

GLOBAL
ENVIRONMENT
FACILITY

RESPONSE TO DECISION 10/3
OF THE INTERGOVERNMENTAL NEGOTIATING
COMMITTEE FOR A FRAMEWORK CONVENTION
ON CLIMATE CHANGE AT ITS TENTH SESSION

GEF Council Meeting
Washington, D.C.
November 1 - 3, 1994

1. At its Tenth Session held in Geneva from August 22 to September 2, 1994, the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change adopted Decision 10/3 entitled, *Temporary Arrangements between the Committee and the Global Environment Facility*. A copy of the decision is set forth in Attachment 1 to this document. Paragraph 1 of the decision invites the Council "to take note of the conclusions reached by the INC at its tenth session on guidance to the operating entity and to ensure that activities approved between now and the first session of the Conference of the Parties (COP) by the GEF Council, within the framework of the financial mechanism of the Convention, are in conformity with those conclusions."
2. Paragraph 4 of the decision "invites the GEF to provide to the Committee at its eleventh session a report containing information that could assist the COP to review the interim arrangements referred to in Article 21.3 in accordance with Article 11 of the Convention, for consideration by COP at its first session. A report containing information on the development of an operational strategy in the climate change area and on the initial activities in this field should also be provided for consideration by the COP at its first session taking into account paragraph 2(e) and (f) above".
3. The Secretariat has received the decision from the Secretariat of the Intergovernmental Negotiating Committee and is taking the following actions:
 - (a) The decision is hereby being submitted to the Council to guide it in its work related to the financial mechanism for the Climate Change Convention;
 - (b) The Secretariat has taken note of the decision, and has taken, and will continue to take, the guidance set forth therein fully into account in its work on guidance for programming GEF resources in 1995, in the development of future joint work programs, and in the development of operational strategies;
 - (c) The draft report presented in Attachment 2 to this document has been prepared in response to the invitation set forth in paragraph 4 of the decision. The Council is invited to review the draft report and approve it for submission to the Intergovernmental Negotiating Committee at its eleventh session in February 1995.
 - (d) The Secretariat intends to prepare a draft report "containing information on the development of an operational strategy in the climate change area and on the initial activities in this field" for consideration and approval by the Council at its meeting in January 1995 with a view to submitting such a report to the Conference of the Parties at its first session in March/April 1995.

Decision 10/3

Temporary Arrangements between the Committee and
The Global Environment Facility

The Intergovernmental Negotiating Committee for a Framework Convention on Climate Change,

Recalling Article 11 of the United Nations Framework Convention on Climate Change which states that the financial mechanism shall function under the guidance of and be accountable to the Conference of the Parties, which shall decide on its policies, programme priorities and eligibility criteria related to the Convention as well as other relevant provisions of that article, in particular its paragraph 3,

Recalling also Article 21.3 of the Convention which entrusted the operation of the financial mechanism on an interim basis to the Global Environment Facility and called for the GEF to be appropriately restructured and its membership made universal to enable it to fulfil the requirements of Article 11,

Recalling further paragraph 6 of the General Assembly resolution 47/195 of 22 December 1992 entitled "Protection of global climate for present and future generations of mankind" which decided that the Intergovernmental Negotiating Committee shall continue to function in order to prepare for the first session of the Conference of the Parties to the Convention, and, in that context to contribute to the effective operation of the interim arrangements set out in Article 21 of the Convention,

Taking note of paragraph 6 of the "Instrument for the Establishment of the Restructured Global Environment Facility" accepted by the Participants in the GEF at Geneva on 16 March 1994 and subsequently adopted by the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) and the International Bank for Reconstruction and Development (IBRD) which states that in partial fulfillment of its purposes, the GEF shall on an interim basis operate the financial mechanism for the implementation of the Convention,

Noting also paragraph 27 of the Instrument for the Establishment of the Restructured Global Environment Facility which states that with regard to each Convention referred to in paragraph 6, (the Climate Change Convention included), until the first session of the Conference of the Parties (COP1), the Council shall consult the Convention's interim body,

1. Invites the Global Environment Facility as the international entity entrusted with the operation of the financial mechanism referred to in Article 11 of the Convention on an interim basis to take note of the conclusions reached by the Committee at its tenth session on guidance to the operating entity and to ensure that activities approved by the GEF Council, within the framework of the financial mechanism of the Convention between now and the first session of the Conference of the Parties are in conformity with those conclusions:

- (a) With respect to activities undertaken under Article 11, the Committee concluded that:
- Within the framework of the financial mechanism:
- (i) The operation entity or entities should, in all funding decisions related to the financial mechanism, take into account Article 4.1, 4.7, 4.8, 4.9 and 4.10 of the Convention. In particular, in order to take full account of the specific needs and special situations of the least developed countries, funds allocated to their projects/programmes should be on a grant basis;
 - (ii) Projects funded through the financial mechanism should be country-driven and in conformity with, and supportive of, national development priorities of each country;
 - (iii) The operating entity or entities should ensure that, with reference to activities involving transfer of technology, such technology is environmentally sound and adapted to suit local conditions;
 - (iv) As far as possible, due consideration should be given to the following aspects concerning activities undertaken under the financial mechanism. Activities should be:
 - supportive of the national development priorities which contribute to a comprehensive national response to climate change
 - consistent with and supportive of the relevant provisions of internationally agreed programmes of actions for sustainable development in line with the Rio Declaration and Agenda 21 and the United Nations Conference on Environment and Development (UNCED)-related agreements
 - sustainable and lead to wider application
 - cost-effective
 - (v) The operating entity or entities of the financial mechanism should strive to leverage other funds in support of the activities of the developing country Parties to address climate change.
- (b) Regarding programme priorities, the Committee concluded that:
- (i) Priority should be given to the funding of agreed full costs (or agreed full incremental costs, as appropriate) incurred by developing country Parties in complying with their obligations under Article 12.1 and other relevant commitments under the Convention. In the initial period, emphasis should be placed on enabling activities undertaken by developing country Parties,

such as planning, endogenous capacity building including institutional strengthening, training, research and education, that will facilitate implementation, in accordance with the Convention, of effective response measures.

