



GEF/C.61/05
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Virtual Meeting

THE SHARE OF GEF FINANCING IN AGENCIES' PORTFOLIOS

Recommended Council Decision

The Council, having reviewed document, GEF/C.61/05, *the Share of GEF Financing in Agencies' Portfolios*, takes note of the report and decides that:

- a. in light of the lessons learned and reported data, additional measures are not warranted at this time;
- b. the Secretariat should continue to monitor this issue and submit a recommendation to Council if it is determined that additional measures are warranted in the future.

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INTRODUCTION

1. This report provides information to Council on the relative levels of GEF financing in each GEF Agency's overall operations.¹ This is distinct from the analysis of concentration, i.e. the share of GEF financing implemented by each Agency.² It is the second such annual report, responding to Council's request for Agency reporting and Secretariat monitoring of this topic and a report on progress and lessons learned at C.61.³

BACKGROUND

2. Participants to the GEF Seventh Replenishment requested that the Secretariat, in consultation with Agencies, present to the 54th Council a proposal for the application across all Agencies of a ceiling of 30%, i.e., that the total GEF financing for projects and programs that an Agency has under implementation shall not make up more than 30% of the total financing for projects and programs that the Agency has under implementation.⁴ A Working Group of the GEF Partnership comprising Council members was also established to work with the Secretariat on the issue.

3. The Secretariat presented a preliminary analysis to the 54th Council⁵ and a further analysis to the 55th Council.⁶ The Secretariat also presented to the 56th Council a summary of the deliberations of the Working Group of the GEF Partnership that met several times throughout 2019-2020 to consider the issue.⁷

4. The Council decision of GEF/C.55/08, *Harmonizing the Rules and Requirements for All Agencies*, requested Agencies to report to the Secretariat the volume of their non-GEF portfolios on an annual basis, starting on June 30, 2020, and further requested the Secretariat to compile and present such reports to Council starting in the Fall of 2020. In accordance with the Council request, a report was presented to C.59; this note provides Council with a second report, a summary of progress and lessons learned, and a recommended decision.⁸

PROGRESS AND LESSONS LEARNED

5. Agencies were requested to provide information for two separate indicators measuring: i) the share of GEF financing in new Agency approvals and commitments, and ii) the share of GEF cash transfers in Agency disbursements to recipients.

¹ Occasionally also referred to as Agency "dependency" on GEF financing.

² The issue of concentration remains under active review by GEF-8 Replenishment Participants and the Secretariat and will be the subject of a separate, subsequent report to Council for consideration.

³ GEF/C.55 [Joint Summary of the Chairs](#), December 2018. para 13.

⁴ GEF/C.54/19/Rev.03, Summary of the Negotiations of the Seventh Replenishment of the GEF Trust Fund

⁵ GEF/C.54/08, [Strengthening the GEF Partnership](#)

⁶ GEF/C.55/08, [Harmonizing the Rules and Requirements for All Agencies](#)

⁷ GEF/C.56/04, [Report on the Working Group of the GEF Partnership](#)

⁸ GEF/C.59/Inf.10. [Reporting on the Share of GEF Financing in Agency Portfolios](#).

6. A number of methodological elements were discussed in GEF/C.59/Inf.10, including related to the diverse core mandates and overall sizes of GEF Agencies, reporting issues arising from different project cycles, fiscal year reporting periods, and other aspects. Working Group Participants, OFPs and Agencies have continued to highlight the importance of: i) avoiding additional GEF resource allocation constraints that could impact countries' ability to access GEF resources, ii) preserving countries' choice of GEF Agency, iii) minimizing additional reporting burden on Agencies, and iv) preventing any sudden disruption in the operations of the GEF.

7. As noted above and in the reporting to C.59, the use of a common metric of dependency across a diverse group of GEF Agencies presents challenges. Agencies with specialized environmental mandates can be expected to report higher relative amounts of GEF financing, whereas those with more general mandates to report lower figures. The business models of GEF Agencies are varied, resulting in challenges of applying metrics based on the percentage of outstanding loans or other approvals (as with MDBs) to other Agencies with business models based on the provision of, for instance, specialized technical assistance or conservation investments. As GEF Agencies operate on different fiscal years, readily available information on their comprehensive non-GEF corporate activity is often not available at a particular GEF-specified reporting date. Of the 18 Agencies, 7 have reported data as of 30 June 2021, 10 report most recent available data as of 31 December 2020, and one as of 31 March 2021.⁹ Finally, the timing of GEF funding approvals and commitments to Agencies, the impacts of cancellations, and the nature of the GEF and Agencies' funding cycles can result in potentially wide variations in observed data in each reporting period.

