

DRAFT

**JOINT SUMMARY OF THE CHAIRS
GEF COUNCIL MEETING
JUNE 6-9, 2006**

OPENING OF THE MEETING

1. The meeting was opened by Leonard Good, Chief Executive Officer/Chairperson of the Facility.

ELECTION OF A CHAIRPERSON

2. The Council elected Geert Anderson, Council Member representing Denmark, Latvia, Lithuania and Norway, as its elected Co-Chair.

ADOPTION OF THE AGENDA

3. The Council approved the provisional agenda set forth in document GEF/C.28/1/Rev.2.

STATEMENTS BY THE EXECUTIVE SECRETARIES OF THE CONVENTIONS

4. The Council heard statements from Ahmed Djoghlaif, Executive Secretary, Convention on Biological Diversity, Feng Gao, Deputy Executive Secretary, UN Framework Convention on Climate Change, John Whitelaw, Deputy Director, UNEP Chemicals, Stockholm Convention, and Gregoire de Kalbermatten, Deputy Executive Secretary, UN Convention to Combat Desertification.

DECISIONS OF THE COUNCIL

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

Decision on Agenda Item 4 GEF Annual Performance Report and Management Response

6. The Council, having reviewed the document GEF/ME/C.28/2 *Annual Performance Report 2005* requests that the GEF Evaluation Office report on follow-up to the following four decisions:

- (a) The GEF Secretariat should redraft project review guidelines and standards to ensure compliance with the new M&E minimum requirements. Further consideration should also be given to ways to enhance the contribution of STAP reviews during the process.

- (b) The GEF Secretariat should support Focal Area Task Forces with corporate resources to continue the development of indicators and tracking tools to measure the results of the GEF operations in the various focal areas.
- (c) The Evaluation Office should continue its oversight of project-at-risk systems and interact with the Implementing and Executing Agencies and report to Council on progress.
- (d) The Implementing and Executing Agencies should share mid-term and terminal evaluations with the GEF focal points in a timely way.

7. GEF partner agencies need to continue to follow-up on the recommendations made in last year's APR regarding the need to improve terminal evaluation reports.

Decision on Agenda Item 5

GEF Portfolio Performance Report

8. The Council, having reviewed GEF/ME/C.28/4, GEF Portfolio Performance Report 2005, welcomes the overall finding that the GEF portfolio under implementation in 2005 was performing satisfactorily across all focal areas, based on project implementation reports submitted by the GEF agencies.

9. The Council recognizes the need for harmonization of monitoring tools across the agencies to ensure more coherent aggregation of findings at the GEF corporate level. The Council requests the Secretariat, in collaboration with the Implementing and Executing Agencies and STAP, to develop a comprehensive results-based management framework for the GEF to be implemented in GEF-4 which will incorporate monitoring and reporting at three levels: corporate, programmatic (focal area) and projects. The Secretariat is requested to submit a proposal for an overall GEF Results-Based Management Framework to the Council for review at its meeting in December 2006. The annual Portfolio Performance Report should be fully integrated into the overall GEF Results-Based Management Framework.

Decision on Agenda Item 6

Costa Rica Portfolio

10. The Council, having reviewed the document GEF/ME/C.28/5, *GEF Country Portfolio Evaluation – Costa Rica (1992 – 2005)*, takes note of the findings and recommendations. The Council requests the GEF Evaluation Office to report through the Management Action Record on follow-up to the following decisions:

- (a) The GEF Evaluation Office should continue to conduct GEF Country Portfolio Evaluations in other countries, selected with transparent criteria and within the possibilities of the Office's budget approved by Council.
- (b) The GEF Secretariat is requested to take steps to improve the information mechanisms in the GEF, most notably the GEF website, to make essential operational information available at the national level.

- (c) The GEF Evaluation Office is invited to continue to interact with the government of Costa Rica on the evaluation report and to report back to Council on Costa Rica's response to the evaluation.
- (d) The GEF Evaluation Office is requested to present to Council, at its December 2006 meeting, a short note on the criteria to select countries for future Country Portfolio Evaluations.

11. Council reiterates its decision of June 2005 that "the transparency of the GEF project approval process should be increased" and requests the GEF Secretariat to reinforce its efforts to improve this transparency.

