

**HIGHLIGHTS OF THE COUNCIL'S DISCUSSIONS
50TH GEF COUNCIL MEETING
JUNE 7 - 9, 2016, WASHINGTON, D.C.**

The following is a record prepared by the GEF Secretariat of comments, understandings, and clarifications made by Council Members. These points are supplemental to the Joint Summary of the Chairs, which records the decisions agreed by the Council.

Agenda Item 1 Opening of the Meeting

1. The CEO and Chairperson of the GEF, Naoko Ishii, opened the 50th GEF Council meeting by noting it marks the GEF's 25th anniversary. Ishii noted its achievements and highlighted the challenging work still to do to safeguard the global commons.

Agenda Item 4 Update on GEF2020

2. Two years' into implementation of GEF2020, Ishii presented emerging lessons on four key areas: (i) addressing drivers of environmental degradation vis-a-vis the GEF's catalytic role, (ii) the GEF's value proposition in the complex environmental financing landscape, (iii) resilience in light of the adoption of SDG and COP21 emphasis on adaptation, and (iv) effectiveness of delivery. She highlighted: early success in launching new innovations such as the Non-Grant Instrument and Integrated Approach Programs, which are aligning well with country priorities; GEF's comparative advantage in serving several key MEAs, including on strengthening institutional capacity such as through the proposed CBIT; GEF's great track record and knowledge in the area of adaptation; and the recent completion of a comprehensive reform of the GEF Secretariat so that it can more effectively and efficiently deliver the GEF2020 vision.

***Agenda Item 5 GEF Corporate Scorecard & Results-Based Management Action Plan:
Update on Progress and Planned Work***

3. Council Members appreciated GEF's Corporate Scorecard, and several provided useful suggestions to further improve it, such as including all GEF financing instruments (i.e., NGIs) when measuring co-financing data, providing meaningful comparison data, creating a 'traffic light' display to indicate progress, and incorporating lessons learned.

Agenda Item 6 *Future Monitoring Agency Compliance with GEF Policies on Environmental and Social Safeguards, Gender, and Fiduciary Standards*

5. Several Council Members indicated their preference for Option 2 presented in the paper, i.e. Agencies' self-reporting on any changes to their policies and system capabilities that are of relevance to GEF policies on environmental and social safeguards, fiduciary standards and gender; and that such reporting should be carried out once per replenishment cycle.

6. Many Council Members also supported, in principle, an independent, third-party review of Agencies' reports as per Option 3. Some Council Members expressed concerns over the potential costs of, and the complexity associated with such reviews, and several Council Members called for more information regarding the potential implementation modalities, including costs and frequency. Some Council Members added that the independent, third-party review should be risk-based.

Agenda Item 7 *Capacity-building Initiative for Transparency: Establishment of a Trust Fund and Programming Directions*

7. Council Members welcomed and supported the establishment of the Capacity-building Initiative for Transparency (CBIT) Trust Fund and the Programming Directions. Many congratulated the GEF Secretariat for the expedited and transparent process to design and consult on the CBIT establishment, responding to the Paris Agreement decision. One Council Member highlighted the key role of the CBIT for the implementation of the Paris Agreement in supporting developing countries to enhance their institutional and technical capacity for transparency. The CBIT will support transparency of action and support.

8. Several Council Members stated their commitment to the CBIT and confirmed their pledges to the Trust Fund. Some Council Members detailed their monetary contributions (Canada, USA, and the United Kingdom). Others, including Germany, Italy, and Japan, indicated their intentions to contribute in the near future.

9. Several Council Members supported the inclusion of a sunset clause for the CBIT Trust Fund. The GEF Secretariat indicated that effort will be made to program all resources by the end of GEF-6.

10. A few Council Members asked how to ensure additional funds through GEF-7 for the CBIT, after the CBIT Trust Fund sunset. Some Council Members responded that the CBIT will be mainstreamed into GEF-7, also recalling the CBIT mandate leading up to and beyond 2020.

11. One Council Member requested clarification on the reference to mainstreaming the CBIT on GEF-7 as this would be subject to the replenishment negotiations, and stated that the CBIT should follow the COP 21 decision without prejudging of the climate negotiation process. Other Council Members confirmed that the establishment of the CBIT Trust Fund does not prejudice the UNFCCC transparency negotiations, and the subject of mainstreaming will be addressed in the GEF-7 replenishment negotiations.

12. One Council Member requested the GEF to maintain a flexible approach to incorporate new COP guidance. The GEF Secretariat assured CBIT flexibility to accommodate evolving guidance.

