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INVESTING IN OUR PLANET

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GEF-7 REPLENISHMENT

GEF-7 PROGRAMMING SCENARIOS AND GLOBAL ENVIRONMENTAL BENEFITS TARGETS

(PREPARED BY THE SECRETARIAT)

GEF-7 PROGRAMMING SCENARIOS AND GLOBAL ENVIRONMENTAL BENEFITS TARGETS

1. **The volume of resources, and decisions about their deployment in priority areas, are at the core of a successful replenishment and an effective GEF-7.** The distribution of funds is decided by replenishment Participants on the basis of considerations about the overall impact on the global environment that could be achieved, in line with the GEF’s mandate, taking into account the evolving external context within which the GEF operates. This document presents three illustrative financing scenarios and their associated targets for global environmental benefits.

2. **As requested by Participants at the Addis meeting, three financing scenarios are presented, to illustrate a range of outcomes and trade-offs.** The urgency and severity of the global environmental challenges calls for a robust response. The previous GEF replenishment—GEF-6—that was concluded in 2014 raised US\$ 4.4 billion. Arguably, the urgency and severity of the global environmental challenges today are even bigger, as is the global commitment to addressing them. This, combined with a stronger GEF value-for-money proposition than in the past, provides a compelling rationale for aiming even higher in GEF-7. Therefore, a “*Status Quo*” scenario of US\$ 4.4 billion is presented as a minimum goal which the GEF-7 replenishment should aspire to achieve. This scenario will enable the GEF to help tackle global environmental problems with at least the same financial resource as in the past. In addition, an “*Increased Support*” scenario of US\$ 5.0 billion, equivalent to an increase over GEF-6 of about 13% illustrates a possible financing structure under a stronger replenishment result. Tempering this ambition, however, is adverse exchange rate movements, which lower the measured \$-value of most contributor’s commitments. Therefore, a “*National Currency*” scenario of US\$ 4.1 billion is presented, reflecting, all else in GEF-6 equal, the revalued GEF-6 envelope based on the agreed GEF-7 reference exchange rates.

3. **Each of the scenarios allocates funding across the GEF’s various focal areas and other activity lines.** The GEF-7 replenishment amount will be allocated across the GEF’s five focal areas (Biodiversity, Climate Change, Land Degradation, Chemicals & Waste, International Waters), as well as other budget lines (Non-Grant Instrument, Corporate Programs, and Corporate Budget). The allocation for the three “Rio” conventions (Biodiversity, Climate Change Mitigation, and Land Degradation) is further split between country allocations and set-asides. Country allocations are predetermined levels of funding to each GEF recipient country to fund programs and projects according to their national priorities; they are determined by the GEF’s System for Transparent Allocation of Resources (STAR). Set-aside allocations fund global and regional projects and programs, and a set of matching incentives for country participation in Impact Programs.

4. **The Status Quo scenario is built around the following main resource allocation priorities** (see Table 1 below):

- ***Increased allocation for the Biodiversity Focal Area*** to further bolster GEF’s ability to help combat the precipitous decline in global biodiversity by funding priority objectives identified in the four-year framework agreed at COP13. Within the

Biodiversity Focal Area, more emphasis is given to the GEF's work on wildlife, in view of the high demand in GEF-6, and guidance from the COP.

