

**HIGHLIGHTS OF THE COUNCIL'S DISCUSSIONS
GEF COUNCIL MEETING
NOVEMBER 10-12, 2009**

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

Agenda Item 4 Report by the Chair of the Scientific and Technical Advisory Panel (STAP)

2. A number of Council Members responded positively to STAP's proposals on cross-focal area integration, particularly in the context of programmatic approaches.

3. Other Members responded positively to STAP's proposals for evidence-based learning in the GEF with the understanding that STAP's role in implementation science for the GEF is clearly delineated vis-à-vis the role of the GEF Evaluation Office.

4. A few Members encouraged STAP to work with other scientific institutions, especially the subsidiary bodies of Conventions.

Agenda Item 5 Statements by Executive Secretaries of the Conventions

5. Several Members underlined the importance of the outcome of the ninth session of the Conference of the Parties of the UNCCD, particularly as it relates to the land degradation impact indicators, as the GEF has an interest in enhancing its activities of monitoring and assessing land degradation, rehabilitation, reclamation and improvement.

6. A number of Members called for an increase in the financial resources to be allocated to the land degradation focal area on the occasion of the next GEF Replenishment.

Agenda Item 6 Relations with the Conventions

7. As an outcome of the Council's discussion on the options for the terms of reference for the fourth review of the effectiveness of the financial mechanism for the Convention on Biological Diversity, the CEO Chair committed to writing to the Secretariat of the Convention to express the Council's appreciation for the honor of having been asked for advice on the terms of reference. The CEO Chair further committed to note that the Council did not have a strong preference for one option over the other.

8. The Council was informed that the GEF has been invited by the Meeting of the Parties of the Montreal Protocol to "co-coordinate," together with the Secretariat of the Multilateral Fund, a one day seminar "on the topic of how to identify and mobilize funds, including funds additional to those being provided under the Multilateral Fund, for ozone depleting substance destruction." The seminar would take place on the margins of the next meeting of the Open-Ended Working Group in July 2010.

Agenda Item 7 Report of the Evaluation Office Director

9. Some Council Members inquired whether new evaluations, such as an evaluation of the Earth Fund, the Clearing House Mechanism, and the National Capacity Self Assessments could be included in the Evaluation Office work program. The Evaluation Office Director informed the Council that the Office would develop approach papers for these evaluations and ask Council for an approval of additional funds, if the Council felt these evaluations needed to be taken up in the current work program.

Agenda Item 8 Annual Impact Report 2009

10. Two Council Members strongly suggested sending the ozone depleting substances impact evaluation to the Montreal Protocol for information.

Agenda Item 9 Small Grants Programme

11. The majority of the Council Members agreed with the proposed UNOPS execution; however, they and CSO representatives also felt that UNOPS execution should be improved by enhancing disbursements, efficiency and allocating sufficient staff resources.

12. A number of Council Members suggested that UNOPS should develop an action plan for operations improvements with a clear monitoring process. The CEO committed to ensuring that UNOPS prepare such a plan.

13. Some Council Members felt that it was difficult to understand why the UNOPS execution option is the most favorable, and it was suggested that other execution options should be considered if countries, especially those with upgraded country programs, desire to do so by, for example, using NGO modalities to develop directly an FSP.

Agenda Item 10 Adhering to the Paris Declaration on Aid Effectiveness

14. Several Council Members welcomed the GEF's commitment to the Paris Declaration on Aid Effectiveness and the principles contained in the Accra Agenda for Action. It was mentioned that adherence to principles of coordination, strengthening national mechanisms, harmonization alignment and managing for results are important for the GEF.

15. One Council Member pointed out that all GEF Implementing Agencies have adhered to the Paris Declaration and that it is a natural step for the GEF to also adhere to the declaration. Another Member questioned the legal implications of adhering to the Paris Declaration, since not all of GEF's recipient countries have signed onto the Paris Declaration.

16. A number of Members asked for clarification on how the GEF would operationalize the principles of the Declaration and indicated that not all principles, indicators and targets would apply to the GEF.

17. There were Council Members that expressed concern about the GEF's formally adhering to the Paris Declaration because of the term "aid" and the link with official development assistance. They also expressed caution on the long term policy implications of formal adherence to the Paris Declaration on Aid Effectiveness. One Member noted that the GEF is outside the realm of the "aid" paradigm and is obligated to carry out the guidance of the COPs.

Agenda Item 11 System for a Transparent Allocation of Resources

18. Many Council Members congratulated the Secretariat for the quality of the STAR document and the greater simplicity and functionality of the system. Some Members expressed a preference for Option 1, given the fact that indicators have not been fully tested in all focal areas and the desire to improve upon the RAF before expanding. Other Members stressed the value of the resource allocation system in increasing country ownership and predictability in climate change and biodiversity and believed that Option 2 was preferable for giving countries even greater ownership. Several Members expressed preference for a compromise between Options 1 and 2 and therefore favored the hybrid option (Option 3).

19. Several Council Members referenced the findings from the RAF mid-term review that the RAF did not work as well for smaller countries and that the level of resources to smaller countries, which often face capacity constraints, was not adequate. Many Members therefore agreed that flexibility should be given for countries below a specific threshold and that there should be a shift in resources to smaller, poorer countries. Others reiterated GEF's mandate of providing global environment benefits (GEBs) and that a balance must be struck to provide funding for poor countries while also maximizing GEBs. Many Members expressed the view that no resource allocation design would function optimally in the absence of a strong replenishment level.