8. Agencies have reported the following data to the Secretariat which, coupled with Trustee data on commitments and disbursements, has allowed the Secretariat to make calculations based on the following:

- (i) **Approvals:** This measures the GEF share of net new approvals by each Agency during the reporting period. The GEF portion (numerator) is measured as the net Trustee commitments to the Agency (i.e. new CEO endorsements or approvals confirmed, less cancellations as a result of financial closures or other cancellation decisions) during the most recently available fiscal year. The total Agency portion (denominator) is the Agency's total new funding commitments to beneficiaries, recipients or clients as appropriate.¹⁰

Example: if an Agency received \$10 million of new funding commitments from the GEF but made total funding commitments across all its activities to all its recipients totaling \$100 million, a GEF share of 10% would be reported in column (b) of Table 1, below.

⁹ Reporting from BOAD, DBSA and IFAD was still pending as of October 28, 2021. For these Agencies, the Secretariat has used publicly available sources to report non-GEF approvals and disbursements.

¹⁰ Including GEF portion.

- (ii) **Disbursements:** This measures the GEF share of net new disbursements by each Agency during the reporting period. The GEF portion (numerator) is measured as the net Trustee cash transfers to the Agency during the Agency's respective reporting period, in respect of already-approved GEF projects and programs. The total Agency portion (denominator) is the Agency's total cash disbursements to all recipients of its funding.¹¹

Example: if an Agency received \$10 million in net cash transfers from the Trustee but disbursed \$100 million to all beneficiaries for all of its activities, a GEF share of 10% would be reported in column (c) of Table 1, below.

FINDINGS

9. Table 1 provides a summary of the information received from Agencies and the resulting calculations. The reporting shows that on the basis of approvals, all Agencies report that GEF funding accounts for well below 30% of their overall annual approval activity. Only two Agencies report figures slightly over 20%; the overall average is 5.0%, including these Agencies. Similarly, when measured on the basis of annual disbursements, all Agencies exhibit GEF cash transfers well below 30% of their totals, with only one exceeding 20%; the Agency average is 4.6%. Details of the data reported by Agencies in Table 1 are also presented in Annex 1.

¹¹ Including GEF portion.

Table 1: Summary of Agency Reporting on non-GEF Approvals and Disbursements

| | (a) Reporting Period: | (b) Approvals: | (c) Disbursements: |
|--------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------------------------------------------|--------------------------------------------------------------------------------|
| | 12 months ending: | GEF net approvals as share of total Agency approvals | GEF net transfers to Agency as share of Total Agency Disbursements |
| Agency | | % | % |
| AfDB | 31-Dec-20 | 0.1% | 0.4% |
| ADB | a/ 31-Dec-20 | 0.0% | 0.0% |
| BOAD | b/ 31-Dec-20 | 0.0% | 0.0% |
| CAF | 31-Dec-20 | 0.0% | 0.0% |
| CI | 30-Jun-21 | 3.9% | 4.4% |
| DBSA | b/ 31-Mar-21 | 8.2% | 0.0% |
| EBRD | 31-Dec-20 | 0.0% | 0.1% |
| FAO | 30-Jun-21 | 7.9% | 2.7% |
| FECO | 30-Jun-21 | 10.3% | 0.1% |
| FUNBIO | 30-Jun-21 | 0.0% | 1.8% |
| IDB | 31-Dec-20 | 0.0% | 0.1% |
| IFAD | 31-Dec-20 | 0.0% | 2.0% |
| IUCN | 30-Jun-21 | 20.6% | 15.8% |
| UNDP | 31-Dec-20 | 4.4% | 7.0% |
| UNEP | 31-Dec-20 | 21.5% | 16.5% |
| UNIDO | 31-Dec-20 | 10.1% | 24.6% |
| WB | 30-Jun-21 | 0.3% | 0.3% |
| WWF | 30-Jun-21 | 2.0% | 4.0% |
| a/ Commitment cancellations due to project closures exceeded new commitment amounts resulting from GEF CEO approval and endorsements | | | |
| b/ Agency approvals, disbursements data taken from public sources | | | |

