

**HIGHLIGHTS OF THE COUNCIL'S DISCUSSIONS
GEF COUNCIL MEETING
NOVEMBER 16-18, 2010**

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. Council Members noted positively the contributions of STAP's advisory documents, which have shed light on the need to improve the evidence base for how a range of conservation interventions, such as certification and community forest management, may lead to improvements in global environmental benefits. STAP will consider addressing this challenge in its upcoming work program.

3. Some Council Members emphasized the important role of targeted research, which should be linked to the broader knowledge management effort, for identifying future opportunities in the GEF, including cross focal areas synergies.

4. In response to Council discussions, the Chairman noted that STAP will develop advisory documents and tools that can be used throughout the project development process, including in project preparation.

5. Several Council Members agreed that the STAP should contribute to efforts for enhancing the ability of GEF projects to build ecosystem and community resilience in the face of climate change risks. STAP plans to develop a screening tool for PIFs to address threats to GEBs from climate change, and to assess the level of risk for critical ecosystems and socio-economic issues. One country reiterated its request that STAP be included in extended constituency workshops.

Agenda Item 5 Statements by Executive Secretaries of the Conventions

6. The Japanese Council Member called for the need to take concrete action on goals and objectives set in COP 10 and proposed the establishment of the Access and Benefits Sharing Trust Fund. The Council expressed great interest in reviewing Japan's proposal.

7. Several Council Members also suggested that the GEF operationalize the proposed South-South cooperation for implementing the strategic plan of the CBD and achieve the 2010 targets.

Agenda Item 6 Relations with the Conventions

8. One Council Member observed that the revision and consolidation of guidance from the Convention on Biological Diversity to the financial mechanism, as recently undertaken by the Conference of the Parties (COP) Meeting in Nagoya, could serve as a positive model for other conventions.

9. One Council Member requested that the GEF Secretariat draft future decisions under this agenda so that they recognize the synergies between the Conventions and how the GEF helps deliver on these synergies through its projects and programs. He also called on the GEF to continue to look for new ways to enhance cross-focal area synergies further.

Agenda Item 7 Progress Report of the Evaluation Office Director

10. A number of Council Members expressed discomfort with the size of the budget increase indicated in the Evaluation Office's report and some noted that they did not have sufficient information, at this time, to assess whether a budget increase was justified. They requested detailed information in the next presentation on where those increases will be spent.

11. The Director assured them that the Evaluation Office was not seeking a decision at this moment in time, but that Council Members' comments on the Progress Report and the vision for OPS5 will be taken on board when preparing the budget for decision in May 2011. Several Council Members supported the inclusion of appropriate support for evaluation capacity development in the budget of the Office.

12. One Council Member remarked that the Office accounts for a substantial share of the corporate budget. The Director pointed out that this is a reflection of the low corporate budget of the GEF as compared to other international organizations and that it is international best practice to compare the budget of a central evaluation unit to the overall budget, or total financing approved, of the organization. In the UN, budgets of central evaluation units tend to be from 0.8 to 1 percent of the overall budget. Due to economies of scale, the budgets of the central evaluation units of the multilateral development banks (MDBs) are only about 0.1 to 0.2 percent of their total project approvals. The budget of the Evaluation Office, at 0.53 percent of GEF-4 resources, falls between the two.

13. The NGO network asked for inclusion of CSO participation in GEF activities in OPS5 and the Director confirmed that this was the intention.

Agenda Item 8 Review of the Earth Fund

14. Council Members responded that the review was timely and that strengthening the GEF's engagement with the private sector was important since the public sector alone could not meet the challenge of preserving the global environment. The Council asked the GEF Secretariat to prepare a private sector strategy for presentation to Council in May 2011. Several Council

Members commented that the Secretariat should consult private sector representatives, including foundations and CSOs, on the development of this strategy. Council Members agreed that the strategy will need to identify the engagement points between the GEF and the private sector and define modalities for engagement.

15. Some Council Members noted that partnership with the private sector could focus on interventions in key sectors where the GEF is engaged, perhaps through programs or platforms. The GEF could seek to attract concrete proposals for such programs/platforms through an international call for proposals. One Council Member suggested that the GEF invest in activities inside the GEF's focal areas that could contribute to a green economy. Several Council Members recommended that platforms should seek to incentivize greater use of non-grant mechanisms, as is currently being done in the IFC platform.

16. The Evaluation Office offered to synthesize the many evaluations that have looked at how the private sector is involved in GEF operations so that this information can be taken into account when preparing the new strategy.

