



46TH GEF COUNCIL MEETING HIGHLIGHTS:

SUNDAY, 25 MAY 2014

On Sunday morning, participants convened in plenary for the opening of the 46th meeting of the GEF Council. They considered annual monitoring and review, long term strategy for the GEF and summary of the negotiations of the Sixth Replenishment of the GEF Trust Fund. In the afternoon participants addressed the proposal for the system of transparent allocation of resources (STAR) for GEF-6, co-financing policy, annual performance report 2013 main findings and recommendations and management response and annual country portfolio evaluation report 2014 and management response.



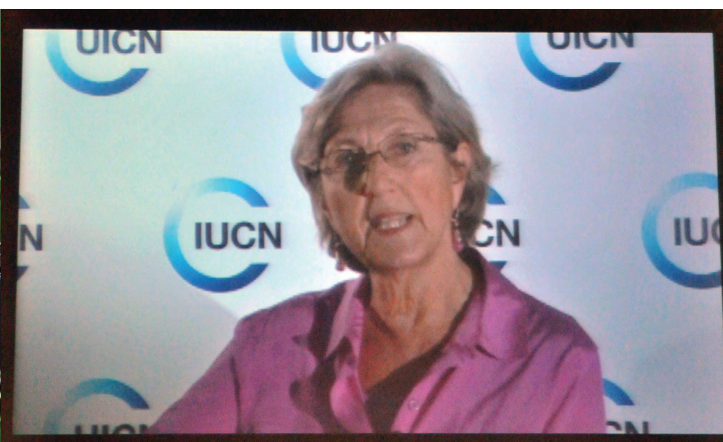
46th GEF Council participants gather in plenary in the Moon Palace Arena conference center in Cancún, Mexico

OPENING OF THE MEETING

Naoko Ishii, Chief Executive Officer (CEO) and Chairperson of the Global Environment Facility (GEF), opened the 46th meeting of the GEF Council welcoming participants to the last council meeting of the GEF-5. She highlighted the GEF-6 replenishment of US\$ 4.4 billion from 31 countries, as a “significant success.” She noted that the GEF 2020 strategy lays out how the GEF can play a critical role in helping to tackle some of the world’s pressing issues in coming years.

Ishii welcomed two new GEF Project Agencies: Development Bank of South Africa (DBSA) and IUCN, International Union for Conservation of Nature. Julia Marton-Lefèvre, Director-General, IUCN (via video link) and Mohale Rakgate, DBSA, expressed appreciation for their organizations’ accreditation and looked forward to working with the GEF.

The Council elected Juha Pyykko (Council member for Estonia, Finland, and Sweden constituency) as Co-Chairperson and adopted the agenda (GEF/C.46/01/Rev.03) after agreeing to include accreditation of the new agencies under the agenda item on other business.



DBSA and IUCN joined the GEF as new accredited project agencies. Leftt, Mohale Rakgate, DBSA, and Naoko Ishii, GEF CEO and Chairperson. Right, Julia Marton-Lefèvre, Director General, IUCN, who addressed the council via a video message.

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L-R: Elected Co-Chair Juha Pyykkö, Finland; Naoko Ishii, GEF CEO and Chairperson; and William Ehlers, GEF Secretariat

ANNUAL MONITORING REVIEW (AMR) FY13: PART II

Ramesh Ramankutty, GEF Secretariat, introduced the agenda item (GEF/C.46/04), *Annual Monitoring Review (AMR) FY 13: Part II*. Several council members expressed appreciation for the AMR data, welcoming progress on gender mainstreaming. Other Council members urged for a supplementary analysis on obstacles to project implementation and on the performance of multi-focal area projects. Concern was expressed over delays between GEF CEO endorsement and project implementation.

Responding to a comment on Protected Areas (PAs), the GEF Secretariat explained that the GEF is working to ensure long-term financial sustainability of PAs by supporting, for example, national implementation of payment for ecosystem services and gate fees. On project disbursement delays, one Council member highlighted that countries have different procedures for receiving funding, meaning that the problem is not necessarily at the GEF level.

Ramankutty presented the item (GEF/ME/C.46/05) *Management Response to the Annual Country Portfolio Evaluation Report 2014* acknowledging the caveat of the Secretariat's limited participation in the Country Portfolio Study (CPS) process.

The Council adopted the decision requesting the Secretariat and GEF agencies to continue providing two AMR reports per year and to expedite the preparation of all overdue projects.