- (c) With regard to eligibility criteria for countries, the Committee concluded that:
 - (i) Eligibility criteria will apply to countries and to activities and will be applied in accordance with Article 11.1, 11.2 and 11.3;
 - (ii) Regarding eligibility of countries, only countries that are Parties to the Convention would be eligible to receive funding upon entry into force of the Convention. In this context, only developing country Parties would be eligible to receive funding through the financial mechanism, in accordance with Article 4.3.
- (d) Concerning eligibility criteria for activities, the Committee concluded that:
 - (i) Those activities related to obligations under Article 12.1 to communicate information for which the "agreed full costs" are to be met are eligible for funding;
 - (ii) Measures covered by Article 4.1 are eligible for funding through the financial mechanism in accordance with Article 4.3. Such measures should be agreed between the developing country Party and the international entity or entities referred to in Article 11.1, in accordance with Article 4.3;
 - (iii) In addition to the above, such measures would be eligible for financial support under Article 11.5.
- (e) Regarding adaptation, the Committee agreed on the following:
 - (i) Adaptation to the adverse effects of climate change, as defined by the Convention, will require short, medium and long term strategies which should be cost effective, take into account important socio-economic implications, and which should be implemented on a stage-by-stage basis in developing countries that are Party to the Convention. In the short term, the following stage is envisaged:
 - Stage I: Planning, which includes studies of possible impacts of climate change to identify particularly vulnerable countries or regions and policy options for adaptation, and appropriate capacity building.
 - (ii) In the medium and long term, the following stages are envisaged for the particularly vulnerable countries or regions identified in Stage I:

- Stage II: Measures, including further capacity building, which may be taken to prepare for adaptation, as envisaged by Article 4.1 (e).
 - Stage III: Measures to facilitate adequate adaptation, including insurance, and other adaptation measures as envisaged by Article 4.1 (b) and 4.4.
- (iii) Based on the outputs of the Stage I studies, as well as other relevant scientific and technical studies, such as those of the Intergovernmental Panel on Climate Change (IPCC), and any emerging evidence of the adverse effects of climate change, the COP may decide that it has become necessary to implement the measures and activities envisaged in Stages II and III, consistent with the conclusions of the Committee and the Convention.
- (iv) Funding for the implementation of such adaptation measures and activities would be provided as follows:
- For Stage I, the COP at its first session, shall entrust to the Global Environment Facility, the interim operating entity of the financial mechanism, the task of meeting the agreed full costs of the activities required by Article 12.1 of the Convention. This would include meeting the agreed full costs of relevant adaptation activities undertaken in the context of the formulation of national communications; such activities may include studies of the possible impacts of climate change, identification of options for implementing the adaptation provisions (especially the obligations contained in Article 4.1 (b) and 4.1 (e)) of the Convention, and relevant capacity building.
 - If it is decided in accordance with paragraph (iii) above, that it has become necessary to implement the measures envisaged in Stages II and III, the Annex II Parties will provide funding to implement the adaptation measures envisaged in these stages in accordance with their commitments contained in Article 4.3 and 4.4. of the Convention.
 - In its review of the financial mechanism of the Convention under Article 11.4, the COP, taking into account studies conducted and options for adaptation identified during Stage I, any emerging evidence of the adverse effects of climate change, as well as the conclusions reached by the Committee and its own decisions on this issue, must decide on the channel/channels, under Article 11 of the Convention, to be used for the funding referred to in the preceding sub-paragraph, to implement the adaptation measures envisaged in Stages II and III.

- (f) On agreed full incremental costs, the Committee concluded that the various issues of incremental costs were complex and difficult and that further discussion on the subject was therefore needed. It also concluded that the application of the concept of agreed full incremental costs should be flexible, pragmatic and on a case-by-case basis. Guidelines in this regard would be developed by the COP at a later stage on the basis of experience.

2. Also invites the GEF to take note of the following conclusions reached by the Committee with respect to the modalities for the functioning of operational linkages between the COP and the operating entity of the financial mechanism:

- (a) The COP, the supreme body of the Convention, and the entity or entities entrusted with the operation of the financial mechanism, shall agree upon arrangements to give effect to the provisions of paragraphs 1 and 2 of Article II through the operational linkages which are discussed below;
- (b) In line with Article II.1 of the Convention, the COP will, after each of its sessions, communicate to the governing body of the operating entity relevant policy guidance for implementation and action by that governing body, which shall accordingly ensure the conformity of the entity's work with the guidance of the COP. Guidance from the COP will address issues relating to policies, programme priorities and eligibility criteria, as well as possible relevant aspects of the activities of the operating entity that are related to the Convention;
- (c) The governing body of the operating entity has the responsibility of ensuring that funded projects related to the Convention are in conformity with the policies, eligibility criteria and programme priorities established by the COP. It will report regularly to the COP on its activities related to the Convention and the conformity of those activities with the guidance received from the COP;
- (d) Regular reports by the Chairman or secretariat of the operating entity to its governing body will be made available to the COP through its secretariat. Other official documentation of the operating entity should also be made available to the COP through its secretariat;
- (e) In addition, the COP should receive and review at each of its sessions a report from the governing body of the operating entity which should include specific information on how it has applied the guidance and decisions of the COP in its work related to the Convention. This report should be of a substantive nature and incorporate the programme of future activities of this entity in the areas covered by the Convention and an analysis on how the entity, in its operations, implemented the policies, eligibility criteria and programme priorities related to the Convention established by the COP. In particular, a synthesis of the different projects under implementation and a listing of the projects approved in the areas covered by the Convention, as well as a financial report including accounting and evaluation of its activities in the implementation of the Convention, indicating the availability of resources, should be included;
- (f) In order to meet the requirements of its accountability to the COP, reports submitted by the governing body of the operating entity should cover all its activities carried out in

implementing the Convention, whether decisions on such activities are made by the governing body of the operating entity or by bodies operating under its auspices for the implementation of its programme. To this end, it shall make such arrangements with such bodies as might be necessary regarding the disclosure of information;

(g) The funding decisions for specific projects should be agreed between the developing country Party concerned and the operating entity in conformity with policy guidance from the COP. However, if any Party considers that a decision regarding one of the specific projects does not comply with the policies, eligibility criteria and programme priorities established by the COP in the context of the Convention, the COP should analyze the observations presented and take decisions on the basis of compliance with such policies, eligibility criteria and programme priorities. In the event that the COP considers that this specific project decision does not comply with the policies, eligibility criteria and programme priorities established by the COP, it may ask the governing body of the operating entity for further clarification on this specific project decision and in due time ask for a reconsideration of that decision;

(h) The COP will periodically review and evaluate the effectiveness of all modalities established in accordance with Article 11.3. Such evaluations will be taken into account by the COP in its decision, pursuant to Article 11.4, on the arrangements for the financial mechanism.

