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CONFERENCE OF THE PARTIES
TO THE CONVENTION
ON BIOLOGICAL DIVERSITY
First meeting
Nassau, 28 November - 9 December 1994

INSTITUTIONAL STRUCTURE TO OPERATE THE FINANCIAL MECHANISM UNDER THE CONVENTION

Note by the Interim Secretariat

1. Document UNEP/CBD/COP/1/6 at para. 9(c) advised that the second meeting of the Council of the Restructured Global Environment Facility was scheduled for the first week of November 1994, and that the outcome of its discussions on Rules of Procedure for the GEF Council and the GEF Operational Strategy would be made available to this first meeting of the Conference of the Parties.

2. Attached for reference of the meeting are:

(a) Joint summary of the chairs of the GEF Council meeting, 1 - 3 November 1994; and

(b) Appendix to the chairs' joint summary on the Council decisions on the various items on its agenda.

GLOBAL
ENVIRONMENT
FACILITY

JOINT SUMMARY OF THE CHAIRS
GEF COUNCIL MEETING

1-3 November 1994

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. Lennart Bage (Sweden) as its elected Chairperson.

ADOPTION OF THE AGENDA

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

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, Interim 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. Mr. Jurgen Holst, Senior Economic Affairs Officer, UN DPCSD, also made a statement to the Council on behalf of the Commission on Sustainable Development.

DRAFT RULES OF PROCEDURE FOR THE GEF COUNCIL

5. The Council continued its review of the draft Rules of Procedure for the GEF Council which it had begun at its first meeting. The Council had before it a revised draft of the rules that had been prepared by the Secretariat on the basis of the discussions during the first Council meeting (document GEF/C.1/3/Rev. 1). At its session on 3 November 1994, the Council adopted its rules of procedure. The adopted rules are appended to this summary. In reviewing and revising the rules, the following clarifications and interpretations were made.

6. The Council agreed that it was not necessary to include in the rules a definition of "consensus", since paragraph 25(b) of the Instrument for the Establishment of the Restructured GEF addressed this issue.

7. With regard to paragraph 8, the Council agreed to maintain the paragraph as agreed in July: two advisors may accompany each Council Member. In explaining this rule, it was noted that a number of possibilities had been explored for ensuring that the meeting was as open as possible while maintaining a business-like culture for the Council proceedings. There was no limit on the number of representatives who could register at the meeting. The number of Members, Alternates, and advisors was concerned with the format and number of representatives in the meeting room. Members were free to rotate the individuals advising him/her at the meeting.

8. In discussing Section X of the Rules, "Languages", the CEO/Chair explained to the meeting the practice of the Secretariat. Documents for GEF Council meetings will be prepared in English. Interpretation at the meetings will be available in English, French and Spanish. Correspondence and other incoming communications can be submitted to the Secretariat in any of the three languages. Important documents, such as the *Instrument for the Establishment of the GEF*, and general information on the GEF are available in the three languages. This will include final Council documents on substantive operational matters, such as the GEF Annual Report, Rules of Procedure or the GEF Project Cycle, once the Council had approved such documents. In addition, documentation concerning projects will be translated into the appropriate language or languages for those interested in the project at the local and national level. The Secretariat was requested to prepare a note on this matter for the Council's review and approval.

9. In reviewing the section on "Interventions", the Council agreed to delete paragraph 26 on the understanding that all speakers would need to be invited by the Chair to take the floor before addressing the Council.

QUESTION OF NGO OBSERVERS AT COUNCIL MEETING AND NGO CONSULTATIONS

10. The Council continued the review it began at its first meeting of this issue, and adopted the decision appended to this summary.

11. In accordance with the decision, the Secretariat is requested to prepare, in consultation with NGO'S, more specific criteria for the selection of NGO representatives to attend or observe Council meetings. Such criteria should be based on the general principles of broad-based representation and of self selection of NGO's. The Council is to review and approve the criteria at its third session.

PROPOSED GEF PROJECT CYCLE

12. The Council reviewed the proposed GEF Project Cycle and requested that, in light of its decision to approve an interim project cycle, a summary of the key steps and decision points in the interim project/program cycle be provided. This together with a summary of understandings on the "interim" guidance on the implementation of the GEF project/program cycle are attached.

PRELIMINARY ISSUES RELATING TO GEF ACTIVITIES CONCERNING LAND DEGRADATION

13. Mr. Hama A. Diallo, Executive Secretary, Interim Secretariat of the United Nations Convention to Combat Desertification made a statement to the Council and responded to questions from the Members.