LONG-TERM STRATEGY FOR THE GEF – GEF 2020

Ishii introduced (GEF/C.46/10) *Long-Term Strategy for the GEF – GEF 2020* document noting that the current draft builds on discussion during 45th GEF Council meeting in November 2013 and comments received since. She noted that articulating GEF's strategic vision to 2020 is intended to provide a goal beyond four-year funding cycles and to enable GEF to contribute effectively to the global discussion on environmental issues in the context of international sustainable development and climate change agendas.

Most Council members endorsed the draft strategy, but some raised the need for more prominent references to several issues, including: the socio economic benefits associated with environmental action and how the Strategy would link to the

post-2015 development agenda; private sector engagement; the involvement of key ministries, to ensure environmental policies and programmes are mainstreamed; and innovative financing approaches.

One participant noted the GEF needed to identify its strategic advantage in a more crowded international financing environment. A CSO representative welcomed the strategy broadly but called for greater recognition of CSOs' key contribution to GEF objectives by engaging society as a whole. Many Council members noted and supported the draft strategy's enhanced gender perspective. Many participants called for the strategy to be a living document which would be reviewed annually for currency and relevance.

Ishii welcomed the feedback and noted that the Secretariat would incorporate the comments received and seek endorsement of a final draft strategy by mail. Ishii added that the Secretariat would separately seek agreement to institutionalising the 2020 strategy through regular discussion and review.

SUMMARY OF NEGOTIATIONS OF THE SIXTH REPLENISHMENT OF THE GEF TRUST FUND

Ramankutty introduced the item (GEF/C.46/07), *Summary of Negotiations of the Sixth Replenishment of the GEF Trust Fund*. He reported that replenishment negotiations had concluded successfully during the 4th meeting on April 16, hosted by Switzerland in Geneva and said the next step for the Council was



Jozef Buys, Belgium



Winston Thompson, Fiji



Ximena George-Nascimento, Chile

to take note of the summary and to endorse 3 attached annexes and forward the replenishment package to the Assembly for consideration.

One Council member called for future replenishment discussions to be more transparent and for the enhanced recipient country participation. Some Council members noted, with concern, that the needs of SIDS had not been reflected in the replenishment process.

Welcoming increased contributions from donor countries to the Trust Fund, as well as contributions from recipient countries, a CSO representative supported by a Council member noted however, that the replenishment was not sufficient.

Some Council members said proposals to increase the weight of the GDP per capita index to 0.08 did not reflect the reality of some countries in terms of vulnerability, economic development and poverty.

Acknowledging these concerns, Ishii observed that the replenishment was the result of “very hard work” over 18 months and was the best outcome that could be produced. She said approval for the replenishment would be sought from the World Bank in its capacity as Trustee. The Council adopted the decision.

PROPOSAL FOR THE SYSTEM OF TRANSPARENT ALLOCATION OF RESOURCES (STAR) FOR GEF-6

Ramankutty presented the item (GEF/C.46/05), *Proposal for the System of Transparent Allocation of Resources (STAR) for GEF-6*. He requested the Council to adopt the proposal to update STAR for GEF-6, which implies: increasing the weight of the GDP per capita index to 0.08; lowering the ceilings imposed on each focal area to 10 percent; and increasing the aggregate floor to US\$6 million for LDCs.

Council members from the Latin American region, supported by Council members from SIDS, reiterated that the GDP increase did not reflect their socio-economic realities. While expressing appreciation for the increase of resources for LDCs, they called for new indicators and a more refined analysis on how the use of the GDP index can benefit Latin America in particular. GEF-CSO Network cautioned against maintaining only five percent of resources for LULUCF projects during GEF-6.

Ishii acknowledged some of the shortcomings raised during discussions but requested Council members to respect commitments assumed under the GEF-6 replenishment process. The Council adopted the decision.

CO-FINANCING POLICY

The GEF Secretariat introduced the item (GEF/C.46/09) *Co-financing Policy*, outlining the proposed policy’s three elements: first, to provide clarity in definitions and approaches to promoting effective co-financing; second, to indicate a level of ambition for the overall GEF portfolio to reach a ratio of leveraged funds being at least 6 times the level of GEF resources; and third, to create expectations for greater co-financing for upper middle income countries that are not SIDS. He indicated the proposed approach emphasizes the importance of partnerships, notably with the private sector, in achieving GEF’s objective of encouraging higher levels of co-financing. He noted the policy draws on analysis conducted for the GEF-6 replenishment discussions and work done for the Fifth Overall Performance Study of the GEF (OPS5).