3. Invites further the GEF to take note of the following conclusion of the Committee with respect to activities undertaken outside the framework of the financial mechanism:

(a) Consistency should be sought and maintained between activities (including those related to funding) relevant to climate change undertaken outside the framework of the financial mechanism and the policies, programme priorities and eligibility criteria for activities as relevant, established by the COP.

4. Invites the GEF to provide to the Committee at its eleventh session a report containing information that could assist the COP to review the interim arrangements referred to in Article 21.3 in accordance with Article 11 of the Convention, for consideration by COP at its first session. A report containing information on the development of an operational strategy in the climate change area and on the initial activities in this field should also be provided for consideration by the COP at its first session taking into account paragraph 2 (e) and (f) above.

5. Requests the Executive Secretary to provide appropriate inputs to the Chief Executive Officer/Chairperson of the GEF, with a view to ensuring that the provisions of the Convention and the conclusions reached by the Committee are fully reflected in those parts of the operational strategy of the GEF that relate to climate change.

DRAFT

REPORT BY THE GEF TO THE INTERGOVERNMENTAL
NEGOTIATING COMMITTEE FOR A FRAMEWORK
CONVENTION ON CLIMATE CHANGE
ON THE
RESTRUCTURED GLOBAL ENVIRONMENT FACILITY

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INTRODUCTION

1. Paragraph 4 of Decision 10/3 of the Intergovernmental Negotiating Committee for the Framework Convention on Climate Change at its tenth session entitled, *Temporary Arrangements between the Committee and the Global Environment Facility*, "invites the GEF to provide to the Committee at its eleventh session a report containing information that could assist the COP to review the interim arrangements referred to in Article 21.3 in accordance with Article 11 of the Convention, for consideration by COP at its first session." This report has been prepared in response to that invitation.
2. Paragraphs 1 and 2 of Article 11 of the Convention set forth the following provisions to guide the selection of the Convention's financial mechanism:
 - (a) The financial mechanism is to provide financial resources on a grant or concessional basis, including for the transfer of technology;
 - (b) It shall function under the guidance of, and be accountable to, the Conference of the Parties, which shall decide on its policies, programme priorities and eligibility criteria related to this Convention;
 - (c) Its operation shall be entrusted to one or more existing international entities; and
 - (d) It shall have an equitable and balanced representation of all Parties within a transparent system of governance.
3. Paragraph 3 of Article 11 provides that the Conference of the Parties and the entity or entities entrusted with the operation of the financial mechanism are to agree on arrangements to give effect to paragraphs 1 and 2 of the Article.
4. Paragraph 4 of Article 11 provides that the Conference of the Parties is to make arrangements to implement Article 11 at its first session, "reviewing and taking into account the interim arrangements referred to in Article 21, paragraph 3". The paragraph also call for the Conference of the Parties to "decide whether these interim arrangements shall be maintained."
5. Paragraph 3 of Article 21 provides:

The Global Environment Facility of the United Nations Development Programme, the United Nations Environment Programme and the International Bank for Reconstruction and Development shall be the international entity entrusted with the operation of the financial mechanism referred to in Article 11 on an interim basis. In this connection, the Global Environment Facility should be appropriately restructured and its membership made universal to enable it to fulfil the requirements of Article 11."
6. This report provides information on how the GEF has been restructured. It is the opinion of the GEF that the restructured GEF does respond to the requirements of Articles 21(3) and 11, and

therefore, it is an appropriate international entity to be entrusted with the operation of the financial mechanism for the United Nations Framework Convention on Climate Change.

PART I: THE GEF PILOT PHASE

7. The GEF was established by Resolution 91-5 of the Executive Directors of the World Bank as a pilot program to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development. The Resolution additionally provided for the development of procedural arrangements to govern cooperation among UNDP, UNEP and the World Bank for the implementation of programs under the GEF.
8. Following the establishment of the GEF, the Governing Councils of UNDP and UNEP endorsed its establishment and requested the respective Executive Heads to take action to enable their organizations to fulfil their designated roles under the Facility.¹ Procedural arrangements for operational cooperation among UNDP, UNEP and the World Bank under the GEF were signed by the Executive Heads of the three agencies on October 28, 1991.
9. During the pilot phase, Participants endorsed 117 projects worth US\$742.1 million. The allocation of funds from the GET to the four thematic areas during the pilot phase is as follows: 43% of the resources were allocated to biodiversity projects, 38% to climate change projects, 16% to international waters projects, and 1% to ozone projects. A total of 82 projects totalling US\$530.2 million have been approved by the Implementing Agencies. 33 are World Bank investment projects, 46 are projects implemented through UNDP and 3 are UNEP projects. A list of projects concerning climate change is attached as annex A to this report.

PART II: THE RESTRUCTURING PROCESS

Principles for Restructuring the GEF

10. At their meeting in April 1992, Participants in the GEF agreed that its structure and modalities should be adjusted so that it could play a permanent role beyond the pilot phase. In particular, they agreed that the following principles would serve as the basis for restructuring the Facility:

Principle I: The GEF would provide additional grant and concessional funding of the agreed incremental costs for achieving agreed global environmental benefits.

Principle II: The GEF would finance activities which benefit the global environment. It would continue to support its current four focal areas. Land degradation issues, primarily

¹Resolution 16/47 dated May 13, 1991, of the UNEP Governing Council and Decision 92/16 dated May 26, 1992, of the UNDP Governing Council.

desertification and deforestation, as they relate to the focal areas of the Facility, would be eligible for financing.

Principle III: The GEF is available to function as the funding mechanism for agreed global environmental conventions, should the parties to those conventions so desire.

Principle IV: The GEF would assure the cost effectiveness of its activities in addressing the targeted global environmental issues.

Principle V: The GEF would fund programs and projects which are country driven and consistent with national priorities designed to support sustainable development.

Principle VI: The GEF would build on proven institutional structures, such as the partnership among UNDP, UNEP and the World Bank, thus avoiding the creation of new institutions.

Principle VII: The GEF must be transparent and accountable to contributors and beneficiaries alike.

Principle VIII: The GEF would have sufficient flexibility to introduce modifications as the need arises.

