GEF-8 Replenishment: Overview of the Financial Structure (GEF/R.8/04)

• First Meeting of the Eighth Replenishment of the GEF Trust Fund
• April 22-23, 2021
• Prepared by the GEF Trustee
GEF Replenishment Resources

- New Donor Funding
  - Basic Donor Contributions
  - Supplemental / Additional Donor Contributions
- Funds Carried Over from Previous Replenishments
  - Unpaid Resources
    - Paid-in Deferred Contributions
    - Paid-in Unallocated Resources
- Projected Investment Income
- Reflows from Non-Grant Instrument (NGI)
Burden-Sharing Framework serves as a guiding mechanism to share financial responsibility of a multilateral effort.

Goal is to ensure adequate financial resources for the replenishment cycle.

Based on principles of: **Equity, Transparency, and Ability to Pay**

Donors initially used IDA10 shares as a benchmark.

Over the years, donors have adjusted as per their individual circumstances.

Contributions to the GEF are typically pledged in national currencies.

Reference exchange rates are used to translate pledged amounts between national currency values and SDR values.
## Carryover of Resources

<table>
<thead>
<tr>
<th>Unallocated Resources</th>
<th>Unpaid Resources</th>
<th>Deferred Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Uncommitted Resources from previous replenishment (GEF-7) will be carried over the GEF-8</td>
<td>• IoCs for previous replenishments not deposited with the Trustee</td>
<td>• Donor’s right to defer the use of resources already contributed.</td>
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<tr>
<td>• Will be known towards the end of GEF-7 cycle</td>
<td>• Resources in arrears, for which the IoCs have been deposited but resources remain to be paid-in to the GEF TF</td>
<td>• Based on provisions established in the Replenishment Resolution</td>
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• NGI provides concessional non-grant resources to private and public sector entities

• Helps demonstrate impact of innovative financing mechanisms to combat global environmental degradation

• Resources provided under the NGI Instrument are expected to be returned to the GEF Trust Fund over time

• Reflows received from NGI will be included in the resource envelope of the replenishment cycle they are received in

• Some NGI types deployed under GEF include equity, junior equity, Guarantees, Subordinated debt, and Reimbursable grants
GEF-8 Replenishment: Reference Exchange Rates (GEF/R.8/03/Rev.01)

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Participants pledge contributions to the GEF typically in national currencies

Operating currency of the GEF is USD; SDR is used in replenishments for burden sharing purposes and to provide a common denominator for expressing the overall size of the replenishment

Reference exchange rates are used to translate pledged amounts between national currency values and SDR values

**Principles:**

- Time period should exclude known exchange rates to the extent feasible and is as close as possible to the pledging meeting
- End date should allow sufficient time prior to preparation of pledging documents
- Minimize distortions from short-term currency fluctuations
FOR DECISION:

1. Reference time period for translating GEF-8 contributions between national currency values and SDR values will be:

   July 1 – December 31, 2021

2. Contributing Participants with average annual inflation rates greater than 10% during the three calendar years preceding the GEF-8 replenishment (2018 – 2020) shall denominate their contributions to GEF-8 in SDR or USD
Thank you.