Decision on Agenda Item 8

Evaluation Office Four Year Rolling Plan and Budget

12. The Council, having reviewed document GEF/ME/C.28/7 "*Four Year Work Program and Budget of the GEF Evaluation Office FY07-10 and Results in FY06*" and GEF/ME/C.28/7/Corr.1 approves the proposed principles underlying the work program for the next four years, subject to the comments made during the Council meeting. Council approves a budget of \$2,906,634 for FY07 to cover the GEF Evaluation Office's cost of core tasks. In addition, Council approves the budget for the following special initiatives:

For FY07:

- (a) GEF EO inputs and participation to the third GEF Assembly (\$25,000)
- (b) an evaluation of the Executing Agency experiences with the GEF (\$70,000); and
- (c) OPS3 ICF budget overrun (\$108,149)

For FY07 and FY08:

- (a) preparation of an international workshop on evaluation, environment and sustainable development (\$25,000)
- (b) evaluation of the Small Grants Programme (\$290,000).

13. Council agrees with the proposed arrangements for the evaluation of the Small Grants Programme to be conducted by the Office. Council requests the GEF Small Grants Programme to contribute to the cost of this evaluation from its proposed 2007 budget, in the order of \$110,000. This amount is to be transferred to the Office from the Small Grants Programme through the GEF Trustee. The Council recognizes that this evaluation will take the place of the final evaluation required for replenishment of a new SGP phase.

14. Regarding FY08 through FY10, Council takes note of the proposed work program and activities and requests the Office to prepare annual budgets for Council consideration and approval in each of its June meetings. The Evaluation Office is requested in future budget proposals to provide an integrated budget with clearer guidance and priorities for special initiatives. The Office will also prepare for Council consideration a more detailed proposal on the suggested role of the Evaluation Office in OPS4. The Evaluation Office is also requested to

provide more information on how external funding relates to the independence of the Office and how potential conflicts of interest are prevented.

15. Council agrees to the establishment of a new special initiative on evaluation capacity building to support junior professional evaluators from developing countries at the GEF Evaluation Office, made possible with a generous grant of the government of Sweden.

Decision on Agenda Item 9

Proposed Amendments to GEF Instrument and Rules of Procedure of the Council

16. The Council, having reviewed document GEF/ME/C.28/8 *Proposals to fully reflect the independence of the Evaluation Office in the main documents of the GEF* agrees on option 2. The Rules of Procedure of the Council will be amended to fully reflect in a short and concise way the M&E policy adopted in February 2006 and the TOR of the independent M&E unit of July 2003. A proposal will be developed in consultation with Council Members, which will be presented to Council by the Evaluation Director for approval on a no-objection basis.

Decision on Agenda Item 10

Proposal by the Executive Director of UNEP on the Composition of STAP 4

17. The Council, having reviewed the *Proposal of the Executive Director of UNEP on the Composition of STAP 4* (document GEF/C.28/2), approves the composition of STAP proposed by the Executive Director of UNEP on the basis of the recommendations put forward by the Search Committee for the Partial Reconstitution of STAP. The Council agrees to the more flexible system of STAP membership that has been developed in response to the finding of the OPS3 regarding the need to improve the responsiveness of STAP.

18. The Council fully supports the recommendation that Yolanda Kakabadse continue as Chair of STAP and that her term be renewed by two years. It also supports the proposal that Michael Stocking serve as Vice-Chair.

19. The Council welcomes the nine new members of STAP and expresses its sincere appreciation to the outgoing members of STAP for their contributions to the work of the GEF.

20. Council reviewed the proposed changes in the STAP roster selection process, welcomes the change and requests STAP to report back to the Council on its implementation. STAP is also requested to ensure that reviewers are free of conflict of interest.

21. STAP is requested to collaborate with the Secretariat, the Implementing and Executing Agencies and the Evaluation Office in the development of indicators for the focal areas, and to cooperate with the Secretariat on the process of project review with a view to avoiding duplication while strengthening the scientific and technical aspects of project proposals.

22. Council requests the Chair of STAP to review, in cooperation with the Secretariat, GEF agencies and the Evaluation Office, the current terms of reference of STAP and to develop a proposal for Council review to update the terms of reference to enhance the role and relevance of STAP in the GEF.

23. Council further requests that STAP extend its work at the regional level, including dissemination of STAP reports and other relevant information.

Decision on Agenda Item 12

Relations with Conventions and other Institutions

24. The Council, having reviewed document GEF/C.28/3, *Relations with Conventions and Other Institutions*, welcomed the progress made in supporting the international environmental conventions, and GEF collaboration with the UN Commission on Sustainable Development and other international processes relevant to GEF's mandate.

25. The Council requests the Secretariat and the Implementing and Executing Agencies to continue to seek opportunities to work with recipient countries to develop and implement projects consistent with the decisions of the Conventions. The Secretariat is requested to maintain its consultations with the Implementing Agencies, Executing Agencies and Convention Secretariats to promote continued responsiveness to convention guidance and to keep the Council informed of the progress that is being made.