- **Increased allocation for the Land Degradation Focal Area**, in support of UNCCD objectives. The Land Degradation Focal Area focuses on supporting Land Degradation Neutrality, and also builds on the intrinsic integrated nature of the land agenda, whereby results can be achieved across multiple GEF focal areas. A particular emphasis on the GEF's work in drylands, which are especially susceptible to environmentally-induced fragility, is proposed.
- **Reduced allocation for the Climate Change mitigation Focal Area**, reflecting, in particular, the operationalization of the Green Climate Fund, which enables the GEF to more sharply focus on areas of its comparative advantage of promoting innovation and early adoption of low-carbon technologies and policies. It also reflects enhanced focus in GEF-7 on integrated programming whereby the GEF's climate impact would increasingly be derived from programming in other focal areas, for example Biodiversity and Land Degradation.
- **Increased allocation for the Chemicals & Waste Focal Area**, reflecting, in particular, growing demand for GEF support for implementation of the Minamata Convention, including for enabling activities, as it comes into force, but also reflecting a gradual expansion of the scope of work under the Stockholm Convention.
- **Maintained allocation for the International Waters Focal Area**, with a particular focus on helping countries' harness their blue economy potential and on supporting the management of transboundary freshwater resources.
- **Increased allocation for non-grant instruments**, reflecting the successful GEF-6 pilot in terms of the GEF's ability to catalyze private sector investments for the benefit of the global environment, through which high levels of private sector co-financing was achieved, including in "pioneering" areas like agro-forestry and small-scale fisheries.
- **Increased total administrative budget allocation** (for the GEF Secretariat, Independent Evaluation Office, STAP and the Trustee), to reflect, in particular, the increase in the World Bank's (the GEF's host institution) overhead recovery rate, and other external cost inflation (see Annex for a detailed breakdown of the proposed GEF-7 administrative budget).

5. **Set-aside funding under the three Rio conventions would also increase in the Status Quo scenario, mainly on account of increasing convention obligations.** The allocation for enabling activities under the three Rio Conventions to support countries in their fulfillment of COP reporting requirements is proposed to increase. The cycle of reporting for both the CBD and UNCCD implies increasing need for funding during GEF-7. In addition, the Climate Change Focal Area includes a new, dedicated allocation for implementation of the Capacity Building Initiative for Transparency (CBIT), as agreed at COP21.

6. **GEF-7 would provide countries the opportunity to participate in selected “Impact Programs”.** The Impact Programs are designed to help countries pursue holistic and integrated approaches for transformational change in a set of key systems driving environmental degradation, in line with countries’ national development priorities. Impact programs focus on (i) Food systems, Land Use and Restoration; (ii) Sustainable Cities; and (iii) Sustainable Forest Management. The Impact Programs hold the potential to enhance synergies and integration across GEF focal areas, and will allow the GEF to better crowd-in other stakeholders, including the private sector, enhance knowledge sharing and learning, and enable a more effective use of GEF resources. They will help ensure that each of the GEF’s focal areas provides maximum contribution to the goals of their respective conventions as described in the GEF focal areas. Participation in the Impact Programs is the country’s choice, but as was the case in GEF-6 for SFM and IAPs, allocations to incentivize country participation will be provided from the focal area set-asides (table 1). The total proposed set-aside funding for GEF-7 Impact Programs is US\$ 385 million, of which US\$ 300 million would be earmarked for matching incentives, while the remaining US\$ 85 million would support global support functions for participating countries, knowledge sharing, and other activities to enhance overall impact.

7. **A larger envelope would enable additional emphasis on priority areas in GEF-7, as illustrated in the *Increased Support* scenario.** Considering the continued deterioration in the global environment and the urgency addressing this issue, the Increased Support scenario would allow the GEF to significantly step up its support. In particular, it would enable further resourcing of the Impact Programs to allow for a broader country participation. Increased support could also be provided for Biodiversity, Chemicals and Waste, International Waters Focal Areas and the NGI window enhancing support for a range of priority programs (Box 1 and Table 1). In addition, while the “Status Quo” and the National Currency scenarios contained in the GEF-7 Programming Directions only retained the original Frontier Investment dealing with Integrated National Planning, the Increased Support scenario introduces two of the original Frontier Investments--Circular Economy and Green Finance--given their relevance to the GEF mandate and potential for future impact at a large scale (Box 1).

8. **The *National Currency* scenario would imply that funding for only a few programming areas would be able to increase compared to GEF-6.** Increases are proposed for the Chemical and Waste, Land Degradation, Enabling Activities, and the NGI window. The Climate Change Focal Area is proposed to be further compressed, while the Biodiversity would decline modestly (Table 1).