11. Agenda 21 (the action plan adopted by the 1992 United Nations Conference on Environment and Development), the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity also called for the restructuring of the Facility. In particular, under paragraph 33.14(a)(iii) of Agenda 21, it was agreed that:

The Global Environment Facility, managed jointly by the World Bank, UNDP and UNEP, whose additional grant and concessional funding is designed to achieve global environmental benefits should cover the agreed incremental costs of relevant activities under Agenda 21, in particular for developing countries. Therefore, it should be restructured so as to, *inter alia*:

- (a) Encourage universal participation;
- (b) Have sufficient flexibility to expand its scope and coverage to relevant programme areas of Agenda 21, with global environmental benefits, as agreed;
- (c) Ensure a governance that is transparent and democratic in nature, including in terms of decision-making and operations, by guaranteeing a balanced and equitable representation of the interests of developing countries, as well as giving due weight to the funding efforts of donor countries;
- (d) Ensure new and additional financial resources on grant and concessional terms, in particular to developing countries;

- (e) Ensure predictability in the flow of funds by contributions from developed countries, taking into account the importance of equitable burden-sharing;
- (f) Ensure access to and disbursement of the funds under mutually agreed criteria without introducing new forms of conditionality.

12. Article 21(3) of the UN Framework Convention on Climate Change and Article 39 of the Convention on Biological Diversity specifically call for the appropriate restructuring of the GEF as a prerequisite for its designation for the purposes of the financial mechanism of the conventions. Article 21(3) of the Climate Change Convention specifies that GEF membership should be made universal, and in accordance with Article 11(2) the financial mechanism is to have an equitable and balanced representation of all Parties within a transparent system of governance. In accordance with Article 21 of the Biological Diversity Convention the financial mechanism is to operate within a democratic and transparent system of governance.

Evaluation of the GEF

13. To assist Governments to restructure the GEF, an independent evaluation of the pilot program was requested by the Participants. The evaluation was completed in December 1993. The overall evaluation process was coordinated by an evaluation coordinator and the evaluation team. It analyzed the GEF operations of UNDP, UNEP and the World Bank, and it reviewed the role of the Administrator's office.

14. In addition to the evaluation teams, an Independent Panel of Experts was appointed by the Chairman of the GEF to assure the independence and integrity of the evaluation process.

15. Many of the recommendations on the institutional arrangements and operational practices have been incorporated into the Instrument for the Establishment of the Restructured Global Environment Facility. Others, such as the need for an overarching strategy in each of the focal areas covered by the GEF, will be developed and considered, in the context of the overall operational modalities of the Facility, by the newly established Council.

The Negotiating Process

16. The GEF Participants met seven times to discuss and reach agreement on the restructuring and replenishment of the GEF. Participants Meetings were held in Abidjan, Cote d'Ivoire, in December 1992, in Rome, Italy, in March 1993, in Beijing, China, in May 1993, in Washington, D.C., USA, in September 1993, in Paris, France, in November 1993, in Cartagena, Colombia, in December 1993, and in Geneva, Switzerland, in March 1994.

17. At the Geneva meeting, representatives of 73 States accepted the Instrument for the Establishment of the Restructured GEF (the Instrument) which is being circulated with this report.

The Instrument

18. The Instrument sets out the institutional framework of, and defines the decision-making structure and processes to be established in, the restructured GEF. The key points of the Instrument are summarized below.

Basic Provisions - Paragraphs 1 to 6 of the Instrument

19. The restructured GEF is to continue operating on the basis of collaboration and partnership among the three Implementing Agencies, thus avoiding the creation of a new institution. It will serve as a mechanism for international cooperation for the purpose of providing additional grant and concessional funding to meet the agreed incremental costs of measures to achieve global environmental benefits in four focal areas: climate change, biological diversity, international waters, and ozone layer depletion. The agreed incremental costs of activities concerning land degradation, primarily desertification and deforestation, as they relate to the four focal areas shall also be eligible for funding. It was agreed that other relevant activities may be agreed to by the Council insofar as they achieve global environmental benefits by protecting the global environment in the four focal areas.

20. The GEF is to be available to continue to serve for the purposes of the financial mechanisms for the implementation of the Climate Change Convention and the Biological Diversity Convention if it is requested to do so by their Conferences of the Parties.

Participation - Paragraph 7 of the Instrument

21. Any State member of the United Nations or of any of its specialized agencies may become a Participant in the GEF. The only requirement for participation is that a State deposit with the Secretariat an instrument of participation. A form for such notification is presented in Annex A to the Instrument.

The GEF Trust Fund - Paragraphs 8 and 10, and Annexes B and C of the Instrument

22. A new GEF Trust Fund is to be established and the World Bank is invited to serve as the Trustee of the Fund. Annex B of the Instrument sets forth the provisions for the role and fiduciary responsibilities of the Trustee and Annex C the financial provisions for replenishment of the Trust Fund. In accordance with paragraph 32, the existing Global Environment Trust Fund (GET) is to be terminated on the effective date of the establishment of the new GEF Trust Fund, and any funds, receipts, assets and liabilities held in the GET are to be transferred to the new Trust Fund.

Eligibility - Paragraph 9 of the Instrument

23. GEF financing made available within the framework of the financial mechanism of the Climate Change Convention or the Biological Diversity Convention will be in conformity with the eligibility criteria decided on by the Conference of the Parties of each convention. Under the provisions of both conventions, a country is eligible for funding under the convention's financial mechanism if the country is: (i) a developing country; and (ii) a party to the convention.

24. GEF financing in all four focal areas made available outside the framework of the financial mechanism of one of the conventions will be subject to the country eligibility criteria provided in paragraph 9(b) of the Instrument and any further eligibility criteria adopted by the Council. Paragraph 9(b) provides that a country shall be an eligible recipient of GEF grants if it is eligible to borrow from the World Bank (IBRD and/or IDA) or if it is an eligible recipient of UNDP technical assistance through its country Indicative Planning Figure (IPF)². Resources for activities concerning climate change or biological diversity, but outside the framework of the financial mechanism of the respective convention, shall only be made available to eligible recipient countries that are party to the convention concerned.

Governance and Management Structure

25. The GEF is to be governed through an Assembly, a Council and a Secretariat.

Assembly - Paragraphs 13 and 14 of the Instrument

26. An Assembly consisting of representatives from all Participants shall meet once every three years to review the general policies of the Facility, to evaluate the operation of the Facility, and to approve any amendments to the Instrument that may be recommended by the Council.

Council - Paragraphs 15 through 20 of the Instrument

27. A Council consisting of 32 Members representing constituency groups of Participating States is to be established. The Council shall be composed of 16 members from developing countries, 14 Members from developed countries and 2 Members from countries with economies in transition of central and eastern Europe and the former Soviet Union. The Council shall be responsible for developing, adopting and evaluating the operational policies and programs for GEF financed activities. The Council shall meet in Washington, D.C. semi-annually or as frequently as necessary to enable it to discharge its responsibilities. At each meeting, the Council shall elect a Chairperson from among its Members for the duration of that meeting. The position of elected Chairperson shall alternate from one meeting to another between recipient and non-recipient Council Members. Responsibility for conducting the deliberations of the Council at each meeting will be divided between the elected Chairperson and the Chief Executive Officer/Chairman of the Facility (CEO), based on the nature of the issues on the Council's agenda. In general, the elected Chairperson will conduct deliberations of the Council on administrative issues, while the CEO will conduct deliberations of the Council on operational issues. The responsibilities of the elected Council Chair and the CEO for conducting the Council deliberations are defined in paragraph 18 of the Instrument. The responsibilities of the Council are defined in paragraph 20.