20. On the indicators, a few Members emphasized the importance of having solid, transparent indicators as a precondition of establishing a resource allocation system in a particular focal area. In general, Council Members were pleased with the GBI index for biodiversity. For climate

change, a few Members proposed increasing the LULUCF component above five percent. The CEO indicated that this would not be feasible because of the weakness in the indicator used. In addition, the Secretariat does not want to preempt any climate change negotiation decisions. The importance of forests was however noted, and there was general agreement that the Sustainable Forest Management (SFM) program should be funded through focal area set-asides. In terms of the POPs indicators, many Members expressed concern about the quality of the indicators and the lack of data. Since there are currently only around 70 countries with actual data, a number of Members felt that it was too early to include POPs within the STAR.

21. There was general consensus that the ceiling for climate change should be lowered, that agency fees should remain inside the STAR, and that the set-asides (enabling activities, SFM, and global/regional projects) proposed by the Secretariat be accepted. There was also general agreement that some level of flexibility be given to countries, keeping in mind that obligations to the conventions should be met. Several Members did express concern over the current proposed 20% level for focal area set-asides and suggested that this amount be lowered.

22. Finally, two Members expressed their concerns about the voluntary business plan concept. While these Members agreed on the utility of having funds available for recipient countries interested in having those consultations, they were concerned that the voluntary business plans not become a standard or even a requirement in the future.

Agenda Item 12 Work Program

23. Council Members praised the Secretariat for presenting an excellent work program and commended the improvement of the quality of the PIFs. STAP comments on the PIFs have also been found to be very useful.

24. Many Members expressed appreciation for the high percentage of this work program's going to Africa across all focal areas.

25. Questions were raised by different Members regarding the composition of the work program, in particular, the relatively large percentage of PIFs under Programmatic Approaches (PAs), but also the criteria for the selection of the 34 PIFs, including the 11 technology transfer projects.

26. The CEO clarified that the composition of the November work program was driven partly by the available resources and by the priority accorded to the PIFs under the PAs until September 30, which explains the relatively large percentage of PIFs under PAs.

27. The selection of the 11 technology transfer projects was based on the resources allocated to the Poznan Strategic Program on Technology Transfer, the CEO further explained; moreover, all focal points and the UNFCCC secretariat had received a letter explaining which criteria would be used to accept projects. The selection criteria used included the innovativeness of the projects and hence, an associated higher risk was assumed in such projects. The CEO also reminded Council Members that a PIF is not a complete project descriptor and thus does not fully address all risks associated with a project.

28. One Council Member requested that a monitoring report on the implementation of the technology transfer projects should be submitted to Council at some point.
29. Of the PIFs presented in this work program, it was noted that the biodiversity project in Guinea, “*SPWA-BD Mainstreaming Biodiversity in Mineral Governance in Guinea*,” has been withdrawn by the World Bank due to the *de facto* status of the Government of Guinea. The Council Member representing the constituency that includes Guinea urged the World Bank to consider the project for a future work program when the situation in the country has improved.
30. One Council Member expressed appreciation for seeing the three projects under the *GEF Pacific Alliance for Sustainability Program* and requested that continued support should be given to the remainder of the projects under the Program.
31. One Council Member raised concerns regarding the technology transfer project in Cambodia: *Climate Change Related Technology Transfer for Cambodia: Using Agricultural Residue Biomass for Sustainable Energy Solutions*. It was felt that the proposed project presents a number of risks that have not been appropriately identified and quantified. It was suggested that the project be pulled out from this work program and resubmitted after STAP undertakes a second review. After further consultation, it was agreed that the project will stay in the work program. However it was agreed that STAP should undertake a second review of the project for consideration by the country and the Agency in the further preparation of the project. The second review by STAP should be circulated to the Council Members to ensure that the concerns are properly addressed before the project can go forward.
32. The CEO noted that the GEF expects to receive around \$300 million in December to support another intersessional work program planned for early 2010 and that there may be another \$80 million around May/June 2010 for a possible intersessional work program after that.

Agenda Item 14 Other Business

33. The Council decided to hold its spring 2010 meeting the week of June 29th and its fall 2010 meeting the week of November 15th.
34. As per Council Members’ request on the first day of the meeting, the Secretariat delivered a short update on the Earth Fund Board. A Secretariat staff member introduced the three members of the Board, which met for the first time on April 8, 2009. He reassured that the GEF Council will be notified in advance prior to the convening of the next Board meeting, where Council Members may participate as observers. Also, the GEF Council will be consulted prior to the selection of any new Board members; however, the GEF CEO stressed the need to complete current deliberations regarding the future direction of the Earth Fund before any plans to increase the number of Board members in the future would be announced.
35. One Council Member requested to follow-up on the issue of fiduciary standards, raised in the June 2009 meeting. Some Council Members had not received the report from the consultant assessing the AfDB. The GEF CEO explained that this happened due to a technical issue with the mailing list which had only just been discovered. She promised that the Secretariat would

make the report available to Council Members immediately, who would then have two weeks to review it.

CLOSURE OF THE MEETING

The meeting closed on November 12, 2009.