2nd Installment (World Bank) (GEF Grant : \$ 15.00 m)

Land Degradation

- Regional (Benin, Botswana, Burkina Faso, Burundi, Eritrea, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, South Africa, Sudan, Tanzania, Togo, Uganda, Gambia, Zambia) : Strategic Investment Program for SLM in Sub-Saharan Africa (SIP) (phased project) (World Bank/UNDP/ UNEP/ AfDB/ IFAD/ FAO) (GEF Grant : \$ 137.30 m)

Persistent Organic Pollutants (POPs)

- Regional (Sudan, Morocco, Yemen, Djibouti, Egypt, Syria, Jordan, Iran) : Demonstration of Sustainable Alternatives to DDT and Strengthening of National Vector Control Capabilities in Middle East and North Africa (UNEP) (GEF Grant : \$ 4.91 m)
- China : Environmentally Sustainable Management of Medical Waste in China (UNIDO) (GEF Grant : \$ 11.65 m)
- China : Strengthening Institutions, Regulations and Enforcement Capacities for Effective and Efficient Implementation of the National Implementation Plan (NIP) in China (UNIDO) (GEF Grant : \$ 5.41 m)
- India : Development of a National Implementation Plan in India as a First Step to Implement the Stockholm Convention on Persistent Organic Pollutants (POPs). (UNIDO) (GEF Grant : \$ 3.24 m)

Multi-focal Areas

- Global : GEF Public-Private Partnership Initiative (Lead agency: World Bank/IFC; other agencies: UNEP, FAO, UNIDO) (GEF Grant : \$ 50.00 m)

- Global : Small Grants Programme, 4th Operational Phase (UNDP) (GEF Grant : \$ 123.65 m)
- Regional (Albania, Bosnia-Herzegovina, Croatia, Egypt, Lebanon, Libya, Morocco, Serbia, Syria, Tunisia, Turkey, Algeria) : Strategic Partnership for the Mediterranean Large Marine Ecosystem--Regional Component: Implementation of Agreed Actions for the Protection of the Environmental Resources of the Mediterranean Sea and Its Coastal Areas (UNEP/UNIDO) (GEF Grant : \$ 12.89 m)
- Regional (Argentina, Bolivia, Brazil, Paraguay, Uruguay) : Sustainable Management of the Water Resources of the la Plata Basin with Respect to the Effects of Climate Variability and Change (UNEP) (GEF Grant : \$ 10.73 m)

30. With respect to the following three proposals approved as part of the work program, the Council requests the Secretariat to arrange for Council Members to receive draft final project documents submitted to the CEO for endorsement. Council Members may 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 GEF agency. Such projects may be reviewed at a further Council meeting at the request of at least four Council Members.

- China : China/GEF/World Bank Urban Transport Partnership Program (World Bank)
- Russian Federation : Renewable Energy Project (RREP) (World Bank)
- South Africa : Sustainable Public Transport and Sport: A 2010 Opportunity (UNDP)

31. With respect to the *Strategic Investment Program for Sustainable Land Management in Sub-Saharan Africa*, the Council requests the Secretariat to arrange for Council Members to receive draft final project documents for projects to be financed under the program submitted to the CEO for endorsement. Council Members may 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 GEF agency. Such projects may be reviewed at a further Council meeting at the request of at least four Council Members.

32. With respect to the *GEF Public Private Partnership Initiative*, the Council:

- (a) requests the GEF Secretariat to collaborate with the Trustee in establishing the PPP Trust Fund;
- (b) allocates \$50 million for the PPP, drawing upon resources that have been identified through the Trustee's project data reconciliation and savings in the corporate budget resulting from the termination of the corporate budget for the Implementing Agencies;
- (c) requests the CEO in the coming months to consult with the Council in constituting the PPP Board.

33. With respect to the remaining twenty-six proposals approved as part of the work program, the Council finds that each project proposal presented to it as part of the work program is, or would be, consistent with the Instrument and GEF policies and procedures and may be endorsed by the CEO for final approval by the GEF 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.

34. The Council also requests the Evaluation Office to include in its on-going evaluation of the Small Grants Programme (SGP), to be considered by the Council at its next meeting, an analysis of the graduation policy of the SGP, and in particular, the impact of the policy on LDCs and SIDS.

