

June 22, 2017

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**HIGHLIGHTS OF THE COUNCIL'S DISCUSSIONS  
52<sup>ND</sup> GEF COUNCIL MEETING  
MAY 23 - 25, 2017, 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 52<sup>nd</sup> GEF Council meeting by presenting major scientific data and evidence, for example, the year 2016 recorded as the warmest year ever and marked the lowest coverage of arctic sea ice. Nonetheless, Ishii noted there are emerging positive momentum and strong coalitions with which the GEF needs to seize this unprecedented opportunity, as the integrator and catalyst in the global climate finance architecture, and accelerate the efforts in making transformational changes.
2. Highlighting the achievement of the Minamata Convention on Mercury which will enter into force in August 2017, Ishii stated that the GEF will continue to provide full support for its mission --*make mercury history*. In the preparation for the GEF-7 replenishment cycle, Ishii emphasized the GEF's partnership with the Conventions that it serves, and affirmed her commitment to ensuring the GEF is institutionally fit to support countries and their national priorities.

***Agenda Item 4      Update on GEF 2020***

3. Ishii provided the GEF 2020 progress report under the areas of (i) GEF's catalytic role addressing drivers of environmental degradation, (ii) GEF's role in the environmental financing architecture, and (iii) GEF's role in policy making. Ishii highlighted its influencing model mobilizing multi-stakeholders, serving as the integrator and policy-maker, catalyzing innovation and leveraging private sector.

**Agenda Item 5                      Update on GEF-7 Replenishment**

4. The CEO stressed that the country resource allocation framework, STAR, will continue during GEF-7. In addition, there can be full flexibility for countries to use the STAR allocation in one or more of the 3 focal areas (climate change, biodiversity, and land degradation), in the new operational model, regardless of the total amount of the STAR resources.
5. Recipient Council members stated that they appreciate the GEF's emphasis on country ownership, recognized the proposed mechanism as an important and effective tool to ensure their national priorities be adequately addressed by the GEF, and thereby, expressed their full support.
6. Council members noted the importance of private sector engagement, special consideration for SIDs, value of SGPs, and the needs for reviewing the GEF's comparative advantage and its project cycle efficiency.

**Agenda Item 6                      Proposed Policy on Ethics and Conflict of Interest for Council Members, Alternates, and Advisers**

7. Council members noted that the Ethics Committee, pursuant to Section 9 of the Policy, would review the Policy and propose appropriate amendments to the Council at its next meeting, taking into account the comments made in the Council's discussion; in particular:
  - a. that Covered Individuals cannot be obligated to disclose classified information; and
  - b. the need to review and specify who can be considered an "Adviser" and whether the provisions on employment by the Secretariat should apply to Advisers.
  - c. The openness to consider the further proposals made by Transparency International on the policy.
8. Council members also sought further information about the content of the "Declaration of Interest" form.
9. In addition to the Proposed Policy on Ethics and Conflict of Interest, the Council discussed GEF/C.52/Inf.11, *Steps taken to Enhance the GEF's Transparency, Accountability and Integrity Policies and Practices*.
10. A Council member noted that the follow-up actions reported in the Secretariat's information paper do not capture the full range of recommendations made in Transparency International's May 2017 *Progress Update on the Global Environment Facility's Anti-Corruption Policies and Practices*.

11. Among those recommendations, a Council member indicated an interest to explore potential improvements to the GEF's minimum fiduciary standards, especially with respect to anti-money laundering actions.
12. In addition, a Council member requested that the GEF begin publishing data to the International Aid Transparency Initiative.
13. A representative of Transparency International underscored the GEF's high transparency rating and the considerable progress made in response to previous recommendations.
14. The Secretariat agreed to review the latest recommendations and other, potential steps to further improve the GEF's transparency, accountability and integrity policies and practices, and report back to the Council on progress and proposed follow-up actions in November 2017.

***Agenda Item 7                      Progress Report of the ad-hoc Council Working Group GEF and Civil Society***

15. A representative of the ad-hoc Council Working Group presented the progress report of the working group and its preliminary findings resulting from a number of consultations and deliberations which included a face to face meeting with the CSO Network's working group as well as broader consultations with other CSOs.
16. Council members welcomed the progress report and a number of them stressed the importance of civil society to be the "eyes and ears of the Council on the ground", as well as the relevant perspectives that national CSOs can bring to the Council.
17. A number of Council members as well as the CSO Network supported the Ad-hoc Council Working Group's recommendation to enhance engagement of national-level CSOs in the GEF partnership. The Network expressed its willingness to continue the dialogue with the ad-Hoc Council Working Group in an open and transparent manner.
18. The ad-hoc Council Working Group and the elected co-Chair welcomed the feedback and stated it would be taken into account as the ad-hoc Council Working Group works to bring a final proposal on the most appropriate structure for engagement, on ways to create more effective linkages to the national level, and on how current resources can be more effectively used, to the 53<sup>rd</sup> Council in November.