Agenda Item 9 Evaluation of the Strategic Priority for Adaptation

17. Council Members were pleased with the findings of the evaluation on how SPA resources had been and indicated the importance of the GEF to continue efforts to mainstream climate adaptation concerns into its programming. The Council discussed the screening of GEF projects and programs for potential climate change impacts. Several Council Members commented that use of a screening tool should engender discussions among proponents, the Agencies, and GEF Secretariat during project preparation and approval on how additional costs can be paid.

18. Some Council Members pointed out that GEF-5 strategies did not include funding for adaptation projects. The GEF Secretariat explained that the GEF's adaptation strategy is provided by the LDCF/SCCF strategy, which will be supported with donor funding.

19. The Secretariat explained that the GEF would undertake efforts to learn from SPA projects under implementation. A Council Member urged that lessons from SPA projects be taken on board and integrated into the development of LDCF/SCCF projects.

Agenda Item 10 Revised Monitoring and Evaluation Policy

20. The Council welcomed the new Monitoring and Evaluation policy and noted its improvements in several areas.

21. The Council discussed the new minimum requirement (minimum requirement 4) that calls on Agencies to engage operational focal points in project monitoring and evaluation activities. A Council Member highlighted the need for a study on the particular problems that SIDs might face in engaging meaningfully in monitoring and evaluation work. The Director of the Evaluation Office emphasized that this new minimum requirement has been formulated as a requirement on GEF Agencies, not focal points. It would enable those focal points that are interested and able to become involved in monitoring and evaluation activities.

22. One Council Member asked whether the involvement of the focal point in monitoring and evaluation could be funded from project funds. The CEO indicated that the M&E policy does not delve into the specific project level costs and referred this point to the discussion of project and agency fees (agenda item 15).

23. The NGO network proposed to include the involvement of local communities and indigenous people in the minimum requirements. The Director of Evaluation pointed out that participation of local communities was already enshrined, when possible, in paragraph 83, article (f) of the revised policy. The Evaluation Office agreed to edit that paragraph to include “representatives of indigenous people.” A revised document was posted to reflect Council requests for revisions.

Agenda Item 11 GEF FY11-14 Business Plan

24. The Council welcomed the clarity and conciseness of the business plan. The Council’s discussion focused on: implementation of the National Portfolio Formulation Exercises (NPFE), streamlining of the pre-PIF stage of the project cycle, and the direct access modality for funding convention reports.

25. One Council Member emphasized that they saw the NPFE program as a critical GEF-5 reform that enabled their government to make a significant increase in its pledge and that it was important for securing funding from its parliament. Another Council Member commented that while they will not undertake an NPFE, some countries in its constituency are interested in undertaking an NPFE and wondered whether more time would be needed. The GEF CEO said that she would be writing to operational focal points on implementation of NPFE program, including that countries should feel free to undertake NPFEs since the next large work program will not be until May 2011.

26. Several Council Members thanked the GEF for streamlining the project cycle, but several also asked the Secretariat to clarify what measures had been taken to make the pre-PIF stage more efficient. The Secretariat responded that it had reached agreement with GEF Agencies on a new arrangement and time standard for tracking the development of pre-PIF project. As explained in *GEF Information Document GEF/C.39/Inf.3, GEF Project and Programmatic Approach Cycles*, the Secretariat will design a website to enable country operational focal points to record concepts when they are submitted to a GEF Agency for consideration. GEF Agencies will be required to inform the GEF Secretariat, within 30 days of the receipt of a pre-PIF concept, of how it intends to proceed.

27. The GEF Secretariat will submit to the fall 2011 Council meeting a paper detailing the results of the pre-PIF tracking in the database that is to be implemented by the end of this year. One Council Member suggested that the Secretariat create a place on the website for countries to post project concept ideas to which the Agencies could respond.