Box 1. Selected additional impacts from the Increased Support Scenario

Global Wildlife. With additional funding in GEF-7 that would be provided through the Increased Support scenario, the GEF would be able to expand the reach of the Global Wildlife Program to 10 additional countries in Latin America and the Caribbean, as well as Asia, and the Pacific. It would also enable a stronger focus on addressing the demand reduction component of the Global Wildlife Program, which was identified in OPS-6 as a key priority.

ABNJ and Blue Economy. Under the Increased Support scenario, the IW focal area would be able to increase investments in *ABNJ*, to enable a more holistic approach to *ABNJ* management, which will support and inform global and regional policy frameworks beyond national jurisdiction, including focus on e.g. the seabed, ocean floor and subsoil. In addition, in order to expand opportunities in the Blue Economy space, under the Increased Support scenario, the MPA coverage could be doubled from 3 million to 6 million hectares, greatly expanding the reach of economic and social benefits to local communities measured in terms of fisheries and improved livelihoods.

Mercury. Increased investments in the Minamata Convention would enable the GEF to proactively address the end of life options for mercury and mercury-containing products. In particular, the Increased Support scenario would allow the GEF to address long term storage and the phasing out of mercury in products. These two areas are critical to ensure that once mercury is phased out it is prevented from re-entering the supply chain.

SAICM. Under the Increased Support scenario, increased investments in SAICM would focus on two priority areas: (i) highly hazardous pesticides that are used in several food systems that are part of the global food supply chain and (ii) electronic waste, which is becoming an urgent global problem where action is needed to facilitate the management of the waste stream, particularly in developing countries.

Green Finance. The increased support scenario would include funding for Green Finance Frontier Investments that connect financial system reform with the broader environmental agenda and “green” countries financial systems. These investments could lead to significant transformations in financial systems such as (i) open-access and standardized systems for companies to report on environmental, climate and sustainability performance; (ii) stronger partnerships with commercial banks, institutional investors, and regional and national regulators; (iii) aligning financial regulation with the MEAs, and (iv) sharing of best practices and approaches to help grow sustainable asset classes.

Circular Economy. The Circular Economy Frontier Investment is designed to catalyze a circular economy approach in the entire product supply chain. Focus will be on plastics and electronics, which were prioritized based on the high level of Global Environmental Benefits that GEF investments could achieve; the relevance to other GEF investment themes; the high rate of expansion of these industries, particularly in developing economies; and, the opportunity to contribute to newly emerging platforms. The CE Frontier Investment would include global as well as regionally framed national projects with an emphasis on private-public partnerships and scaling up to ensure broader impact. The CE Frontier Investment would include investing in 1) relevant global alliances to catalyze change in the global supply chain; 2) national and city level CE initiatives designed to scale-up regionally; and, 3) knowledge sharing of experiences and best practices to foster further investments globally.

Table 1. National Currency, Status Quo, Increased Support Programming scenarios for GEF-7.