DECISIONS OF THE COUNCIL

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

CLOSURE OF THE MEETING

15. The meeting was closed by the Chairs on 3 November 1994.

APPENDIX TO CHAIRS' JOINT SUMMARY

COUNCIL'S DECISIONS

Decision on Agenda Item 5 Draft Rules of Procedure for the GEF Council

At its second meeting, after reviewing draft Rules of Procedure, the Council adopted the attached Rules of Procedure for the GEF Council.

Decision on Agenda Item 6 Question of NGO Observers at Council Meetings and NGO Consultations

At its second meeting, the Council considered the issue of NGO representation at Council meetings and NGO consultations. In this regard, the Council decided:

Council Meetings:

(a) For purposes of paragraph 13 of the Council's rules of procedure, the CEO shall invite five NGO representatives to attend Council meetings and five NGO representatives to observe the meetings. Such representatives will be invited to attend or observe, as the case may be, Council discussions on all agenda items except those considered in executive session as provided for in paragraph 14 of the rules of procedure. The GEF administrative budgets should always be considered in executive session as well as decisions on amendments to the rules of procedure. Since the administrative budget will be on the agenda of each Council meeting, either for approval or review, an executive session should be scheduled for each meeting. The executive session could also be used by the Chair to take decisions relating to the allocation of funds.

(b) The Council invites the Secretariat, in consultation with NGOs, to develop criteria for selection of NGO representatives to attend or observe Council meetings. Such criteria should be based on the principles of regional representation and of self selection by the NGOs, taking into account the GEF thematic scope. The Secretariat should submit proposed criteria to the Council for review and approval at its third meeting.

(c) The cost of NGO attendees from recipient countries should be provided for in the administrative budget of the GEF Secretariat. Such financing should be clearly identified in a separate line item in the budget. In accordance with paragraph 20(j) of the *Instrument for the Establishment of the Restructured GEF*, the Secretariat's budget will be approved by the Council.

NGO Consultations:

(d) The Council requests the Secretariat to prepare a paper on NGO consultations for consideration at its third meeting in January 1995. The paper should elaborate further on the information presented in the *Technical Note on NGO Relations with the GEF* (document GEF/C.1/4) and in particular should address the scope of such consultations, cost implications and other modalities for their organization.

(e) Pending a decision on the scope and funding of NGO consultations, the Council requests the CEO to convene an NGO consultation in accordance with pilot phase practice prior to the Council meeting in January 1995.

Decision on Agenda Item 7 Proposed GEF Project Cycle

The Council reviewed document GEF/C.2/3, *Proposed GEF Project Cycle*, and agreed that further work should be undertaken in light of the discussions and a revised paper submitted to the fourth Council meeting in April. Members were invited to submit written comments to the Secretariat by 1 December 1994.

Pending the adoption of a final project cycle, the Council agreed that projects could be developed in accordance with the interim project cycle as revised by the Council and attached to this decision.

The Council agreed that the Secretariat should establish the Project Development Facility (PDF) with an initial allocation of \$15 million. The Secretariat was requested to submit to the Council meeting in January 1995 a note further elaborating on the PDF, including criteria for the selection of projects, monitoring of resource allocations, Implementing Agencies best practice project preparation funding during the project cycle, and regular reporting on PDF activities. It was agreed that no Block C funds would be committed until the Council had reviewed the paper on the PDF at its January meeting.

Decision on Agenda Item 8 Role and Mandate of STAP

The Council reviewed document GEF/C.2/4, *Role and Mandate of STAP*. The Council invited UNEP to revise the paper on the basis of its discussions. UNEP is also requested to proceed with the establishment of STAP on the basis of Option 3 in the paper and the comments made during the Council review. STAP, once established, is requested to propose for Council approval criteria to guide the selective review of projects by STAP.

Decision on Agenda Item 9 Guidance for Programming GEF Resources in 1995

The Council reviewed the proposed programming guidance in document GEF/C.2/5 for the three program components. Notwithstanding reservations expressed by certain Members on certain aspects of the document, the Council expressed general support for the ranges of funding. The Council agreed that the funding levels should be indicative figures and not targets. There should be flexibility in the allocation of funds within ranges and between focal areas. The Council approved continued funding for the Small Grants Program subject to the conclusions of an independent review of its pilot phase activities. In addition, international waters should be included under enabling activities. When operational strategies for international waters and land degradation activities are approved by the Council, funding for priority activities would be included in 1995 programming. The Secretariat was requested to inform the Conferences of the Parties to the Convention on Biological Diversity and the Framework Convention on Climate Change of the Council's approach to programming of GEF resources in each of the relevant focal areas in 1995 and to invite the Conference of the Parties to consider the categories of activities selected for implementation.