28. A revised document was posted to reflect Council request for revisions.

Agenda Item 12 Work Program

29. Council Members approved the work program and supported the rigorous review undertaken by the GEF Secretariat in preparing the first work program in GEF-5. Given the long history of project preparation in the GEF, some Council Members were puzzled that the quality of projects dropped and queried about remedial steps.
30. The CEO provided detailed responses to the concerns and clarified that the composition of the November work program was also constrained by available resources. Of the 37 projects reviewed, most were returned to the Agencies for further substantial revisions. Only 7 projects were completely rejected.
31. The CEO elucidated the process for the next work program: the Secretariat will report on the total number of PIFs submitted to the Secretariat; the total number of PIFs rejected outright; and the total number of PIFs returned to the Agencies for revisions and resubmission in a future work program. The GEF Secretariat agreed to return to the spring Council Meeting with an explanation or comparison on how the quality-at-entry for project submissions has improved between the November 2010 and May 2011 work programs.
32. The CEO clarified that no new criteria were applied to the review of the projects for this work program. However, the GEF Secretariat took a more thorough review process to ensure that the PIFs recommended for the work program complied with the GEF policies and goals. This approach was in response to the recommendation of the recent replenishment meetings calling for emphasis on quality of projects.
33. A few Council Members requested greater clarity on the interpretation of comparative advantage of Agencies. Others requested clarity on the definition of baseline projects as related to the incremental cost principle and co-financing. A Council Member reminded participants of the previous Council paper on comparative advantage. The CEO also clarified that an Agency has to demonstrate that the GEF work program/objectives are mainstreamed in the Agency's own internal programming objectives.
34. Following several concerns expressed by Council Members that they felt compelled to provide funding for the SGP program from their STAR allocations, the CEO indicated that she will write a letter to all Operational Focal Points informing them that countries have no obligation to allocate STAR resources to the SGP and that this is a voluntary decision of the countries. One Council Member asked that the final project document for the SGP program be circulated to Council prior to endorsement by the CEO. The CEO agreed to do so, in line with GEF project cycle policies.
35. Several countries commented that they are facing pressures to endorse Agency project proposals prior to completing an NPFE. The CEO responded that she will write to all GEF focal points on implementation of the NPFE program. She also emphasized that the NPFE is a voluntary exercise, the implementation timeframe is very short (around two months), and that doing an NPFE has no impact whatsoever on a country's ability to access GEF resources.
36. Many Council Members noted that the addition of new agencies to the GEF, through the initiative to broaden the partnership, would allow a sound competition and enable the leveraging of greater co-financing.

Agenda Item 13 Results- based Management and Knowledge Management Work Plan for GEF-5

37. Several Council Members welcomed the positive direction in which the Secretariat is moving. A few Council Members pointed out that while the results component of the work plan included specific action items and time lines, the knowledge management component did not. The Secretariat clarified that a working group consisting of representatives from Agencies, STAP, the EO, and the CSOs has been established to provide input into a knowledge management strategy that will be presented to the spring 2011 Council. The KM strategy will include a detailed plan with an associated time line and any costs implications.

38. One Council Member requested clarification on how the RBM system establishes "a process to ensure the quality of objectives, baselines, and results indicators, where each step of the results chain can be easily defined and tracked" (para 41, GEF/R.5/32). In order to fully clarify the process, the Secretariat will present an information document to the spring 2011 Council Meeting bringing all of the RBM pieces together.

Agenda Item 14 Broadening the GEF Partnership

39. The Council expressed strong support for broadening the GEF partnership. There was unanimous support that a priority should be placed on the accreditation of national institutions as GEF Partner Agencies. The Council agreed to undertake a pilot on accrediting new agencies and asked the Secretariat to develop a proposal for the spring 2011 Council Meeting so it could start testing what works. The Council also approved the proposed accreditation procedure, with some changes, which were reflected in *Document GEF/C.39/8/Rev.2, Accreditation Procedure for GEF Project Agencies*. This revised paper was reposted on the GEF's website together with revised *Document GEF/C.39/7/Rev.2, Broadening the GEF Partnership: Key Policy Issues*.

40. The Council asked that the Secretariat's proposal set forth clear goals in terms of coverage of countries, regions, and different types of agencies and how to measure its success. The Council asked that this proposal be developed in consultation with the existing Council subcommittee and that consultations begin as early as practical. The proposal should also include a set of more objective and transparent Value-added Review Criteria, which the Secretariat should also develop in consultation with the subcommittee.

41. There was discussion on the types of agencies that the GEF should accredit, whether a ceiling on numbers should be agreed, and how quickly new agencies could be accredited. A few Council Members urged a cautious approach, while a few others stated that placing artificial limits on the number of agencies to be accredited is impractical, unfair, and would create undue competition.

42. A few Council Members supported the accreditation of bilateral development agencies, while a few opposed this idea. Several Council Members spoke strongly in support of accrediting regional organizations and other entities that would be better able to serve the needs of countries that had been underserved, such as small island developing states.