	Scenarios								Change from Status Quo	
	National Currency				Status Quo		Increased Support		National Currency	Increased Support
	GEF-5	GEF-6	GEF-7	% Change From GEF-6	GEF-7	% Change From GEF-6	GEF-7	% Change From GEF-6		
Biodiversity	1,210	1,296	1,234	-4.8%	1,412	9.0%	1,586	22.3%	-12.6%	12.3%
STAR country allocations	968	1,051	968	-7.9%	1,123	6.8%	1,234	17.4%	-13.8%	10.0%
STAR set-aside	242	245	266	8.6%	290	18.2%	351	43.4%	-8.2%	21.3%
- <i>Enabling Activities</i>	60	13	50	284.6%	50	284.6%	50	284.6%	0.0%	0.0%
- <i>Integrated programming</i>	130	195	161	-17.4%	180	-7.9%	226	16.0%	-10.4%	25.9%
- <i>Global and regional programs</i>	52	37	55	48.6%	60	62.2%	75	102.7%	-8.3%	25.0%
Climate Change	1,360	1,260	807	-36.0%	842	-33.2%	1,006	-20.2%	-4.2%	19.5%
STAR country allocations	1,088	941	498	-47.1%	515	-45.3%	635	-32.5%	-3.3%	23.3%
STAR set-aside	272	319	309	-3.3%	327	2.6%	371	16.4%	-5.7%	13.5%
- <i>Enabling activities and CBIT</i>	80	130	180	38.5%	180	38.5%	180	38.5%	0.0%	0.0%
- <i>Integrated Programming</i>	100	130	109	-16.4%	127	-2.2%	171	31.8%	-14.6%	34.7%
- <i>Global and regional programs</i>	92	59	20	-66.1%	20	-66.1%	20	-66.1%	0.0%	0.0%
Land Degradation	405	431	453	5.2%	532	23.4%	602	39.8%	-14.8%	13.3%
STAR country allocations	324	346	338	-2.3%	394	13.8%	430	24.3%	-14.1%	9.2%
STAR set-aside	81	85	115	35.7%	138	62.5%	172	102.8%	-16.5%	24.8%
- <i>Enabling Activities</i>	15	15	25	66.7%	25	66.7%	25	66.7%	0.0%	0.0%
- <i>Integrated Programming</i>	20	60	65	8.9%	78	30.3%	112	87.4%	-16.4%	43.8%
- <i>Global and regional programs</i>	46	10	25	150.0%	35	250.0%	35	250.0%	-28.6%	0.0%
Chemicals and Waste	425	554	669	20.8%	689	24.4%	745	34.5%	-2.9%	8.1%
International Waters	440	456	456	0.0%	456	0.0%	510	11.8%	0.0%	11.8%
Non-Grant Instruments Window	80	115	176	53.0%	200	73.9%	240	108.7%	-12.0%	20.0%
Corporate Programs	210	197	183	-7.1%	183	-7.1%	193	-2.0%	0.0%	5.5%
- <i>Small Grants Program</i>	140	140	140	0.0%	140	0.0%	150	7.1%	0.0%	7.1%
- <i>Country Support Program</i>	26	23	23	0.0%	23	0.0%	23	0.0%	0.0%	0.0%
- <i>Cross-Cutting Capacity Development</i>	44	34	20	-41.2%	20	-41.2%	20	-41.2%	0.0%	0.0%
Corporate budgets: Secretariat, IEO, STAP and Trustees	120	125	153	22.4%	153	22.4%	153	22.4%	0.0%	0.0%
- <i>Secretariat, STAP, Trustee</i>		106	128.5	21.2%	128.5	21.2%	128.5	21.2%	0.0%	0.0%
- <i>IEO</i>		19	24.5	28.9%	24.5	28.9%	24.5	28.9%	0.0%	0.0%
- <i>Forex Management</i>			n/a		n/a		n/a			
Grand Total	4,250	4,433	4,131	-6.8%	4,467	0.8%	5,035	13.6%	-7.5%	12.7%

TARGETS FOR GLOBAL ENVIRONMENTAL BENEFITS IN GEF-7

9. **The proposed strategy for GEF-7 holds the potential to achieve greater results for the global environment.** Specifically, the strategy is intended to seize opportunities for higher impact through:

- a sharper focus on the drivers of environmental degradation;
- integration to harness synergies across the GEF's focal areas and the MEAs it serves;
- enhanced efforts to leverage investments in measures to protect the global environment;
- stronger multi-stakeholder collaboration, particularly with the private sector;
- more effective portfolio oversight and incentives for faster preparation and implementation; and
- an upgraded results framework and better capture of multiple benefits.

10. **This section presents preliminary targets for the global environmental benefits sought in GEF-7, across the proposed GEF-7 core indicators and for each of the three financing scenarios discussed above.** These targets are informed by bottom-up assessments of the potential global environmental benefits that each GEF-7 program could achieve, based on several assumptions, including:

- countries' decisions regarding the programming of their STAR country allocations;
- co-financing mobilized;
- participation of and contributions from Agencies, the private sector and other partners;
- within programs and participating countries, the thematic and geographic focus of child projects; and
- the implementation of the proposed, GEF-7 policy recommendations.