Decision on Agenda Item 15 GEF Business Plan FY08-10 and FY08 Corporate Budget

35. The Council, after having reviewed the *GEF Business Plan for FY08 and the FY08 Corporate Budget*, documents GEF/C.31/9 and GEF/C.31/9/Corr.1, takes note of the business plan and approves² a FY08 Corporate Budget of \$15.868 million comprising:

- (a) \$13.249 million for the GEF Secretariat;
- (b) \$1.989 million for the STAP; and
- (c) Special initiatives for the *Review of GEF-related Administrative Expenses in the Implementing Agencies* in the amount of \$0.380 million and for the *Development of Tools to Assess the Impact of Climate Change on Project Results and Sustainability* in the amount of \$0.250 million.

36. The Council approves the *Terms of Reference for the Review of GEF-related Administrative Expenses in the Implementing Agencies* in Annex 10 of document GEF/C.31/9.

37. The Council, having reviewed the *FY08 Budget for the Trustee*, document GEF/C.31/13, takes note of the expected services to be provided in FY08 by the Trustee and approves a total of \$2.4 million:

- (a) \$1,986,000 for core Trustee services;
- (b) \$100,000 for external audit of the GEF Trust Fund; and
- (c) \$314,000 as a special initiative for the conversion of the financial statements from special purpose reporting to International Financial Reporting Standards (IFRS).

² The Council Member representing Japan expressed his opposition to the approval of the budget, noting his government's policy to maintain, in principle, zero growth budgets in international organizations.

38. The Council requests the Secretariat, STAP, the Evaluation Office and the Trustee collectively to aim to operate during the GEF-4 commitment period within the GEF-4 administrative costs cap of \$93.5 million and to present their proposals in a consolidated plan beginning next year.

Decision on Agenda Item 16 Focal area strategies and Strategic Programming for GEF-4

39. The Council reviewed document GEF/C.31/10, *Focal Area Strategies and Strategic Programming for GEF-4*, and agrees that the approved strategies should provide a basis for guiding the programming of resources during GEF-4. The Council agrees that the structure of long-term strategic objectives and strategic programs for a replenishment period should replace the previous operational programs and strategic priorities.

40. The Council agrees that Council Members may submit written comments on the strategies to the Secretariat by July 2, 2007. The Secretariat is requested to revise the strategies presented in document GEF/C.31/10, taking into account the Council Members' comments, and to circulate the revised strategies to the Council for approval by mail.

41. The Council requests the Secretariat, in collaboration with the GEF agencies, to operationalize the approved strategic programs and objectives in alignment with the ongoing development and implementation of the results-based management framework.

42. The Council requests the Secretariat to initiate work on the development of strategic objectives and programs for GEF-5 in 2008 with a view to presenting proposed strategic programming for GEF-5 to the Council at its first meeting in 2009.

Decision on Agenda Item 17 Results-based management framework

43. The Council reviewed the results-based management framework proposed in document GEF/C.31/11 and supports the proposed approach to monitoring performance and achievement of outputs, outcomes and impacts of GEF-financed activities and for annual reporting to the Council. The Council requests the GEF Secretariat, in consultation with the GEF agencies and the Evaluation Office, to further elaborate the specific elements of the results-based management framework necessary to fully operationalize it, and to submit to the Council at its meeting in June 2008 the first annual monitoring review.

Decision on Agenda Item 18 Operational guidelines for the application of the incremental cost principle

44. The Council, having reviewed document GEF/C.31/12, *Operational Guidelines for the Application of the Incremental Cost Principle*, approves the guidelines as a basis for a simplified demonstration of the "business-as-usual" scenario, incremental reasoning, fit with the focal area strategies and co-funding. The Council requests the Secretariat, the GEF agencies and the Evaluation Office to ensure that the guidelines and information requirements are followed in project design and implementation, monitoring and evaluation

45. The Council confirms the following constituency groupings:
- (a) Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Moldova, FYR Macedonia, Montenegro, Poland, Romania, Serbia and the Ukraine;
 - (b) Cook Islands, Fiji, Indonesia, Kiribati, Marshall Islands, Micronesia (Federated States of), Nauru, Niue, Palau, Papua New Guinea, Philippines, Samoa, Solomon Islands, Timor Leste, Tonga, Tuvalu, and Vanuatu.
46. The Secretariat is requested to prepare an information note on country level programming, including its relationship to the RAF, focal area strategies, and strategic programs.

CLOSURE OF THE MEETING

47. The meeting closed on June 15, 2007.