²Current eligibility requirements for receiving UNDP technical assistance are as follows: only countries with a 1989 per capita income of less than \$3,000 are eligible for technical assistance grants. Countries whose per capita income falls within the \$3,000 - \$6,000 range may benefit from UNDP technical assistance but they are expected to repay UNDP for the full costs of such assistance (Decision 90/34 of the UNDP Governing Council). The thresholds of \$3,000 and \$6,000 are set higher for island states with a population of less than 2 million. For small island states the cut off levels are, respectively, \$4,200 and \$7,500. Decision 90/34 is to be updated in 1995. UNDP calculates an allocation referred to as the "indicative planning figure" (IPF) for each eligible country for a five year programming cycle.

Constituencies - Annex E of the Instrument

28. GEF Participants are to be grouped in 32 constituencies, with 18 constituencies composed of recipient countries and 14 constituencies composed principally of non-recipient countries. The 18 recipient country constituencies are to be distributed among the following geographic regions: 6 for Africa, 6 for Asia and the Pacific, 4 for Latin America and the Caribbean, and 2 for central and eastern Europe and the former Soviet Union.

Secretariat - Paragraph 21 of the Instrument

29. A Secretariat is to be established to service and report to the Assembly and the Council. The Secretariat is to operate in a functionally independent and effective manner, is to be supported administratively by the World Bank, and is to be headed by the Chief Executive Officer/Chairman of the Facility (CEO). The CEO is to be appointed, to serve for three years on a full time basis, by the Council on the joint recommendation of the Implementing Agencies. The recommendation of the Implementing Agencies is to be made after consultation with the Council. The CEO may be reappointed by the Council. On July 12, 1994, the Council appointed Mr. Mohamed T. El-Ashry to serve as the first Chief Executive Officer/Chairman of the Facility.

30. The staff of the Secretariat shall include staff members seconded from the Implementing Agencies. Staff may also be hired competitively on an as needed basis through one of the Implementing Agencies. The functions of the Secretariat are set out in paragraph 21 of the Instrument.

Implementing Agencies - Paragraphs 22 and 23 of the Instrument

31. The Implementing Agencies of the GEF shall be the same as those of the pilot phase: UNDP, UNEP and the World Bank. The Implementing Agencies shall be responsible for the development and management of GEF-financed projects. As specified in paragraph 28, the Implementing Agencies may make arrangements for GEF project preparation and execution by multilateral development banks, specialized agencies and programs of the United Nations, other international organizations, bilateral development agencies, national institutions, nongovernmental organizations, private sector entities and academic institutions.

Scientific and Technical Advisory Panel - Paragraph 24 of the Instrument

32. UNEP is to establish, in consultation with UNDP and the World Bank, the Scientific and Technical Advisory Panel (STAP) as an advisory body to the Facility. The Council is to approve the mandate, composition and role of STAP.

Decision-Making in the Assembly and the Council - Paragraph 25 of the Instrument

33. The Assembly and the Council are each to adopt its rules of procedure. Decisions of the Assembly and the Council are normally to be taken by consensus. If in the consideration of any matter of substance all practicable efforts by the Council and its Chairperson have been made and no consensus agreement is reached, any member of the Council may require a formal vote.

34. Decisions of the Council requiring a formal vote shall be taken by a double weighted majority: an affirmative vote representing both a 60% majority of the total number of Participants and a 60% majority of the total contributions.

Relationship and Cooperation with Conventions - Paragraphs 26 and 27

35. The use of GEF resources for the purposes of the Climate Change Convention or the Biological Diversity Convention shall be in conformity with the policies, program priorities and eligibility criteria decided on by the Conference of the Parties of the convention concerned. The Council is to consider and approve cooperative arrangements or agreements with the Conference of the Parties to each of the conventions. Such arrangements or agreements are to be formalized, if required, by the Trustee.

Operational Modalities - Paragraphs 29 and 30 of the Instrument

36. The Council is to approve the GEF joint work program. Individual projects in the approved joint work program are to be developed and approved by the concerned Implementing Agency. Before final project approval, the CEO is to endorse each project. A project may be reviewed by the Council prior to submission for final approval by an Implementing Agency if at least 4 Council Members so request.

37. More detailed operational procedures for the Facility, including operational strategies and directives for project selection, means to facilitate arrangements for project preparation and execution by organizations and entities other than the Implementing Agencies, and procedural steps to be included in the project cycle are to be approved by the Council in accordance with paragraph 20(f) of the Instrument.

Reporting - Paragraph 31 of the Instrument

38. The Secretariat is to prepare an annual report on the activities of the GEF for review and approval by the Council. Among other things, the report is to contain all the information necessary to meet the principles of accountability and transparency that shall characterize the Facility as well as the requirements arising from the reporting arrangements agreed with each Conference of the Parties to the Climate Change and Biological Diversity Conventions.

Termination of the Global Environment Trust Fund - Paragraph 32 of the Instrument

39. The World Bank is invited to terminate the existing Global Environment Trust Fund (GET) established by Resolution No. 91-5 of the Executive Directors of the World Bank on the effective date of the establishment of the new GEF Trust Fund. Any funds, receipts, assets and liabilities held in the GET upon termination, including the administration of any cofinancing by the Trustee, shall be transferred to the new GEF Trust Fund.

Amendment and Termination - Paragraphs 34 and 35 of the Instrument

40. Any amendment or termination of the Instrument must be approved by the Assembly upon the recommendation of the Council. The Council is to take into account the views of the Implementing Agencies and the Trustee. Any amendment or termination is to become effective after adoption by the Implementing Agencies and the Trustee in accordance with their respective rules and procedural requirements.

41. The Trustee may at any time terminate its role as trustee, and an Implementing Agency may at any time terminate its role as implementing agency, after consultation with the other Implementing Agencies and after giving the Council six months notice in writing.