11. **The Secretariat's analysis suggests that the GEF can set ambitious, yet achievable targets for GEF-7 that exceed comparable GEF-6 targets.** Table 2 provides complete GEF-7 targets for each financing scenario and ten of the eleven core indicators proposed, with comparison to GEF-6 targets, where possible. A comparison of targets across the three financing scenarios, and between GEF-7 and GEF-6 targets suggests the following:

- **Across all core indicators, an increase in funding would enable an even greater increase in GEF-7 targets.** Conversely, a decline in the size of the replenishment would

disproportionately affect the GEF's ability to achieve global environmental benefits. The National Currency scenario would represent a 7.5% decline in the volume of the replenishment, yet for most core indicators that would translate into a 12–15% decline in the global environmental benefits that could be targeted in GEF-7. This has to do with the fact that a smaller replenishment would disproportionately affect the proposed GEF-7 Impact Programs and other programming areas that stand to deliver significant global environmental benefits. In contrast, funding for MEA-related reporting obligations – which is not expected to contribute directly towards the global environmental benefits measured through the proposed core indicators – would remain constant.

- **The Increased Support scenario would significantly enhance the GEF's impact in selected areas.** Consistent with the priorities that would receive additional support under this scenario, the Increased Support scenario would greatly enhance the GEF's impact in terms of marine protected areas – by 50% compared with the Status Quo scenario – as well as the sustainable management of marine habitat (a 20% increase from Status Quo).
- **Based on careful design and consultation across the Partnership, the proposed core indicators represent important improvements from the equivalent corporate indicators used in GEF-6, with limited comparability as a result.** Table 2 includes four points of comparison between GEF-6 and GEF-7 targets, which reflect the fact that the proposed, GEF-7 core indicators have been designed to offer a more relevant breakdown of the ways in which the GEF contributes towards global environmental benefits.
- **The proposed targets for climate change mitigation would amount to a considerable increase in ambition compared with GEF-6, despite a significantly smaller focal area allocation.** Measured in metric tons of CO₂e mitigated, a realistic GEF-7 target for the “status quo” financing scenario could be more than double that agreed for GEF-6, even though the climate change focal area allocation would be reduced by 33%. This reflects the fact that all three Impact Programs and a majority of focal area investments are expected to generate climate change benefits. It also reflects emerging lessons from past projects and programs: IEO's *Climate Change Focal Area Study* concludes that “activities funded by other focal areas and initiatives, along with [multi-focal area] MFA projects, are poised to deliver significant global environmental benefits (GHG emission reductions) that may be greater than those achieved by activities financed by the climate change focal area alone”¹.
- **Areas of increased financing for GEF-7 would be matched by even greater upward adjustments from GEF-6 targets.** A greater emphasis on biodiversity and land degradation, with a 12.5% increase in their combined focal area allocations under the

¹ GEF/ME/C.53/Inf.02, *Climate Change Focal Area Study* (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.ME_C.53_Inf.02_Climate_Change_F_A_Study_Nov2017.pdf)

“status quo” financing scenario, would contribute towards a 43% per cent increase in terms of the total area of landscapes and seascapes brought under improved management. In chemicals and waste, an 18% increase in resources would translate into a 33% increase in the total amount of toxic chemicals reduced.

- **Fisheries management is the only area where improved methodological rigour and evidence from past projects and programs call for a downward adjustment from the GEF-6 target.** This reflects the fact that the expected results of approved GEF-6 projects and programs amount to just 62% of the GEF-6 target² as of November 2017.