**Agenda Item 9                      Semi-Annual Evaluation Report May 2017 and Management Response**

19. The Council welcomed the Semi-Annual Evaluation Report (SAER) and the broad agreement of the GEF Secretariat with the findings and recommendations of the nine evaluations presented in the SAER. The SEAR indicated an overall positive, mostly satisfactory outcomes of the GEF operations.

20. The Council provided detailed feedback on all evaluations. On the Evaluation of Gender Mainstreaming in the GEF, the Council indicated the need to go beyond just tracking gender results and look at ways to target gender in programming. The Council is pleased that the review of the gender policy will be presented to Council in the fall session and hopes it is gender responsive policy. Additionally, on the Review of the GEF Policy on Agency Minimum Standards on Environmental and Social Safeguards, the Council supports the suggestion to review the policy, including the reporting on Safeguards.

21. On the Evaluation of GEF's Engagement with the Private Sector, the Council indicated the need to scale up and make a qualitative change in the relations with the private sector. The Council found it vital to mobilize additional resources and encourage the Secretariat, where there is room, to engage with the private sector in focal areas other than Climate Change. The Council asked for additionality on private sector involvement to be evaluated. The Council found the evaluation to be very thorough, but ended without any recommendations. The IEO responded that for additionality to be evaluated in the backend, it needs to be applied ex-ante at the project design stage. The recommendation may be for the Secretariat to do ex-ante analysis at the projects design. The IEO will continue the discussion with the Secretariat and come up with very comprehensive and strategic recommendations for the evaluation.

22. The Council expressed the need to take on board the results from the Programmatic Approaches Evaluation and ensure that all projects are equipped to address and manage complexity and seek more alignment with country priorities especially within the context of GEF-7 programming. GEF should look into the effective use of the resources.

23. Finally, the Council noted that the issues of Results Management, Monitoring and Evaluation, and the Project Management Information System have been urgent for some time. The Secretariat indicated their agreement with the findings on RBM and M&E and strive to move to actual results and shorter loop in preparation and implementation and get results faster starting in GEF-7.

**Agenda Item 10      *Relations with the Conventions and Other International Institutions***

24. Ms. Monique Barbut, Executive Secretary of the UNCCD, updated on SDG 15 and its target on land degradation neutrality (LDN) and noted the potential to restore some two billion hectares of land, stressing that food production must be increased by 70% by 2050. She highlighted that 110 countries have joined the LDN target setting initiative and thanked the GEF for its support in this critical action. Introducing Rio Preparation Facility which is being established, she stated it will support GEF-able projects and assist the GEF and the Parties in developing synergistic projects. In regard to GEF-7, she noted that Impact Programs have a clear role to play if they catalyze synergies and private sector engagement.

25. Mr. Jacob Duer, Coordinator of the Interim Secretariat of the Minamata Convention, highlighted the Convention's relevance in the context of the broader development agenda. He reiterated the GEF's critical role as its financial mechanism and requested the GEF provide predictable and timely financial resources to Parties. In regard to GEF-7, he requested that the GEF programming strategy meet the needs of Parties and address the broader agenda of sustainable development, and noted that the effective implementation of SDGs would occur through larger scale programs such as Impact Programs.

26. Ms. Christiana Palmer, Executive Secretary of the CBD, emphasized the need to raise the political profile of biodiversity and affirmed that she will continue the efforts toward mainstreaming biodiversity in key sectors of the economy. She highlighted the linkage between biodiversity and the 2030 Agenda for Sustainable Development and called for an urgent action to make close linkages between biodiversity and climate change in order to implement SDGs more effectively. Introducing the recently endorsed 4-year framework under the Convention, she requested the GEF takes the framework's strategic guidance into consideration when formulating its strategy for GEF-7.

27. Mr. Rolph Payet, Executive Secretary of the Basel, Rotterdam and Stockholm Convention, updated on the state of Persistent Organic Pollutants (POPs) and thanked the GEF for its instrumental role in this area. He highlighted the urgency of developing strategies and products as alternatives to POPs and managing household waste appropriately. In regard to GEF-7, he continues to support the GEF's integrated approach to achieve synergies and linkage between the chemicals and waste and SDGs.