13. Many Council Members emphasized the importance of country ownership for capacity building and indicated that CBIT should be demand-driven. Some Council Members asked to minimize potential additional burden on developing countries for monitoring and suggested that monitoring indicators should be simple, feasible and in line with the existing GEF framework. The GEF Secretariat explained that the indicators selected aimed to ensure consistency with the streamlined GEF-6 indicators for climate change, which included GHG emission reductions for all projects. For CBIT, only one additional indicator has been added.

14. Some Council Members recognized GEF's efforts to coordinate the CBIT efforts to emerging related initiatives through its global platform. They voiced support for the cooperative approach, highlighting the need to foster complementarity, to address gaps, and to minimize overlap.

Agenda Item 8 Future Directions on Accreditation – A Follow-Up

15. Council Members appreciated the analysis carried out by the Secretariat and IEO, noting that relevant criteria had been identified and that the trade-offs related to accreditation had been well highlighted.

16. Several Council Members also pointed out that the issues raised in the two papers were of broader relevance to the GEF's business model and, as such, would benefit from a strategic approach and more consideration – particularly on the efficiency and effectiveness of the GEF Partnership. Some Members suggested that the Council might need to wait to understand the impacts of the latest expansion, whereas others maintained that the discussion should continue in light of further analysis in OPS-6. Several Council Members underscored the need for further discussion on whether to accredit additional national Agencies. Some Members noted that such a discussion should build on but not be limited to the criteria set out in the Secretariat's paper. Some Council Members emphasized the need to strengthen the current Partnership to

enhance Agencies' responsiveness to the needs of countries with smaller allocations, and to ensure a level playing field that provides countries with access to the full range of products and services available from different Agencies.

Agenda Item 9 *GEF Project and Program Cycle Policy*

17. Several Council Members underscored the importance of the comprehensive exercise undertaken by the Secretariat to establish one consolidated policy document governing the GEF project cycle. The Council supported the Secretariat's initiative to develop a set of Guidelines in cooperation with key partners which aim to operationalize the implementation of the Project and Program Cycle Policy and to then communicate this in an accessible format.

Agenda Item 11 *Semi-Annual Evaluation Report June 2016*

18. The IEO presented its semi-annual evaluation report and budget to the Council, including an update on the completed Tajikistan Country portfolio evaluation, CSO Network Evaluation, the LDCF/SCCF Evaluation, and the Annual Performance Report which focused on tracking tools. The IEO proposed the release for more than 25% of the IEO's 4-year budget to accommodate the work plan of the upcoming fiscal year in delivering OPS-6. The IEO assured that the overall four-year budget will remain the same and that while there is a budget increase for the upcoming fiscal year, the overall costs of OPS6 will be less than OPS-5 because of major synergies in current evaluations.

19. The Council welcomed the semi-annual evaluation report and supported the need for budget frontload and acknowledged that the IEO will keep to the proposed four-year budget.

Agenda Item 12 *Sixth Overall Performance Study (OPS6) Approach Paper*

20. The IEO presented to the Council the approach paper for the *Sixth Overall Performance Study (OPS6)*. The Council welcomed the approach paper and was pleased with the timeline of its presentation to the Council. Council members stressed the importance of the early findings and meta-analysis to inform the GEF-7 replenishment process early on.

21. The Council commended the IEO on the inclusion of gender mainstreaming, however requested more to be done on this issue.

22. The Council requested the IEO to include in OPS-6 studies and analysis on (i) the GEF business model: transaction costs and user-friendly-ness of doing business with the GEF, (ii) transparency of disseminating information about the GEF, (iii) drivers for change and the use of GEF money to leverage more impact than the scope of one project, (iv) including sustainability in the design of GEF projects, and (v) capacity building at the GEF. The Council additionally

requested a review of the resource allocation system to include the design and methodology of the STAR.

27. The IEO assured that the new issues raised by the Council, namely the study of the allocation system and capacity building at the GEF, will be included in OPS-6 and that the IEO will be engaging with the Council throughout this process.

Agenda Item 13 Evaluation of the GEF CSO Network and Management Response

28. The IEO presented the recently completed Evaluation of the GEF Civil Society Organization (CSO) Network. The evaluation reported that the CSO Network is a credible member of the GEF Partnership and continues to remain relevant and deliver results to the Partnership, primarily in the areas of disseminating information to its CSO membership and by contributions to global policy discussions. However, the evaluation concluded that the CSO Network's activities are distant from the country level where GEF projects make their mark and where majority of CSOs operate. Among the highlighted recommendations were the (i) necessity of creating a contemporary vision for the role of the CSO Network in the GEF Partnership, (ii) strengthen the CSO Network as a mechanism for CSO engagement with the GEF, and (iii) strengthen the CSO Network's governance.