26. The Council approves the *Memorandum of Understanding between the United Nations Convention to Combat Desertification in those Countries Experiencing Drought and /or Desertification, particularly in Africa (UNCCD) and the Global Environment Facility on Enhanced Collaboration*.

27. The Council agrees that a discussion on the Strategic Approach to International Chemicals Management (SAICM) will take place at the Council meeting in December 2006.

28. The Council notes that the Executive Secretary of the UNCCD has raised with the GEF CEO the issue of amending the GEF Instrument to reflect the designation of the GEF as a financial mechanism of the Convention and the Memorandum of Understanding between the UNCCD and the GEF. The CEO is requested to continue a dialogue with the Executive Secretary of the Convention and to bring any proposals emerging from such dialogue to the Council's attention.¹

Decision on Agenda Item 13

Status Report on the Special Climate Change Fund

29. The Council reviewed and approves the *Programming Paper for Funding the Implementation of NAPAs under the LDC Trust Fund* (document GEF/C.28/18). The Council notes with appreciation the commitments that have been pledged to support the implementation of the National Adaptation Plans of Actions in the Least Developed Country parties to the UN Framework Convention on Climate Change.

30. The Council takes note of the information provided in document GEF/C.28/4 on the current status and approved operations under the Least Development Countries Fund (LDCF)

¹ A number of Council Members expressed their strong conviction that the Council should agree to amend the GEF Instrument to include appropriate language to reflect the Assembly's decision and the decision of the Conference of the Parties to the UN Convention to Combat Desertification that the GEF will serve as a financial mechanism of the UNCCD.

and the Special Climate Change Fund (SCCF). The Council welcomes the new pledges that have recently been made to each of the funds.

31. The Council also notes the information on discussions taking place within the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (COP/MOP) regarding the Adaptation Fund and reaffirms the GEF's capacity to manage the Fund in accordance with the guidance from the COP/MOP.

Decision on Agenda Item 14 Strategy for Financing Biosafety Activities

32. The Council reviewed the *GEF Strategy for Financing Biosafety Activities* proposed in document GEF/C.28/5 and requests that the Secretariat to revise the document to be consistent with the Elements (document GEF/C.27/12) and Evaluation (document GEF/ME/C.28/Inf.1) findings, taking into account the points raised in the discussion during the Council meeting, as well as written comments from Members of the Council submitted to the Secretariat by July 15, 2006, for consideration by Council if possible at its August 2006 meeting.

Decision on Agenda Item 15 Work Program

33. The Council discussed the proposed work program submitted as document GEF/C.28/6 and expressed its concern that the work program had not been distributed to the Council four weeks in advance of the Council meeting as provided for in the Council's Rules of Procedure.

34. The Council agrees to approve, subject to comments made during the Council meeting and additional comments that may be submitted to the Secretariat by June 23, 2006:

- (a) the following four projects proposals that were initially submitted for Council approval in the February 2006 Intersessional Work Program and were resubmitted for Council review as part of the June 2006 work program,
 - (i) *Global: Supporting Country Early Action on Protected Areas* (UNDP),
 - (ii) *China: Conservation and Sustainable Utilization of Wild Relatives of Crops* (UNDP);
 - (iii) *Ghana: Ghana Urban Transport* (World Bank); and
 - (iv) *Pakistan: Sustainable Land Management for Combating Desertification, Phase 1* (UNDP); and
- (b) project proposals for *Global: Small Grants Program, Third Operational Phase, Year 2, Tranche 3*, and *Regional African Rift Geothermal Development Facility (ARGeo)* (UNEP/World Bank).

35. The Council finds that , with the exception of *China: Conservation and Sustainable Utilization of Wild Relatives of Crops*, and *Pakistan: Sustainable Land Management for Combating Desertification, Phase 1*, each of the above projects is or would be consistent with the Instrument and GEF policies and procedures and may be endorsed by the CEO for final

approval by the Implementing or Executing Agency, provided that the CEO circulates to the Council Members, prior to endorsement, the draft final project document fully incorporating the Council's comments on the project proposal accompanied by a satisfactory explanation by the CEO of how such comments and comments of the STAP reviewer have been addressed and a confirmation by the CEO that the project continues to be consistent with the Instrument and GEF policies and procedures.