28. The CEO expressed GEF's commitment to work with the MEAs throughout the GEF-7 replenishment process. Noting the increasing collaboration with the Green Climate Fund, Ishii stressed that strategic directions around the complementarity between the institutions at the board level is much needed.

***Agenda Item 11      GEF Business Plan and Corporate Budget for FY18***

29. In light of the shortfall issue which has affected many recipient countries as well as the additional costs imposed by the recently approved World Bank Recovery Rate on Non-Salary Staff Costs, many Council members requested that the GEF Secretariat make an utmost effort to find ways to save administrative costs. The Secretariat responded positively to the request with an initial reduction and intends to seek further opportunities.

***Agenda Item 12      Work Program***

33. Several Council members emphasized the importance of GEF's additionality and comparative advantage in composing Work Programs to ensure that the GEF can truly bring high impact.

34. Several Council members requested the Secretariat continue to assist the SIDS and LDCs in their efforts of programing during GEF-6 and building capacity.

35. In the context of the shortfall issue, the Secretariat explained that a large backlog of technically cleared and pending projects and programs existed and it was uncertain at this point if remaining resources in GEF-6 would be sufficient to program them all.

***Agenda Item 13      Tackling Global Environmental Challenges through the Integrated Approach Pilot Programs***

36. The World Bank represented by Ede Jorge Ijjasz-Vasquez (Senior Director) and Xueman Wang (Senior Urban Specialist) in the Urban, Rural and Social Development Global Practice, updated the Council on progress with the Sustainable Cities IAP program. They focused on the Global Platform for Sustainable Cities, engaging a wide range of partners to collectively help countries and cities advance the urban sustainability agenda. The presentation highlighted the value-added of the platform in catalyzing global partnership and investment amongst all IFIs, connecting local actors to national and global platforms, and facilitating knowledge sharing amongst cities in the IAPs to cities that are not a part of the program.

37. UNDP represented by Andrew Bovarnick, Global Head of the Green Commodities Programme, updated the Council on progress with the Commodities IAP program. He highlighted the complexities of engaging in a sector that generates billion dollar industries, global trading companies and is the cornerstone for economic growth in several countries. He noted that although we are seeing an increase in global commitments by companies to engage in deforestation free production, on the ground action is difficult as it affects the returns of shareholders, and sourcing of products. The program design has taken into consideration these complexities, balancing top down and bottom up needs, and engaging partnerships. The

governance and operational framework the program has been finalized, and an official launch of the implementation phase has been scheduled for September in New York.

38. IFAD represented by Margarita Astralaga, Director of Environment and Climate Division updated the Council on progress with the Food Security IAP program. She highlighted engagement at the recent Conference of the Parties to the Convention on Biological Diversity, which showcased how mainstreaming biodiversity in food security is key to helping achieve global environmental benefits. She noted that nearly all country child projects had been submitted and endorsed; a major achievement. This has greatly helped to strengthen alignment of the program level framework with country-driven priorities, which will foster coherence and collaboration during implementation. The IAP implementation phase will be officially launched in Addis Ababa during the first week of July, and IFAD is also planning high level events during UNCCD and UNFCCC later this year.

39. All three Agencies acknowledged the supportive role played by Secretariat and STAP in helping to address cross-cutting issues for the IAP programs. They also noted that while transaction costs for establishing mechanisms to foster coordination and ensure coherence at program level are initially high, the long-term payoff will be great especially in light of the need to transform the systems being targeted.

40. The Council welcomed the update and expressed appreciation for the level of details provided by the agencies. Several Council members called for further clarity and elaboration of the role of private sector in each of the programs, approach to legislation and regulatory frameworks, and gender considerations. In addition, the Council also expressed interest in the methodology and tools used for determining estimates of global environmental benefits, including how the results will be monitored and quantified during implementation.

#### ***Agenda Item 15      Other Business***

41. One Council member brought up Document *GEF/C.52/Inf.06 Guidelines on the project and program cycle policy* and noted, as did a few others, the need for updating the document in particular as refers to Integrated Approach Pilots that are not explicitly explained. The Secretariat indicated this was living document that was part of a move to have all policies and guidelines in a single reference document and an updated text will be presented at the next Council meeting. It further clarified that IAPs are treated as programs and processed as such.

42. The date for the 55<sup>th</sup> Council Meeting will be decided by mail.