

55<sup>th</sup> GEF Council Meeting  
December 18–20, 2018  
Washington, D.C.

Agenda Item 7

## **HARMONIZING THE RULES AND REQUIREMENTS FOR ALL AGENCIES**

**Recommended Council Decision**

The Council, having reviewed document GEF/C.55/08, *Harmonizing the Rules and Requirements for all Agencies*, takes note of the latest information on the GEF's share of each Agency's portfolio.

The Council requests Agencies to report to the Secretariat the volume of their non-GEF portfolios on an annual basis, starting on June 30, 2020, and the Secretariat to compile and present such reports for Council review and decision starting in the Fall of 2020.

The Council further requests the Secretariat to monitor the application of the 30% ceiling on the GEF's share of Agencies' portfolios, and report on progress and lessons learned at the 61st Council meeting in the Fall of 2021.

## TABLE OF CONTENTS

Introduction .....	4
Analysis of the GEF's Share of Agencies' Portfolios.....	4
Recommended Implementation Modalities.....	6
Next Steps .....	6

## INTRODUCTION

1. Participants to the Seventh Replenishment of the GEF Trust Fund requested that the Secretariat, in consultation with Agencies, present to the 54<sup>th</sup> 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.<sup>1</sup>
2. The Secretariat presented a preliminary analysis to the 54<sup>th</sup> Council<sup>2</sup>. However, some issues related to definitions, timing and comparability were noted. In addition, some Agencies' GEF portfolios included large numbers of projects that had been operationally completed but not financially closed according to the Trustee's records, thereby increasing the values of those Agencies' active portfolios. The Secretariat therefore suggested that the Council revisit the issue at its following meeting, based on newer data.
3. As such, the Council decision of GEF/C.54/08, *Strengthening the GEF Partnership*, requested the Secretariat, in collaboration with all Agencies, to present to the 55<sup>th</sup> Council "...complete and up-to-date information on the GEF's share of each Agency's portfolio, and a suggested way forward regarding the 30% ceiling".<sup>3</sup>
4. In accordance with that decision, this document provides an updated data analysis on the GEF's share of each Agency's portfolio. The data reflects both an adjusted methodology applied uniformly across Agencies' active portfolios, as well as Agencies' concerted efforts to close outstanding projects that had been operationally completed but not yet financially closed. The paper also sets out proposed implementation modalities for the application of the 30% ceiling, and discusses the next steps to be taken.

## ANALYSIS OF THE GEF'S SHARE OF AGENCIES' PORTFOLIOS

5. The GEF secretariat together with Agencies has undertaken an exercise to calculate the ratio of the GEF's share of every Agency's portfolio as of October 15, 2018 (Table 1).
6. The data suggests that, while two Agencies have shares just below 30%, the GEF does not currently account for more than 30% of the total active portfolio of any Agency.

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<sup>1</sup> GEF/C.54/19/Rev.03, *Summary of the Negotiations of the Seventh Replenishment of the GEF Trust Fund*, [http://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.C.54.19.Rev\\_.03\\_Replenishment.pdf](http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54.19.Rev_.03_Replenishment.pdf)

<sup>2</sup> GEF/C.54/08, *Strengthening the GEF Partnership*, [http://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.C.54.08\\_Strengthening\\_the\\_GEF\\_Partnership\\_1\\_0.pdf](http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54.08_Strengthening_the_GEF_Partnership_1_0.pdf)

<sup>3</sup> Ibid.

**Table 1: GEF's Share of GEF Agencies' Total Active Portfolios (as of October 15, 2018)**

Agency	Active GEF Portfolio (mUS\$)	Total Active Portfolio <sup>4</sup> (mUS\$)	The GEF's Share of the Agency's Total Active Portfolio (%)
ADB	162.4	93,336.4	0.2
AfDB	246.0	114,951.1	0.2
BOAD	3.2	2,791.4	0.1
CAF	12.8	19,319.7	0.1
CI	57.9	847.2	6.8
DBSA	29.5	12,042.6	0.3
EBRD	119.3	47,092.5 <sup>5</sup>	0.3
FAO	613.1	5,528.2	11.1
FECO	0.1	1,257.1	0.0
Funbio	15.0	572.1	2.6
IADB	293.9	55,457.9	0.5
IFAD	203.8	9,607.4	2.1
IUCN	42.1	536.8	7.8
UNEP	1,209.1	4,123.1	29.3
UNIDO	558.2	1,931.8	28.9
UNDP	3,394.4	31,774.4	10.7
World Bank	1,889.0	243,889.0	0.8
WWF-US	41.4	631.3	6.6

7. Relative to the previous analysis, this data reflects an adjusted methodology that facilitates a more uniform comparison across both the GEF and non-GEF components of Agencies' active portfolios. The GEF component of the Agency portfolio is defined as the total cumulative value of those GEF projects that have received CEO Endorsement or CEO Approval, excluding financially closed and cancelled projects. Similarly, the non-GEF portfolio data received from Agencies refers to projects that are at a similar stage of development to GEF projects that have received CEO Endorsement / Approval.

8. This data also reflects the concerted efforts of several Agencies to close several outstanding projects that have been operationally completed (marked by the submission or report of a terminal evaluation) but not financially closed according to the Trustee's records<sup>6</sup>, which were as a result increasing the value of the active portfolios of those Agencies. The Secretariat encourages continued action on this, and also proposes to formally address this by

<sup>4</sup> Due to lack of submission of their data to the Secretariat, the earlier data on the non-GEF component of Agency Portfolio (as of 31 December 2017) used in GEF/C.54/08, *Strengthening the GEF Partnership* was again used for AfDB, BOAD and DBSA.

<sup>5</sup> Includes EBRD's active portfolio of investments.

<sup>6</sup> GEF/C.55/03, *Annual Portfolio Monitoring Report 2018*.

the introduction of a 12-month time standard for the financial closure of projects that have undergone a terminal evaluation.<sup>7</sup>

#### **RECOMMENDED IMPLEMENTATION MODALITIES**

9. The Secretariat recommends the following implementation modalities for the application of the 30% ceiling:

- (a) Annual Reporting by Agencies on their non-GEF Portfolio. Agencies will report to the Secretariat the volume of their non-GEF portfolios on an annual basis, beginning on June 30, 2020. Until that time, Agencies have an opportunity to adapt their engagement with the GEF to ensure continued compliance.
- (b) Annual Reporting by the Secretariat on the GEF Share of Agencies' Portfolios. Based on Agencies' annual reports, and the Secretariat's data on Agencies' GEF portfolios, the Secretariat will report annually to the Council on the GEF's share of Agencies' portfolios, starting in the Fall of 2020. The Council will review such reports and decide on any measures to be taken, should an Agency exceed the 30% ceiling.

#### **NEXT STEPS**

10. The Secretariat will work with Agencies on templates and guidance to facilitate clear and consistent reporting by Agencies on their non-GEF portfolios.

11. The Secretariat will also conduct a retroactive analysis of the application of the 30% ceiling at the end of GEF-7, and report on the experience and lessons learned at the 61<sup>st</sup> Council meeting in the Fall of 2021.

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<sup>7</sup> GEF/C.55/04, *Policy Measures to Enhance Operational Efficiency, Accountability and Transparency*