CONSIDERATIONS AND RECOMMENDATIONS

10. The issue of Agency dependence on GEF funding has proven not to be of significant concern over the GEF-7 Replenishment period to date. Additional reporting on the separate issue of concentration of GEF funding among Agencies is contemplated as part of the draft policy recommendations under the GEF-8 Replenishment negotiations. This, along with other potential actions are expected to be most relevant for future Council deliberations on the relative market share of GEF Agencies. In this context, continued annual reporting by Agencies on the share of GEF financing in their non-GEF activities is expected to be of limited relevance to the analysis of market share (concentration) going forward during GEF-8.

ANNEX I: DETAILED REPORTING BY AGENCIES

GEF Agency and Trustee Reported Data (millions).

| Agency | Fiscal Year Reporting Period 12 months ending | GEF approvals (Trustee net commitments for projects and fees) | Total Agency Approvals (including GEF-funded) | | Cash transfers to Agency from Trustee (net) | Total Agency Disbursements (including GEF) | | Agency Reporting Currency |
|--------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|---------------------------------------------------------------|-----------------------------------------------|--------|---------------------------------------------|--------------------------------------------|--------|---------------------------|
| | | | in reporting currency | USDeq | | in reporting currency | USDeq | |
| AfDB | 31-Dec-20 | 3.5 | 4,171 | 6,007 | 32.2 | 5,128 | 7,386 | UA |
| ADB | 31-Dec-20 | -1.3 a/ | 47,678 | 47,678 | 3.7 | 23,585 | 23,585 | USD |
| BOAD | 31-Dec-20 | 0.0 b/d/ | 664,000 | 1,154 | 0.0 c/ | 506,000 | 879 | XOF |
| CAF | 31-Dec-20 | 2.0 | 14,147 | 14,147 | 2.7 | 10,383 | 10,383 | USD |
| CI | 30-Jun-21 | 11.2 | 290 | 290 | 7.0 | 160 | 160 | USD |
| DBSA | 31-Mar-21 | 5.3 d/ | 900 | 65 | 0.0 c/ | 13,500 | 981 | ZAR |
| EBRD | 31-Dec-20 | 0.0 | 27,200 | 31,062 | 8.8 | 7,600 | 8,679 | EUR |
| FAO | 30-Jun-21 | 136.9 | 1,726 | 1,726 | 44.7 | 1,639 | 1,639 | USD |
| FECO | 30-Jun-21 | 1.7 | 108 | 16 | 0.1 | 395 | 59 | CNY |
| FUNBIO | 30-Jun-21 | 0.0 | 25 | 7 | 2.0 | 111 | 111 | BRL |
| IDB | 31-Dec-20 | 0.0 | 14,950 | 14,950 | 10.8 | 14,926 | 14,926 | USD |
| IFAD | 31-Dec-20 | 0.2 | 939 | 939 | 18.3 | 922 | 922 | USD |
| IUCN | 30-Jun-21 | 34.6 | 168 | 168 | 13.5 | 85 | 85 | USD |
| UNDP | 31-Dec-20 | 228.6 | 5,224 | 5,224 | 315.0 | 4,511 | 4,511 | USD |
| UNEP | 31-Dec-20 | 169.4 | 789 | 789 | 100.0 | 606 | 606 | USD |
| UNIDO | 31-Dec-20 | 14.4 | 143 | 143 | 43.8 | 178 | 178 | USD |
| WB | 30-Jun-21 | 256.1 | 85,425 | 85,425 | 150.0 | 58,050 | 58,050 | USD |
| WWF | 30-Jun-21 | 16.3 | 826 | 826 | 6.3 | 159 | 159 | USD |
| a/ Commitment cancellations due to project closures exceeded new commitment amounts resulting from GEF CEO approval and endorsements | | | | | | | | |
| b/ No new commitments during the period | | | | | | | | |
| c/ No new cash transfers during the period | | | | | | | | |
| d/ Agency approvals and disbursements calculated by the Secretariat using public sources | | | | | | | | |