43. Several Council Members emphasized the need to maintain a level playing field between the existing 10 GEF Agencies and new GEF Project Agencies. The CEO clarified that a "level

playing field" means that agencies have the same opportunity to access resources, but this should not preclude the GEF from taking into consideration the particular characteristics of different types of agencies during the accreditation process.

44. A few Council Members expressed concern at the need for applicants to pay a \$25,000 initial accreditation fee, which would significantly limit the number of agencies that would apply for the status. The GEF CEO responded that the GEF-5 policy recommendations clearly state that applicants will need to cover the cost of their accreditation. The CEO also clarified that the main costs would be incurred by the GEF Trustee.

45. The GEF Secretariat agreed to circulate to the Council, notes/minutes of the meetings of the sub-committee. The Secretariat agreed at the request of a few Council Members to address gender issues in the document on environmental and social safeguards to be submitted to the next Council Meeting.

Agenda Item 15 Fees and Management Costs

46. In general, the Council Members welcomed the paper and commended the Secretariat's attempt to address this important issue and its efforts to enhance the transparency of fees and project management costs. Council Members recognized, however, the lack of standardized reporting to allow data comparison and analysis to determine whether the level of fees is sufficient to cover actual costs incurred by the GEF Agencies. They also recognized the lack of knowledge on how fees are used by the Agencies.

47. One Member reflected that the paper did not address the possibility of reducing fees. Management responded that there was currently no basis to change the level of fees, either upward or downward.

48. A reference was made to the activities listed in paragraphs 17(c)(i) and 17(e)(i) regarding the need to keep Operation Focal Points (OFP) informed of how Agencies use the fees. This practice is not consistent across all Agencies, which should be held accountable.

49. The Agencies unanimously agreed to make every effort to cooperate with the independent external review on the development of a common reporting matrix to increase transparency and enhance communication. The Council welcomed the Agencies' willingness to cooperate in the review and expressed its expectation that the Agencies will provide the necessary information on GEF activities in detail.

Agenda Item 16 Enhancing the Work of the CSOs in the GEF Partnership

50. The Council welcomed the paper and emphasized the importance of working with CSOs. One Council Member stated that the sentence in paragraph 19 – which states: "Therefore in the future, all members of the Network in a country, as well as other appropriate CSOs, shall be invited to participate in the process of programming GEF funds" – was too prescriptive and did not reflect different processes established in countries to consult civil society representatives.

51. The GEF Secretariat has agreed to change the language of the text, accordingly and consistent with the statement of a Council Member to the effect that the Council encourages the

involvement of CSOs in GEF activities. A revised document was posted to reflect the Council's request for revisions.

Agenda Item 17 Enhancing the Participation of the Conventions in the GEF Partnership

52. The sense of the Council was that while this issue is of central importance to the GEF, it would be useful to provide an opportunity for Council Members to comment in writing on the document, perhaps suggesting some additional means of enhancing GEF's relations with the Conventions.

53. The Secretariat agreed to present a revised document to Council in spring 2011.

Agenda Item 18 Other Business

54. The Council agreed that the GEF Secretariat will circulate to Council for decision by mail, by March 1, 2011, a proposal, in response to a request from Japan, to create a trust fund aiming to support a pilot of the global multilateral benefit sharing mechanism. Council further agreed that the Secretariat will submit to Council at its spring 2011 Meeting, a paper covering the governance and other substantive issues related to this trust fund, as well as a document outlining criteria for the establishment of trust funds within the GEF, in general.

55. Following requests from several Council Members, the Secretariat will receive written comments from Council Members no later than December 03, 2010 on the following documents that were submitted for the November 2010 Council meeting as information documents:

- a) GEF/C.39/Inf.5 Guidelines for Reviewing and Updating the NIP under the Stockholm Convention on POPs;
- b) GEF/C.39/Inf.9 Strategy for Mercury Programming in the 5th Replenishment Period of the Global Environment Facility;
- c) GEF/C.39/Inf.10 Programming Approach for Utilization of Resources Set-aside outside the STAR; and
- d) GEF/C.39/Inf.11 Strategy on Sound Chemicals Management for the 5th Replenishment Period of the Global Environment Facility.

56. The Secretariat will revise these documents and submit them to the Council for decision by mail no later than December 31, 2010.

57. The Secretariat indicated that starting at the 40th Council meeting in May 2011, hard copies of Council documents will no longer be provided for Council Members. In an effort to promote sustainability, Council Members will be responsible for printing the documents and make their own binders.

CLOSURE OF THE MEETING

58. The meeting closed on November 18, 2010.