

**GLOBAL
ENVIRONMENT
FACILITY**

February 28, 1995

**JOINT SUMMARY OF THE CHAIRS
GEF COUNCIL MEETING**

FEBRUARY 22-24, 1995

OPENING OF THE MEETING

1. The meeting was opened by Mr. Mohamed T. El-Ashry, Chief Executive Officer/Chairperson of the Facility.

ELECTION OF CHAIRPERSON

2. The Council elected Mr. Mathias Benedict-Keah (Kenya) as its elected Chairperson.

ADOPTION OF THE AGENDA

3. The Council adopted the provisional agenda set forth in document GEF/C.3/1 with the addition of an agenda item related to an update on the establishment of STAP.

**STATEMENTS ON BEHALF OF BIOLOGICAL DIVERSITY AND CLIMATE CHANGE CONVENTIONS
FOLLOWED BY QUESTIONS AND ANSWERS**

4. Statements were made to the Council by Ms. Angela Cropper, Executive Secretary, Secretariat for the Convention on Biological Diversity, and Mr. Michael Zammit Cutajar, Executive Secretary, Interim Secretariat for the Framework Convention on Climate Change. The two representatives responded to questions from Council Members after their statements.

STATEMENT ON BEHALF OF NGOS PARTICIPATING IN THE NGO CONSULTATION

5. A statement was made to the Council by Ms. Alicia Iglesias, representative of the NGO community. Ms. Alicia Iglesias informed the meeting of the discussions held, and the recommendations agreed, at the NGO consultation held the day before the Council meeting.

UPDATE ON THE ESTABLISHMENT OF THE SCIENTIFIC AND TECHNICAL ADVISORY PANEL (STAP)

6. The representative of UNEP briefed the Council on the steps that had been undertaken since the second Council meeting to establish STAP. In particular, he informed the Council of the establishment of a Search Committee, of the criteria used for selecting candidates who may serve on STAP, and of a preliminary list of STAP candidates. The Council confirmed the decision it reached at its second meeting that STAP should be composed of a maximum of 12 members. The Council recalled that UNEP is to prepare a revised version of its earlier document, *Role and Mandate of STAP*, document GEF/C.2/4, using Option 3 in the paper as a basis. This revised document should serve as a reference document for the future development of STAP. It was also recalled that STAP, once established, is requested to prepare for Council approval criteria to guide the selective review of projects by STAP.
7. UNEP agreed to continue the process of selecting the twelve members of STAP. In finalizing the selection of members, UNEP will ensure that there are no conflicts of interest for any designated STAP member.

DECISIONS OF THE COUNCIL

8. The Decisions approved by the Council are appended to this summary.

CLOSURE OF THE MEETING

9. The meeting was closed by the Chairs on February 24, 1995.

APPENDIX TO CHAIRS' JOINT SUMMARY

COUNCIL DECISIONS

DECISION ON AGENDA ITEM 6

Work Program Proposed for Approval

1. In reviewing the work program proposed for approval, documents GEF/C.3/3 and GEF/C.3/Add.1 and Add.2, the Council stressed that its role should be to review GEF programming and associated policy issues and not to enter into micromanagement of projects. The need for transparency in project preparation and a clear understanding of the procedures and processes for project development and approval was stressed.
2. The Council requested the Secretariat to prepare an analytical report to accompany future work programs. The analysis should elaborate upon the policy issues raised by the program and projects and should draw to the Council's attention any matter which requires Council guidance. The Council stressed the need for consistency in the format and information presented in project proposals contained in the work program.
3. The Council requested the Secretariat to prepare, for consideration at its October meeting, a document proposing GEF policies for information disclosure and public participation.
4. With regard to eligibility, the Council agreed that when a project in the focal area of climate change or biological diversity concerns a country which has deposited its instrument of ratification to the convention concerned but for which the convention has not yet entered into force that country may be deemed to have satisfied the eligibility criterion that it be a party to the convention on the understanding that no actual disbursement would occur until such time as the convention was effective for the country.
5. The Council approved the proposed work program on climate change and biodiversity and directed the component projects to be developed further taking into account the comments raised by the Council and any subsequent comments to be submitted in writing by the Members by March 15, 1995:

Climate Change projects

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|------------|---|
| Argentina: | Country Study on Climate Change |
| Botswana: | Enabling Botswana to fulfill its commitments to the UN Framework Convention on Climate Change |
| China: | Energy Conservation and Pollution control in Town and Village Enterprises (TVEI) |
| Jordan: | The Hashemite Kingdom of Jordan - Building Capacity to respond to the challenges and opportunities created by national response to the Framework Convention on Climate Change |

- Maldives: National GHG inventory and adaptation assessment to Climate Change
- Uruguay: Institutional Strengthening and Enabling Activities to comply with the UN Framework Convention on Climate Change
- Global: Country Case Studies on Climate Change impacts and adaptation assessment - Phase I
- Global: Economics of GHG Limitations - Phase I: Establishment of a Methodological Framework for Climate Change Mitigation Assessment

Biodiversity projects

- Djibouti: Development of a National Biodiversity Strategy
- Bolivia and Peru: Conservation of Biodiversity in the Lake Titicaca Basin
- China: Nature Reserves Management

6. The Council specifically noted the following:

- (a) Concerning the Maldives project, the Secretariat will consult with the Secretariat of the Framework Convention on Climate Change on the elements of the proposed projects that may not be consistent with the guidance provided by the Convention.
- (b) With regard to the China climate change project, the Council agreed that phase 2 of the project should not be implemented until an evaluation, which *inter alia* takes into account the comments raised during the Council meeting, is undertaken after phase I.
- (c) The Secretariat will explore with UNEP the participation of one of the other Implementing Agencies in the implementation of the project on Country Case Studies on Climate Change Impacts and Adaptation Assessment at the country level.

7. At its first meeting after the deadline for written comments, the GEFOP will review all comments received and address the specific technical comments. The Secretariat is requested to ensure that the guidance of the Council is reflected in the projects and to inform the Council of the discussions and decisions of the GEFOP on the approved projects.

DECISION ON AGENDA ITEM 7

Administrative Budget of the GEF for 1995

- 8. During its review of the proposed budget for Fiscal Year 1995, there was general agreement that for future fiscal years, the Secretariat should manage the preparation of a single, negotiated corporate budget. This budget should be based upon a two year business plan/work program that will be presented with the budget for the Council's approval. The Council specified that pursuant to Paragraph 21(i) of the Instrument, the Secretariat is mandated to negotiate and present to the Council a corporate budget for its approval.

9. The FY96 budget should be prepared from a zero base taking into account the needs and responsibilities of the restructured GEF. This budget should be prepared on the basis of cost consciousness, transparency, increased productivity, avoidance of duplication of efforts, and coordination of common services.
10. The Secretariat will establish a GEF Budget Committee as a mechanism to facilitate the preparation of a corporate budget. The Committee will be composed of representatives of the Implementing Agencies and the Secretariat. The Secretariat will chair the committee.
11. In reviewing the proposed budget for FY95, the Council stressed its concerns about the proposed budgetary increases and emphasized the need to ensure cost consciousness and cost cutting efforts. The Secretariat will work closely with the Implementing Agencies to identify cost cutting efforts consistent with the comments made by the Council. In particular, the recruitment of new permanent staffing during the remainder of FY95 is to be kept to the minimum required to carry out the agreed functions of the Secretariat and the Implementing Agencies. The FY95 budget was approved at a total \$26 million, which represents a 15% increase over the FY94 budget as presented in Table 3 of GEF/C.3/4. Furthermore, the CEO is authorized to approve additional expenditures in exceptional circumstances where such expenditures are necessary in order not to disrupt the agreed work program provided that the total GEF FY95 budget with such additional expenditures does not exceed a ceiling of 20% above the budget expenditures for FY94. Any such exceptional expenditures will be reported to the Council at its next meeting. The Council emphasized that staffing and other budgetary commitments to be made during the remaining period of FY95 should not preempt the 1996 budget planning process and subsequent decisions.