In the ensuing discussion, several Council members expressed concerns that the 6 to 1 ratio, if applied inflexibly, would make it more difficult for projects in LDCs to obtain GEF support. Some Council members warned expectations of an even higher ratio for upper middle income countries could see some projects failing to seek GEF financing. Other Council members emphasized the ratio relates to the entire GEF



Josceline Wheatley, UK

portfolio and would not apply to any specific country or project. Several Council members noted the proposed ratio is a lower level than that achieved in GEF-4 and GEF-5 and, in some cases, underlined that upper middle income countries are able to attract much higher levels of co-financing. A Council member called for AMR to expand its monitoring of co-financing commitments and to identify key barriers. Several Council members noted that one of the GEF’s core purposes was to help meet incremental costs of addressing global environmental concerns and stressed this is insufficiently covered in the proposed policy.

In response, Ishii acknowledged concerns about the ratio but highlighted the purpose is to seek to maximise GEF resources’ impact and to strengthen partnerships. She indicated the Secretariat would prepare a revised draft decision for Council’s consideration.



L-R: Ramesh Ramankutty, Neeraj Kumar Negi, and Robert van den Berg, GEF Secretariat

ANNUAL PERFORMANCE REPORT 2013 MAIN FINDINGS AND RECOMMENDATIONS AND MANAGEMENT RESPONSE

Van den Berg introduced the item (GEF/C.46/02) “*Annual Performance Report*” explaining that it provides a detailed account of the results of 646 completed projects, as well as processes that may affect results.

The GEF Secretariat presented the report’s conclusions, *inter alia*, noting that 79% of projects and 71% of funding in the APR 2013 cohort have outcome ratings in the satisfactory range but projects in Africa SIDS, LDCs and fragile states are less likely to have a satisfactory rating. He observed that, over the past eight APR Year cohorts, there has been a substantial increase in the ratio of promised and actual co-financing. He noted that an increased focus on co-financing during the project appraisal process enhances co-financing but may also cause delays in the project cycle.

The GEF Secretariat presented the *Management Response to the Annual Performance Report* welcoming the report’s conclusions and noting that the sustainability ratings for both biodiversity and multi-focal projects are on average lower than for other focal areas.

During the ensuing discussions questions included: how the Secretariat would address project cycle delays; reasons for the decrease in satisfactory performance of projects assessed; delays in project approval; and discrepancies between World Bank and GEF project outcome ratings.

In response, van den Berg observed that, on project performance, the World Bank applied a different methodology and had become more severe in their project rating. He said STAP needs to think through how to analyse multi-focal area projects.

The GEF Secretariat noted that the level of project proposals has decreased, bringing the stream of proposals to a more manageable level. He explained that the portfolio of proposals is not the same in terms of agency mix and this had led to a drop in performance. On the World Bank rating, he explained,

since 2011, the Bank had started to be more stringent on how they apply the evaluation criteria. The Council adopted the draft decision requesting the GEF Independent Evaluation Office: to continue its work on extending coverage of reporting on outcomes to earlier periods; ensuring consistency in reporting on outcomes; finalization of the terminal evaluation guidelines; developing its approach to reporting on programs; and streamlining of the management action record process.

ANNUAL COUNTRY PORTFOLIO EVALUATION REPORT 2014

Van den Berg, introduced the item (GEF/ME/C.46/05) *Annual Country Portfolio Evaluation Report 2014*. He provided a synthesis of CPSs and Country Portfolio Evaluations (CPEs) in the Sub-Saharan Africa region focusing on two CPEs (Tanzania and Eritrea) and one CPS conducted in Sierra Leone. On CPS, he called attention to the problem of the Secretariat’s absence in the process at the local level, which should be addressed in future. The GEF Independent Evaluation Office provided background on CPS and CPE, outlining some conclusions, notably: confirmation of GEF relevance in promoting an enabling framework for sustainability in the studied countries; a mixed result regarding monitoring and evaluation; and the success of including communities into projects. He noted the need to ensure translated documents in Tanzania, where only 20% of the population speaks English.

The GEF Secretariat presented the item (GEF/ME/C.46/05) *Management Response to the Annual Country Portfolio Evaluation Report 2014* acknowledging the caveat of the Secretariat’s limited participation in the CPS process.

Following discussion the Council adopted draft decisions (GEF/ME/C.46/05) *Management Response to the Annual Country Portfolio Evaluation Report 2014* and (GEF/ME/C.46/04) *Annual Country Portfolio Evaluation Report 2014*, which requests the Secretariat to explore the use of Small Grant Program (SGP) as a means to implement community level activities for Medium Size and Full Size Projects (MSPs and FSPs) and to disseminate information in the relevant national languages.