36. With respect to *China: Conservation and Sustainable Utilization of Wild Relatives of Crops*, and *Pakistan: Sustainable Land Management for Combating Desertification, Phase 1*, the Council requests the Secretariat to arrange for Council Members to receive draft final project documents and to transmit to the CEO within four weeks any concerns they may have prior to the CEO endorsing the project documents for final approval by the Implementing or Executing Agency. The projects may be reviewed at a further Council meeting at the request of at least four Council Members.

37. In light of the fact that the work program is exceptionally large and recognizing its late distribution to the Council, the Council requests that the remaining project proposals in the work program be re-circulated as an intersessional work program for decision by mail immediately after the close of the Council meeting. The Council should be provided a six week period in which to consider the proposed work program. The Council also agrees that any project proposals that are not approved by mail should be submitted for Council discussion and consideration at the special Council meeting to be held on August 28, 2006, in Cape Town, South Africa.

38. The Council agrees that the project proposals included in the intersessional work program referred to in the paragraph above will fall under GEF-3 policies and should be financed from GEF-3 available resources. In light of the GEF-4 replenishment discussions now nearing completion, the Council recognizes that no funds beyond those required to finance the intersessional work program will be available for commitment to projects under GEF-3. However, should any funds become available as a result of a Council decision not to approve, on the basis of technical or GEF policy considerations, the full funding required to finance the intersessional work program, such released funds will be available for commitment in the GEF-3 period.

39. The Council requests the Trustee and the Implementing and Executing Agencies to complete their work on reconciling data on project financing and to report back to the Council at its meeting in December 2006.

40. Council agrees that after this work program, no additional umbrella projects designed to operate under delegated approval authority should be submitted for approval until such time as the Council agrees on a policy with respect to such projects.

41. The Secretariat is requested to develop, in consultation with the Implementing and Executing Agencies and the Trustee, clear rules, procedures and objective criteria for project selection and management of the pipeline, including a policy for cancellation of projects to be submitted to the Council for review in December 2006.

Decision on Agenda Item 16

Third GEF Assembly

42. The Council expresses its sincere appreciation for the generous offer of South Africa to host the third GEF Assembly and to the donors that have made voluntary contributions to assist in defraying the host country costs of convening the Assembly.

43. The Council reviewed document GEF/C.28/7, *Note on the Organization of the Third Assembly*, and welcomes the arrangements that are being made for the Assembly and associated meetings. The Council reviewed several alternative proposals for the Assembly's agenda, and there is general agreement that the agenda circulated as GEF/C.28/CRP.3 is the best basis for organizing the Assembly.

44. The Council requests the Secretariat to finalize the agenda taking into account the comments made during the meeting, and in particular, to endeavor to increase the opportunities for ministerial statements. The Council confirms that there should be oral presentations of the highlights of the three high-level roundtables during the final plenary and that the Chair's Summary should be a short, factual record of the meeting with decisions of the Assembly appended to it.

Decision on Agenda Item 17

Corporate Budget, FY07

45. The Council reviewed the proposal for a corporate budget presented in document GEF/C.28/8 and approves² a FY07 Corporate Budget of \$27.556 million comprising:

- (a) \$24.492 million for six GEF units (Secretariat, UNDP, UNEP, World Bank, STAP and Trustee) for their planned corporate management activities and deliverables; and
- (b) special initiatives in the amount of \$3.064 million.

46. The distribution of the amounts (\$m) above among the Secretariat, Implementing Agencies, STAP, and Trustee is agreed as follows:

Agency	Base Budget	Special Initiatives	Total
Secretariat	11.964	2.814	14.778
World Bank	3.250	0	3.250
UNDP	2.932	0	2.932
UNEP	2.875	0	2.875
STAP	1.931	0	1.931
Trustee	1.540	0.250	1.790

47. In approving the corporate budget, the Council confirmed the importance of strengthening the relationship between the GEF Secretariat and the NGO network and requests

² The Council Member representing the US opposed the budget.

the Secretariat to increase its efforts to address civil society and NGO issues utilizing existing staff resources. The Council concluded that the case for a new position of NGO coordinator had not been sufficiently made and requests the Secretariat to inform the Council how it proposes to address relations with NGOs at its next meeting.

48. The Council requests the Secretariat to include in its policy proposals for Council consideration an indication of the cost of their implementation so that the Council can consider appropriate budgetary constraints during its policy discussions.