DECISION ON AGENDA ITEM 8

Project Development and Preparation Facility (PDF)

12. The Council reviewed document GEF/C.3/6 and approved the policies on eligibility for, and use of, PDF resources presented therein, subject to the comments and revisions agreed to during the Council meeting. The Secretariat was requested to revise the paper on the basis of the Council's discussions and to make it available as a reference document. The Council confirmed that when GEF funds are allocated for project preparation and development, the recipient Government is to endorse/approve the project concept and the project proposal prior to inclusion in the work program. A number of Members expressed concerns about the proposed ceilings for the three Blocks and the inclusion of non-project and non-program activities. With regard to Block A, the Council agreed to lower the ceiling to \$25,000, subject to review in July 1995 if necessary. The lower ceiling, however, does not apply to the non-project and non-program activities that were described in the Secretariat paper. The ceiling for these activities remains at \$50,000. With regard to the non-project and non-program activities described under Block A, the Secretariat was requested to identify expeditiously alternative vehicles for the funding of such activities. In addition, the Secretariat and the Implementing Agencies were requested to keep preparatory expenses and incremental costs analysis under close scrutiny through the GEFOP and to evaluate the process of allocating project preparatory funds after a year of operation. The need to involve

local and national experts of the recipient country to the greatest extent possible in the preparation of projects was stressed.

DECISION ON AGENDA ITEM 9

*Criteria for selection of NGOs to attend/observe
Council meetings and information on NGO consultation*

13. The Council reviewed document GEF/C.3/5 and approved the criteria for selection of NGO representatives to attend or observe GEF Council meetings and the procedures for accrediting NGOs to the GEF, subject to the following comments made by the Council. With regard to the process of identifying those NGO representatives who will observe or attend Council meetings, the Council agreed that the NGOs should be able to select their own representatives, taking into account the criteria, while the Council clearly retains the authority to review whether such criteria are being followed. The Council also noted that the NGOs should not be required to select their representatives until after they have received the proposed agenda for the Council meeting, which according to the rules of procedures, is to be distributed eight weeks in advance of the Council meeting. With reference to paragraph 5 of the document, the Council agreed that the aspect of relevancy to the work of the GEF should be stressed and asked that representatives of the business community should be included. With reference to paragraph 9, the Council agreed that continuity in representation should be emphasized. The Council also emphasized the need for balance in representation between non-recipient and recipient country NGOs. Concerning accreditation, the Secretariat was requested to apply the procedures in a flexible manner so as not to hinder the participation of smaller, grass roots organizations. With regard to the accreditation form to be submitted by an NGO, a provision designating specific employees who are authorized on behalf of that NGO to disseminate documents at Council meetings in accordance with the Council's rules of procedure may be included.
14. With regard to the convening of NGO consultations prior to the regular Council meetings, a few Council Members remarked that they did not think that it was necessary to convene such consultations, since, unlike the pilot phase, the NGOs were now invited to attend/observe the Council meetings. The majority of Council Members, however, did find the NGO consultations to be valuable, and they wished to ensure that the results of the consultations could be taken into account in the Council's deliberations. These same Council Members were also of the view that since the consultations contributed to the effective operation of the GEF, the Secretariat's administrative budget should be drawn upon to cover their costs, including the travel and subsistence of twelve NGO representatives from recipient countries. However, some Members opposed the use of the administrative budget and preferred that the Secretariat explore whether there are alternative sources for financing such consultations, including the establishment of a voluntary fund with contributions from Governments, NGOs and the business community.
15. Pending further informal discussions by the Members, the Council understands that the Secretariat should not convene nor finance any regional consultations.