² See latest Corporate Scorecard in Annex IV to GEF/C.53/03, *Annual Portfolio Monitoring Report 2017* (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.53.03_APMR%2BScorecard.pdf)

Table 2: The GEF can set ambitious, yet achievable targets for GEF-7 that exceed those agreed for GEF-6, but a decline in the replenishment would have a disproportionate effect on the GEF’s ability to deliver results for the global environment

Proposed, GEF-7 core indicator	GEF-7 target			Comparable GEF-6 target
	National currency	Status quo	Increased support	GEF-6 replenishment target = US\$ 4.43bn
1. Terrestrial protected areas created or under improved management for conservation and sustainable use (million hectares)	182	210	248	
2. Marine protected areas created or under improved management for conservation and sustainable use (mha)	5.3	6.0	9	
3. Area of land restored (mha)	5.9	6.9	8	
4. Area of landscapes under improved practices (mha; excl. protected areas)	297	347	357	
5. Area of marine habitat under improved practices to benefit biodiversity (mha; excl. protected areas)	26	31	37	
Total area under improved management (mha, sum of 1 through 5)	516	601	659	420
6. Greenhouse gas emissions mitigated (million metric tons of CO ₂ e)	1,410	1,650	1,810	750
7. Number of shared water ecosystems under new or improved cooperative management (fresh or marine)	30	35	35	
8. Globally over-exploited marine fisheries moved to more sustainable levels (thousand metric tons) (Percent of fisheries, by volume)	3,340 (13%)	3,900 (15%)	3,900 (15%)	20%
9. Reduction , disposal/destruction, phase out, elimination and avoidance of chemicals of global concern and their waste in the environment and in processes, materials and products (thousand metric tons of toxic chemicals reduced)	92	108	109	81
10. Reduction, avoidance of emissions of POPs to air from point and non-point sources (grams of toxic equivalent gTEQ)	1,280	1,500	1,740	
11. Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment ³	Monitored	Monitored	Monitored	

³ In absence of past, portfolio-level monitoring of beneficiary data, no GEF-7 target is proposed, but the indicator will be monitored across the GEF-7 portfolio.

12. **The proposed Impact Programs would account for a large share of the expected global environmental benefits in GEF-7.** Table 3 provides a breakdown of targets for each Impact Program under the “status quo” financing scenario, and compares it with contributions from focal area investments. The comparison illustrates the following:

- **The Impact Programs contribute disproportionately to global environmental benefits across the biodiversity, climate change and land degradation focal areas.** Under the “status quo” financing scenario, the Impact Programs account for about 25% of all notional funding allocations towards the programming lines for which contributions towards GEF-7 targets were estimated. At the same time, they are expected to bring 214 million hectares of landscapes under improved management, or 38% of the total GEF-7 target. In terms of climate change mitigation, the Impact Programs would account for 58% of the GEF-7 target.
- **All Impact Programs would contribute towards global environmental benefits in the chemicals and waste focal area.** This reflects the degree to which chemicals and waste issues have been integrated into the design of the proposed Impact Programs, in response to Participants’ feedback at the second replenishment meeting. The sustainable cities Impact Program alone would account for 20% of the GEF-7 target for the reduction or avoidance of emissions of POPs to air.
- **Illustrating the GEF’s potential for integration and synergies across focal areas, the Impact Programs stand to contribute towards global environmental benefits across more than half of the proposed GEF-7 core indicators.** Within the sustainable cities and sustainable forest management programs, targets have been estimated across seven of the eleven core indicators. Marine biodiversity and fisheries management are the exceptions in this respect – these issues are not directly addressed within the scope of the proposed Impact Programs.

Table 3: The proposed Impact Programs would account for a large share of the expected global environmental benefits in GEF-7 (“Status quo” scenario, with all program envelopes reflecting notional allocations. Numbers may not add up due to rounding)