29. Several Council members thanked the IEO for an informative and comprehensive evaluation and acknowledged the key role played by civil society in the GEF operations.

30. A representative of the CSO Network read a statement welcoming the evaluation and its recommendations, and informing about the Network's plans to implement them. The statement also included concerns about allegations circulated to Council members regarding issues with the Network's functioning.

31. Another member of the CSO Network read a statement expressing certain problems regarding the current Network's governance and suggesting actions to resolve those problems.

32. Building on the recommendations of the evaluation, as well as the statements by two representatives of the CSO Network, a number of Council members proposed to establish a Council-led process to analyze the relationship between the GEF and civil society, and it was agreed.

Agenda Item 14 Annual Performance Report 2015 and Management Response

33. The IEO presented to the council the Annual Performance Report 2015. The Council welcomed the report and took note of its findings, in particular on projects in Africa and Small

Islands Developing States yielding lower rating, and urged the GEF Secretariat to assist these projects so that results are achieved. The Council also welcomed the recommendation to reduce and simplify the tracking tools. The Council suggested that superseded decisions be removed from the Management Action Record and suggested that the IEO coordinate with the team in the GEF Secretariat working on the Corporate Scorecard.

34. The IEO indicated that further studies need to be done on tracking tools before simplification, and welcomed the suggestion on how the MAR is reported and on coordination with the team behind the Corporate Scorecard.

Agenda Item 15 Relations with the Conventions and Other International Institutions

35. Ms. Monique Barbut, Executive Secretary of the United Nations Convention to Combat Desertification (UNCCD), Mr. Braulio Ferreira de Souza Dias, Executive Secretary of the Convention on Biological Diversity (CBD), and Mr. Jacob Duer, Coordinator of the Interim Secretariat of the Minamata Convention, discussed with the Council the role of the Conventions to jointly deliver on the global environmental commons post-2015. Barbut highlighted the UNCCD's new quantitative goal, Land Degradation Neutrality (LDN) and presented on the concept of the LDN Fund. She suggested that GEF support towards establishing the LDN Fund would be appreciated. Dias discussed the relationship between the LDN goal and the Aichi targets, as well as the Sendai Framework, and the essential role that integrated approaches need to play to achieve the Aichi targets. Duer explained the interconnected nature of environmental issues with the example of coal and suggested that the Minamata Convention should be looked at through the angle of integration to protect the global commons. The three Executive Secretaries emphasized the importance of integration and synergy across the MEAs to address the Convention objectives.

36. Ms. Christiana Figueres, Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC), addressed the Council by video message and requested the GEF to continue to work with the Green Climate Fund (GCF) and other stakeholders, particularly on finance, technology, and capacity building, to strive for complementarity among all operating entities. She highlighted that mobilizing support for the Paris Agreement and for safeguarding the environment fit together well. The GEF replenishment discussions hence could benefit from utilizing linkages among Conventions through the lens of Paris both in terms of policies that countries need to put into place and also in regard to cooperative processes that produced the agreement.

37. One Council member mentioned the role that GEF can play to prevent conflicts on land and water by combating climate change and avoiding the instability.

38. Several Council members stressed that GEF remains the premier mechanism for the implementation of the MEAs. According to one Council member, the GEF should continue to add value to the climate finance architecture through its support to the CBIT and by financing small, high-risk projects toward implementation of Nationally Determined Contributions (NDCs). Upon inquiry by the Council member, Barbut, Dias and Duer confirmed the important role that micro financing would play to implement their Conventions.

39. Another Council member raised the question whether reporting on the implementation of the Rio Conventions could be streamlined further, including by comparing indicators. The need to proactively articulate and implement synergies between Conventions was suggested, given that GEF's mandate is based on the MEAs. Several Council members highlighted that GEF's core business is to help countries implement MEA obligations.

Agenda Item 17 Work Program

40. The Council reemphasized the need for projects to value STAP reviews and the need to ensure that all comments and questions are addressed at time of CEO endorsement.

41. The Council encouraged the GEF Partnership to develop a common repository of lessons learned from completed projects, and to use these knowledge-based resources to better replicate and scale positive lessons.

42. The Council would like to see a more comprehensive view on GEF's role on INDCs and how these will guide the work in the area of climate change.

43. The Council welcomed the increased prominence of gender mainstreaming in the work program and hoped that this trend will continue in future work programs.

Agenda Item 20 Investment Strategy Review of the GEF Trust Fund

44. Several Council Members encouraged the Trustee to take Environmental, Social and Corporate Governance (ESG) criteria into consideration.

45. A few Council Members requested the Trustee to present other funds' investment strategies and experiences.