DECISION ON AGENDA ITEM 10

*Scope and preliminary operational strategy for
International Waters*

16. The Council reviewed the *Scope and Preliminary Operational Strategy for International Waters*, document GEF/C.3/7, and endorsed the technical aspects of the paper. Members were invited to submit written comments on the paper to the Secretariat. The Council expressed concern with regard to the political and legal framework in which some of the technical discussions and definitions were placed and agreed that references to legally and politically controversial concepts should be avoided. The Council also expressed caution with GEF acting as a broker in conflict resolution or as coordinator of international actions in this focal area given the limited resources and capabilities. The Council recommended that GEF should play principally a catalytic role. The Secretariat was requested to revise the paper taking into account the comments made during the Council meeting together with written comments that may be submitted by the Members. The revised paper is to be incorporated in the proposed GEF operational strategy to be reviewed by the Council at its July meeting.
17. Pending the discussion of the GEF operational strategy, the Council approved the program priorities for 1995 and the project eligibility criteria, subject to the amendments proposed, such as including coastal and marine issues among the priorities and including national planning documents among the selection criteria. Considerations of global benefits and incremental costs as well as revisions of language that is legally and politically sensitive will also be included in the guidance to be given to the Implementing Agencies by the Secretariat.

DECISION ON AGENDA ITEM 11

*Scope and preliminary operational strategy for
Land Degradation*

18. The Council reviewed the *Scope and Preliminary Operational Strategy for Land Degradation*, document GEF/C.3/8, and endorsed the paper, subject to the comments made during the Council meeting together with the written comments to be submitted by Members after the meeting. A statement was made at the beginning of the Council's consideration of this agenda item by Mr. Hama A. Diallo, Executive Secretary, Interim Secretariat of the United Nations Convention to Combat Desertification, on behalf of the convention. Members were invited to submit written comments on the paper to the Secretariat. The revised paper is to be incorporated in the proposed GEF operational strategy to be reviewed by the Council at its July meeting. Pending the discussion of the GEF operational strategy, the Council approved the program priorities for 1995 and the project eligibility criteria, subject to the amendments proposed. Guidance will be given to the Implementing Agencies by the Secretariat to facilitate the development of appropriate projects.

DECISION ON AGENDA ITEM 12

Accountability of Implementing Agencies for activities of executing agencies

19. The Council reviewed the submissions of the Implementing Agencies presented in document GEF/C.3/9 concerning the accountability of Implementing Agencies for the activities of executing agencies working with them. The Council welcomed the confirmation made by UNDP and UNEP that each agency assumes full accountability for all GEF projects executed under its sponsorship. By the same token, the Council confirmed that the World Bank as an Implementing Agency shall be accountable to the Council for its GEF-financed activities in accordance with paragraph 22 of the Instrument. The Council requested UNDP to prepare a note for consideration at the next meeting of the Council on the administrative costs, overhead, and management costs of GEF-financed projects charged by the UN specialized agencies with which it cooperates and the services provided for such financial resources.
20. In considering the submission made by the World Bank, the Council reiterated its desire to facilitate the role of Regional Development Banks as executing agencies of the GEF. Nonetheless, the World Bank was requested to review with the Regional Development Banks the requirements of the Instrument that each Implementing Agency be fully accountable to the Council for their GEF-financed activities, and to explore whether World Bank and the Regional Development Banks can provide the Council with confirmation that their cooperative arrangements can ensure such accountability.

DECISION ON AGENDA ITEM 13

Report to first Conference of the Parties to the Framework Convention on Climate Change

21. The Council took note of the Report presented in document GEF/C.3/11 and approved its submission to the first meeting of the Convention of the Parties to the Framework Convention on Climate Change.

DECISION ON AGENDA ITEM 14

Other business

22. The Council took note of document GEF/C.3/Inf.2, *Provision of Assistance for Enabling Activities and National Communications concerning the Framework Convention on Climate Change*.
23. The Council also took note of document GEF/C.3/Inf.6, *Decision of the First Meeting of the Parties to the Convention on Biological Diversity on Financial Resources and Mechanism*, and authorized the Secretariat to carry out appropriate consultations with the Secretariat of the Convention on Biological Diversity on the content of a memorandum of understanding to govern the relations of the Convention and the GEF.