Decision on Agenda Item 20

Progress Report on the Implementation of the RAF

49. The Council, having reviewed GEF/C.28/12, *Progress Report on Implementing the Resource Allocation Framework*, takes note of the work being undertaken by the Secretariat and the Implementing and Executing Agencies to ensure the effective implementation of the RAF in GEF-4. The Council welcomes, in particular, the consultations with recipient countries that are being undertaken to assist them in the transition to the RAF and requests the Secretariat and the agencies to provide continuing support and guidance to recipient countries, including the preparation of a handbook to assist national focal points and other stakeholders.

50. The Council requests the Secretariat:

- (a) to strengthen its outreach and communications with the Conventions in order to enhance the understanding of the RAF;
- (b) to report to the Council issues and challenges raised at the sub-regional consultations; and
- (c) to continue to monitor the implementation of the RAF and to report to the Council any relevant developments;

51. The Council also requests the Secretariat and the Implementing and Executing Agencies to assist the national focal points in fulfilling their central role at the national level in implementing the RAF.

52. The Council further requests the Secretariat, in consultation with the Implementing and Executing Agencies, to report to the Council at its meeting in December 2006 further progress achieved in implementing RAF.

Decision on Agenda Item 21

Appointment of CEO/Chair of the Facility

53. The Council unanimously approves the appointment of Ms. Monique Barbut as CEO/Chairperson of the Facility for a three year term beginning July 14, 2006. The Council expresses its strong support for the appointment of Ms. Barbut and recognizes her broad experience in environment and development and her managerial and leadership skills. The Council looks forward to working with her and to providing her its full support.

54. The Council, having reviewed document GEF/C.28/14, *GEF Strategy to Enhance Engagement with the Private Sector*, welcomes the strategy and notes that it has been prepared in response to the policy recommendation of the third replenishment of the GEF Trust Fund calling on the GEF Secretariat, in collaboration with the Implementing and Executing Agencies, to develop a new strategy to better engage the private sector, taking into account previous practices and policies. The policy recommendation also calls for the GEF, in preparing the strategy, to consult with private sector actors to identify perceived constraints to working with the GEF. It also recommends that clear operational guidelines should be elaborated in order to define the scope of GEF collaboration with private sector activities.

55. The Council expresses its appreciation for the consultative process that has been followed in preparing the strategy, including consultations with the private sector, and notes that the strategy incorporates the comments that had been made by Council Members at their last meeting.

56. The Council welcomes the operational guidelines that have been proposed to enhance private sector participation in GEF activities, and requests that they be submitted to the Council in December 2006 for endorsement, taking into account the comments made during the meeting, together with operational guidance on the use of non-grant instruments (see paragraph 54(b) below.)

57. The Council supports the further development of the following three instruments proposed to enhance private sector engagement, and in this regard, the Council requests:

- (a) the IFC, in collaboration with the GEF Secretariat and the Regional Development Banks, and in consultation with other Implementing and Executing Agencies, to elaborate its proposal to enhance financing through a public/private sector partnership, including clear information on its management, decision making and rules to avoid conflicts of interest, for consideration at the Council meeting in December 2006.
- (b) the Trustee and the Secretariat, in collaboration with the World Bank and the Regional Development Banks, and in consultation with the other Implementing and Executing Agencies, to consider the feasibility of, and to develop operational policies and guidance as appropriate, for the use of non-grant instruments, building upon an assessment of the GEF experience in the use of non-grant instruments; and
- (c) the Secretariat to explore tools and opportunities for strengthening knowledge sharing and information dissemination aimed at promoting engagement with the private sector within the context and budget of on-going GEF knowledge management activities.

58. The Council recognizes that there are other alternative instruments that will be brought to the Council for its consideration in the future.

Decision on Agenda Item 26

Confirmation of Constituencies

59. The Council confirms the following constituency groupings:

- (i) Burundi, Cameroon, Central African Republic, Congo, Congo D.R., Equatorial Guinea, Gabon, and Sao Tome and Principe
- (ii) Benin, Cote d'Ivoire, Ghana, Guinea, Liberia, Nigeria, Sierra Leone and Togo

Decision on Agenda Item 27

Other Business

60. The Council notes that due to time constraints it was unable to consider the following agenda items:

- (a) agenda item 7, Evaluation Office Progress Report
- (b) agenda item 18. Review of Financial Statements
- (c) agenda item 19 Review of the Fee System
- (d) agenda item 24. Roles and Comparative Advantages of the GEF Agencies
- (e) agenda item 25. Participation of NGOs in the GEF

61. The Council agrees to consider these items at its meeting in December 2006 and to include their consideration in an earlier part of that meeting.

62. The Council agrees that the Chairs should circulate to the Council Members by mail, for their review and comment, any additional text on comments, understandings and clarifications that the Chairs consider should be included in this summary.