PART III: THE REPLENISHMENT PROCESS

42. The replenishment negotiations began in March 1993, with an informal meeting in Rome, at which donors agreed to a framework to guide the negotiations process. Donors agreed that the replenishment process and the restructuring process must proceed in parallel with each other. They also agreed that to be invited to the replenishment negotiations as a donor a government should express its intention to contribute to the restructured GEF. They also recognized that a minimum contribution should be set that was not unduly high for small donors. They set this minimum level at SDR 4 million, but agreed to review it for future replenishments. On this basis, the following countries participated as donors in these negotiations: Australia, Austria, Brazil, Canada, China, Cote D'Ivoire, Denmark, Egypt, Finland, France, Germany, India, Italy, Japan, Mexico, Netherlands, New Zealand, Norway, Pakistan, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States.

43. Subsequent to the Rome meeting, five other replenishment meetings took place in conjunction with the meetings on restructuring.

44. Donors agreed to a target replenishment of US\$2 billion which was exceeded. This level was seen as the most appropriate by donors for this first three-year replenishment, taking into consideration the absorptive capacity of recipients, the timing of the entry into force of the conventions, the capacity of the Implementing Agencies, and the budgetary constraints of donors. Annex C of the Instrument provides details of the financial provisions for the replenishment. Attachment 1 of Annex C lists all donors with their respective contributions.

45. The GEF Trust Fund will become effective (pursuant to Annex C, paragraph 6, of the Instrument) once donors representing 70% of the total replenishment will have deposited their instruments of commitment. This is expected to take place before the end of 1994.

46. Donors agreed that, although not part of the core replenishment, cofinancing would be welcome as an additional form of support for the GEF objectives. Several donors have pledged to provide cofinancing of this kind, amounting to approximately SDR 61.8 million thus far.

IV. ADOPTION OF THE INSTRUMENT

47. The Instrument, as accepted by representatives of the States participating in the GEF at their meeting in Geneva from March 14 to 16, 1994, is to become effective through adoption by the Implementing Agencies in accordance with their respective rules and procedural requirements.³ The Instrument has been formally adopted by the three Implementing Agencies as follows:

- (a) The Executive Board of the United Nations Development Programme and of the United Nations Population Fund adopted the Instrument at a meeting in New York on May 13, 1994 (Document DP/1994/9, "Report on the Second Regular Session");
- (b) The Governing Council of the United Nations Environment Programme adopted the instrument at a special meeting of its Governing Council in Nairobi on June 18, 1994 (Resolution ss.iv.1, "Adoption of the Instrument for the Establishment of the Restructured Global Environment Facility"); and
- (c) The Executive Directors of the World Bank adopted the Instrument at a meeting in Washington, D.C., on May 24, 1994 (Resolution No. 94-2, "Global Environment Facility Trust Fund: Restructuring and First Replenishment of the Global Environment Facility"), and the Board of Governors of the Bank adopted a resolution on July 7, 1994, approving cooperation by the Bank with other international organizations as appropriate to achieve the purposes of the GEF (Resolution No. 487, "Protection of the Global Environment").

48. The texts of the decisions are contained in the publication *Instrument for the Establishment of the Restructured Global Environment Facility* circulated to the meeting.

V. THE RESTRUCTURED GEF - PRESENT ACTIVITIES

49. As of October 4, 1994, 136 countries are Participants in the Restructured GEF. A list of all Participants is attached as annex B. The GEF Council held its first meeting in July 1994 and its second meeting in November 1994. A list of Council Members, Alternates, and the constituencies they represent is presented in annex C. The Joint Summary of the Chairs for the two meetings are contained in annexes D and E.

50. A functionally independent Secretariat has now been established. This Secretariat has been collaborating actively with the Interim Secretariat for the Climate Change Convention. For example, in preparing for the Council meetings, the GEF Secretariat has consulted with the Convention's Interim Secretariat on papers and issues of direct concern to the convention. The Executive Secretary of the Interim Secretariat addressed the Council at its first meeting, and [the Chairman of the INC addressed the Council's second meeting.] Provision is being made in the Council's rules

³Paragraph 1 of the Instrument.

of procedure for the representatives of the Climate Change Convention to regularly attend and address the Council meetings.

51. Paragraph 6 of the Instrument indicates that the GEF is available to continue to serve for the purposes of the financial mechanisms for the implementation of the Climate Change Convention if it is requested to do so by the Conference of the Parties. The Council asserts that the GEF fulfills all requirements stipulated in the Convention for an entity to operate its financial mechanism, since it has been appropriately restructured to have an equitable and balanced representation of all Parties within a transparent system of governance, its membership is universal, and it provides for the use of GEF resources for purposes of the convention to be in conformity with the policies, program priorities and eligibility criteria decided by the Conference of the Parties.⁴

⁴Paragraph 26 of the Instrument.

GEF PILOT PHASE CLIMATE CHANGE PROJECTS

		US \$
Benin	Village-Based Carbon Sequestration	2.5
Brazil	Biomass integrated Gasification/Gas Turbine	7.7
Chile	Reduction of Greenhouse Gases	1.7
China	Issues and Options in Greenhouse Gas Emissions Control	2.0
China	Development of Coal-Bed Methan Resources	10.0
China	Sichuan Gas Development & Conservation	10.0
Costa Rica	Grid-Integrated Advanced Windpower	3.3
Cote d'Ivoire	Crop Waste Power	5.0
India	Optimizing Development of Small Hydel Resources in the Hilly Regions	7.5
India	Bio-Energy from Industrial, Municipal and Agricultural Waste	5.5
India	Cost-effective Options for Limiting Greenhouse Gas Emissions	1.5
India	Renewable Resource Management	26.0
Iran	Teheran Transportation Emission Reduction	2.0
Jamaica	Demand Side Management	3.8
Mali	Household Energy	2.5
Mauritania	Wind Electric Power for Social and Economic Development	2.0
Mauritius	Sugar Bio-Energy Technology	3.3
Mexico	High Efficiency Lighting Pilot	10.0
Morocco	Repowering Existing Power Plant	6.0
Pakistan	Fuel Efficiency in the Road Transport Sector	7.0
Pakistan	Waste-to-Energy Lahore Landfill Gas Extraction and Use	11.0
Peru	Technical Assistance to the Centre for Energy Conservation	0.9
Philippines	Geothermal Energy Development	30.0
Poland	Coal-to-Gas	25.0
Russia	GHG Reduction in Natural Gas Supply	3.2
Sudan	Community Based Rangeland Rehabilitation for Carbon Sequestration and Biodiversity	1.5
Tanzania	Electricity, Fuel, and Fertilizer from Municipal Waste in Tanzania: A Demonstration Biogas Plant for Africa	2.5
Thailand	Promotion of Electricity Energy Efficiency	9.5
Tunisia	Solar Water Heating	4.0
Zimbabwe	Photovoltaics for Household and Community Use	7.0
Regional	Control of Greenhouse Gas Emissions Through Energy Efficient Building Technology	3.5
Regional	Asia Least Cost Greenhouse Gas Abatement Strategies	9.5
Regional	Regional Strategy for Reduction of Greenhouse Gas Emissions in Arab States	2.5
Regional	Building Capacity in Sub-Saharan Africa to Respond to the UN Framework Convention on Climate Change	2.0
Global	Global Change System for Analysis, Research and Training (START)	7.0
Global	Climate Change Capacity Building	0.9
Global	Alternatives to Slash and Burn Research Initiatives	3.0
Global	Monitoring of Greenhouse Gases Including Ozone	4.8
Global	Research Programme on Methane Emission from Rice Fields	5.0
Global	Country Case Studies on Sources and Sinks of Greenhouse Gases	4.7
Global	Capacity Building and Infrastructure (IPCC)	2.8
TOTAL		259.6