Decision on Agenda Item 10 Incremental Coasts and Financing Policy Issues

The Council did not review the document prepared for this agenda item, but Members were invited to submit written comments to the Secretariat by 1 December 1994. It was agreed that this matter should be included on the agenda of a future Council meeting.

Decision of Agenda Item 11 Issues concerning administrative budget management

The Council reviewed document GEF/C.2/7, *Issues Concerning Administrative Budget Management*, and Members were requested to submit additional comments in writing to the Secretariat by 1 December 1994. During its review, the Council expressed its serious concern with the proposed budgets for the administrative expenditures of the Implementing Agencies for FY95 as presented in Annex C to the document. The Council noted, in particular, that it was unable to judge whether the proposed increases in expenditures were warranted, since the Council did not have before it any information to justify such increases.

The Council requests that a full consideration and approval of FY95 administrative budgets be included on the agenda for the next Council meeting. In order to assist the Council in its deliberations, the Secretariat is requested

to prepare a detailed analysis of the administrative expenditures and requirements of each of the Implementing Agencies and the Secretariat and to recommend a process for ensuring regular planning, review and analysis of administrative expenditures. The Implementing Agencies are requested to provide the Secretariat with detailed information and supporting documentation so as to enable the Secretariat to assess their proposed expenditures. In providing such information, the Implementing Agencies are requested to breakdown the information in accordance with the budget categories proposed for FY96 on page 4 of document GEF/C.2/7 with a view to facilitating an assessment of specific categories of expenditures and an identification of opportunities for cost savings among the Agencies.

Pending the Council's review and approval of FY95 administrative budgets, the Implementing Agencies are requested not to exceed the levels of administrative expenditures for FY94 by more than 10%, excluding those administrative expenditures relating to the establishment of the new STAP but not the STAP secretariat, according to the guidance of the Council at this meeting.

Decision on Agenda Item 12 Follow-up to recommendations set forth in the Independent Evaluation of the GEF pilot phase

The Council reviewed document GEF/C.2/8, *Follow-up to Recommendations Set Forth in the Independent Evaluation of the GEF Pilot Phase*. Council Members were invited to submit written comments on the document to the Secretariat by 1 December 1994. The Council agreed that it would be useful to keep the response to the recommendations of the Evaluation under review through regular reports to the Council, including a more analytical report in July 1995, and the Secretariat was requested to reflect the recommendations in its work on developing GEF policy for Council consideration. The Secretariat and the Implementing Agencies were requested to take the recommendations fully into account as they develop and implement the operational activities of the GEF.

Decision on Agenda Item 13 Scoping of GEF activities concerning International Waters

The Council provided initial comments on the document GEF/C.2/9, *Scoping of GEF activities concerning International Waters*. Further written comments were invited by 1 December 1994. The Secretariat was requested to revise the scoping paper on the basis of the discussions of the Council and the comments received in writing, and to submit the revised text and an operational strategy for consideration and approval by the Council at its third meeting.

Decision on Agenda Item 14 Preliminary Issues relating to GEF activities concerning Land Degradation

The Council provided comments on the document GEF/C.2/10, *Preliminary Issues relating to GEF activities concerning Land Degradation*. Further written comments were invited by 1 December 1994. The Secretariat was requested to revise the paper on the basis of the discussions of the Council and the comments received in writing, and to submit the revised text and an operational strategy for consideration and approval by the Council at its third meeting.

Decision on Agenda Item 15 Other business

Response to Decision 10/3 of the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change at its Tenth Session

The Council reviewed the document including the draft report. The Council approved the report for submission to the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change at its eleventh session in February 1995.

Information Note on Collaboration between the World Bank and the Regional Development Banks in GEF Implementation: A Status Report

The Council reviewed the information document, and requested the Secretariat to prepare a paper on the relationship, including the monitoring of GEF resources, between Implementing Agencies and executing agencies identified in paragraph 28 of the Instrument for consideration at its meeting in January 1995.