GLOBAL ENVIRONMENT FACILITY

Notification of Participation in the Restructured GEF

List of submissions as of October 5, 1994

COUNTRY	DATE	COUNTRY	DATE
1. Afghanistan	04/07/94	41. Finland	06/09/94
2. Albania	05/06/94	42. France	06/20/94
3. Algeria	05/13/94	43. Gambia	08/16/94
4. Antigua & Barbuda	03/29/94	44. Georgia	07/08/94
5. Argentina	05/12/94	45. Germany	06/23/94
6. Armenia	06/16/94	46. Greece	05/11/94
7. Australia	06/27/94	47. Grenada	04/20/94
8. Austria	06/21/94	48. Guatemala	05/20/94
9. Bahamas	04/19/94	49. Guyana	05/12/94
10. Bangladesh	06/22/94	50. Haiti	05/10/94
11. Barbados	05/13/94	51. Honduras	09/06/94
12. Belarus	03/30/94	52. Hungary	06/22/94
13. Belize	04/29/94	53. India	05/12/94
14. Benin	06/29/94	54. Indonesia	06/29/94
15. Bolivia	06/17/94	55. Iran (I.R.)	05/25/94
16. Botswana	07/12/94	56. Ireland	06/14/94
17. Brazil	06/13/94	57. Italy	06/28/94
18. Bulgaria	03/22/94	58. Jamaica	06/29/94
19. Burkina Faso	08/24/94	59. Japan	06/27/94
20. Canada	07/06/94	60. Jordan	05/10/94
21. Cape Verde	07/18/94	61. Kenya	05/25/94
22. Chad	07/27/94	62. Kiribati	05/10/94
23. Chile	07/01/94	63. Korea (D.P.R.)	05/06/94
24. China	05/16/94	64. Korea (Rep.)	05/03/94
25. Colombia	06/28/94	65. Lao (P.D.R.)	08/02/94
26. Cook Islands	05/06/94	66. Latvia	06/27/94
27. Costa Rica	05/19/94	67. Lebanon	07/21/94
28. Cote d'Ivoire	06/24/94	68. Lebanon	07/21/94
29. Croatia	03/04/94	69. Lesotho	06/29/94
30. Cuba	04/04/94	70. Lithuania	05/13/94
31. Czech Republic	06/30/94	71. Macedonia, former Yugoslav Republic of	07/07/94
32. Denmark	06/09/94	72. Madagascar	07/14/94
33. Djibouti	05/24/94	73. Malaysia	05/04/94
34. Dominica	06/08/94	74. Maldives	08/25/94
35. Dominican Republic	04/21/94	75. Mali	07/04/94
36. Ecuador	06/23/94	76. Malta	07/27/94
37. Egypt	06/08/94	77. Marshall Islands	04/15/94
38. El Salvador	05/20/94	78. Mauritania	05/08/94
39. Estonia	05/12/94		
40. Fiji	05/10/94		

COUNTRY	DATE	COUNTRY	DATE
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79. Mauritius	07/04/94
80. Mexico	05/17/94
81. Micronesia (F.S.)	04/26/94
82. Mongolia	04/14/94
83. Morocco	06/29/94
84. Myanmar	05/13/94
85. Nauru	05/05/94
86. Nepal	08/10/94
87. Netherlands	06/20/94
88. New Zealand	05/18/94
89. Nicaragua	05/19/94
90. Niger	08/23/94
91. Nigeria	07/12/94
92. Niue	05/04/94
93. Norway	07/01/94
94. Pakistan	04/08/94
95. Panama	04/07/94
96. Papua New Guinea	05/06/94
97. Peru	06/14/94
98. Philippines	06/16/94
99. Poland	04/18/94
100. Portugal	06/17/94
101. Romania	07/29/94
102. Russia	06/23/94
103. Saint Lucia	03/31/94
104. Saint Vincent and the Grenadines	05/04/94
105. Samoa	03/28/94
106. Sierra Leone	09/06/94
107. Senegal	04/07/94
108. Slovenia	07/12/94
109. Solomon Islands	04/16/94
110. South Africa	07/06/94
111. Spain	06/09/94
112. Sri Lanka	05/26/94
113. St. Kitts and Nevis	07/25/94
114. Sudan	06/14/94
115. Suriname	05/12/94
116. Swaziland	05/16/94
117. Sweden	06/28/94
118. Switzerland	07/01/94
119. Thailand	06/30/94
120. Togo	07/21/94
121. Tonga	05/04/94
122. Trinidad and Tobago	05/19/94
123. Tunisia	05/13/94
124. Turkey	07/06/94

125. Tuvalu	05/03/94
126. Uganda	06/28/94
127. Ukraine	06/15/94
128. United Kingdom	06/13/94
129. United States	06/24/94
130. Uruguay	04/22/94
131. Vanuatu	05/19/94
132. Venezuela	07/01/94
133. Vietnam	05/12/94
134. Yemen	03/30/94
135. Zambia	06/13/94
136. Zimbabwe	07/07/94

**GEF COUNCIL
MEMBERS, ALTERNATES, AND CONSTITUENCIES**

[LIST TO BE INSERTED AFTER THE NOVEMBER COUNCIL MEETING]

JOINT SUMMARY OF THE CHAIRS

GEF COUNCIL MEETING

July 12 - 13, 1994

1. The first meeting of the Council following the adoption of the *Instrument for the Establishment of the Restructured GEF* and the new governance arrangements agreed upon in Geneva, took place in Washington, D.C., on July 12 - 13, 1994. The meeting was opened by Mohamed T. El-Ashry, Chairman of the pilot phase of the GEF. Council Members introduced themselves and their Alternates and advisors.

Election of Chairperson

2. The Council elected Mr. N. K. Singh (India) as its elected Chairperson.

Adoption of agenda

3. The Council adopted the provisional agenda set forth in document GEF/C.1/1.

Appointment of CEO

4. On the basis of the joint recommendation made by the heads of the three Implementing Agencies, the Council appointed Mr. Mohamed T. El-Ashry to serve for three years as the Chief Executive Officer/Chairperson of the Facility.

Proposed Statement of Work for the Council

5. The Council reviewed the proposed schedule of work for the Council during the next twelve months (document GEF/C.1/2). In reviewing the document, the Council agreed:
 - a. the regular meetings of the Council would be held semi-annually in April and October of each calendar year;
 - b. during its first year of meetings (July 1994 to July 1995), the Council would meet quarterly;

- c. the two-track approach proposed in the document was considered useful, and would facilitate a balance between strategic policy development and operational activities. It was felt that quality projects should be presented to the Council after these have been carefully designed and prepared;
 - d. the GEF should seek close, collaborative and active relationships with the Climate Change and Biodiversity Conventions;
 - e. the Council at its meeting in October 1994 should give high priority to reviewing and, if possible, adopting guidelines on the project cycle. The project cycle should consider, among other things, the issue of country coordination and the policies of the Implementing Agencies concerning information disclosure and consultation with, and the participation as appropriate of, non-governmental organizations and local communities in the preparation and implementation of projects;
 - f. at its meeting in October 1994, the Council should consider, in addition to the items proposed in Annex 1 of the document, a preliminary policy paper on incremental costs; a checklist addressing the recommendations set forth in the Independent Evaluation of the GEF; and a preliminary issues paper on land degradation (desertification and deforestation). If necessary, it could postpone the consideration of the preliminary issues paper on Climate Change until the Council meeting in January 1995;
 - g. as an input to the development of an operational strategy, each Implementing Agency is invited to submit, through the Secretariat, a paper that discusses its strategy for fulfilling the responsibilities assigned to it in the Instrument;
 - h. in developing the operational strategies in the four substantive areas the objectives of the Desertification Convention should be taken into account;
 - i. in developing the operational strategies, in particular those for Climate Change, International Waters and Biodiversity, the recommendations of the Conference on Small Island Developing States should also be taken into account; and
 - j. the Secretariat should update and resubmit for Council consideration the paper which addresses the issue of broad range interaction of non-governmental organizations with the GEF.
6. The Secretariat was advised to review the proposed dates of the Council meetings to avoid conflicts with other international meetings concerned with environment and development issues.
7. It was agreed that the Secretariat should prepare a note that more specifically addresses the second track of the work program. This note would include interim guidance for the size of initial financial commitments, type of project/activities to be funded, how "incremental costs" will apply, and distribution among focal points. In preparing the note the Secretariat

would take into account the discussions held at the meeting, and would undertake intensive consultations with the Members, the Secretariats of the Conventions and the Implementing Agencies. The Secretariat will circulate the note well in advance of the next meeting with a request for written comments. On the basis of the comments received the Secretariat will prepare a revised note for consideration at the next Council meeting.

Draft Rules of Procedure

8. The Council revised the draft Rules of Procedure (document GEF/C.1/3) prepared by the Secretariat. In reviewing the rules, agreement was reached on the following major amendments:
 - a. paragraph 2 would be revised to include definitions of "participate", "attend", and "observe";
 - b. paragraph 6 would specify that the CEO may call special meetings of the Council after consultation with the Members;
 - c. the notice of the date and place of each regular meeting will be given by the CEO eight weeks prior to the meeting, and the notice of the date and place of each special meeting will be given four weeks prior to the meeting;
 - d. the Member and Alternate may be accompanied by two advisors;
 - e. representatives of the Desertification Convention and the Montreal Protocol will be invited to attend the Council meetings; and
 - f. documentation for the Council meetings would be distributed to all those invited to the meeting in accordance with paragraphs 8 to 13 of the proposed rules of procedure. In accordance with paragraph 9, this would include all Participants in the GEF.
9. The Secretariat will revise the draft rules on the basis of the discussions during the meeting. The revised rules will be transmitted to all those invited to attend the Council meetings six weeks prior to the next Council meeting with a request that comments on the rules be submitted to the Secretariat before the next Council meeting.

Technical Note on NGO relations with the GEF

10. In connection with its discussion on the proposed rules of procedure the Council reviewed the technical note on NGO relations with the GEF (GEF/C.1/4). In reviewing the document, the Council agreed that:

- a. NGOs have played an important and creative role in the GEF, and this must be sustained and fostered;
- b. the NGO consultations conducted during the GEF pilot phase proved very useful and need to be continued;
- c. Council Members generally felt that semi-annual consultations are appropriate, and several Members also noted the value of regional consultations in addition to such consultations;
- d. with a few exceptions, the Council widely felt that NGOs should be invited to observe Council meetings and that somewhere in the order of 8 NGO observers may be considered appropriate for this purpose; and
- e. constraint of funds should not act as a constraint for effective NGO participation in consultative meetings, especially for recipient country NGOs. While some Members expressed a preference for providing funds through the Small Grants Programme, it was broadly considered that it would better promote efficiency of resources and enable the monitoring of its optimal use if the funds for consultations are provided from the Secretariat's administrative budget. Several Members expressed a preference for the use of voluntary funds in financing the consultations.

Discussion of the Pilot Phase Work Program

11. The Council reviewed the work program for the Pilot Phase and endorsed the work program subject to comments made at the meeting. It was agreed that written comments may be provided by Members to the Secretariat within the next four weeks.

Discussion of STAP Issues Paper

12. UNEP provided a briefing to the Council on the issues paper on STAP. It was agreed that Members may provide additional comments on the draft issues paper within four weeks.

Members generally shared the feeling that the challenges and responsibilities enjoined on the Council would require continued close cooperation and support, not only among themselves and the constituencies they represent, but also with all implementing and executing agencies, COPs and secretariats of the Conventions, NGOs and the private sector. Such cooperation is needed in order to enable the GEF to fulfill its promise and meet these daunting challenges.

ANNEX E

JOINT SUMMARY OF THE CHAIRS, GEF COUNCIL MEETING, NOVEMBER 1994

[TEXT TO BE INSERTED AFTER THE NOVEMBER COUNCIL MEETING]