	Food, Land-Use and Restoration (US\$ 500 million)	Sustainable Cities (US\$ 200 million)	Sustainable Forest Management in Major Biomes (US\$ 255 million)	Aggregate for Impact Programs (US\$ 955 million)	Aggregate targets for Focal Area Investments and NGI (US\$ 2.82bn) ⁴	Grand total for GEF-7 (“status quo” scenario = US\$ 4.43bn)
1. Terrestrial protected areas (mha)		0.6	52	53	157	210
2. Marine protected areas (mha)					6	6
3. Land restored (mha)	6.0	0.3	0.7	6.9		6.9
4. Landscapes under improved practices (mha)	123	0.6	31	155	193	347
5. Marine habitat under improved practices (mha)					31	31
6. GHG emissions mitigated (Mt CO ₂ e)	442	182	330	954	696	1,650
7. Number of shared water ecosystems		1	3	4	31	35
8. Marine fisheries (1,000 metric tons)					3,900	3,900
9. Chemicals of global concern reduced or eliminated (1,000 metric tons)	4.0		0.1	4.1	104	108
10. POPs to air reduced or avoided (gTEQ)		300		300	1,200	1,500

⁴ This excludes enabling activities, corporate programs and corporate budgets, for which contributions towards GEF-7 targets have not been estimated.

13. **The preliminary GEF-7 targets do not represent the full range of global environmental benefits or socio-economic co-benefits that the proposed, GEF-7 programs are expected to deliver.** The proposed core indicators, which are discussed in further detail in the detailed GEF-7 policy agenda⁵, are focused on the most relevant outcomes of GEF-financed projects and programs, taking into account the GEF’s mandate under the multi-lateral environmental agreements (MEA) it serves, and other, critical needs in terms of accountability, learning and decision-making across the GEF Partnership. As such, the core indicators and associated targets are not intended to capture the full range of environmental outcomes or socio-economic co-benefits that GEF investments are likely to produce. Some of these additional benefits will be captured, monitored and reported at the portfolio level through sub-indicators associated with each core indicator, and the Impact Programs will track additional, program-level indicators that relate to the system-level changes that those programs are intended to catalyze. In addition, a tagging system will be put in place as part of an upgraded information management system – the GEF Portal – to facilitate quality assurance, monitoring, reporting, analysis and learning on a range of cross-cutting topics, such as gender equality and women’s empowerment, indigenous peoples, stakeholder engagement, and private sector engagement.

14. **The core indicators and targets represent critical components of an enhanced focus on results in GEF-7.** The new results framework and core indicators, as well as the evidence-based replenishment targets represent some of the ways in which the GEF will strengthen transparency, accountability, learning and decision-making based on results in GEF-7. In addition, the Secretariat, in close collaboration with Agencies and other stakeholders, is working to introduce detailed methodological guidance for the roll-out of the proposed core indicators and sub-indicators, more streamlined monitoring and reporting procedures, along with the GEF Portal to ensure that progress against GEF-7 targets is monitored with consistent, timely and reliable data. Broader changes to the GEF’s results architecture are described further in the detailed GEF-7 policy agenda⁶.

⁵ *Policy Agenda: Analysis in Support of the Proposed GEF-7 Policy Recommendations*

⁶ *Ibid.*

Annex Table A1. Notional Impact Program Breakdown ¹

	National Currency				Status Quo				Increased Support			
	STAR	Set-aside		Total	STAR	Set-aside		Total	STAR	Set-aside		Total
		Matching Incentives	Global / Regional			Matching Incentives	Global / Regional			Matching Incentives	Global / Regional	
Impact Programs and Frontier Investments												
<i>Food, Land Use and Restoration</i>	280	140	35	455	310	155	35	500	350	175	35	560
<i>Sustainable Cities</i>	110	55	10	175	120	60	20	200	130	65	25	220
<i>SFM for Major Biomes</i>	130	65	30	225	150	75	30	255	180	90	30	300
Amazon	50	25	10	85	60	30	10	100	70	35	10	115
Congo	30	15	10	55	30	15	10	55	40	20	10	70
Drylands	50	25	10	85	60	30	10	100	70	35	10	115
<i>Frontier Investments</i>	0	0	0	0	20	10	0	30	80	40	50	170
Green Finance	0	0	0	0	0	0	0	0	20	10	20	50
MEA/SDG Integration	0	0	0	0	20	10	0	30	20	10	0	30
Circular Economy	0	0	0	0	0	0	0	0	40	20	30	90
Total	520	260	75	855	600	300	85	985	740	370	140	1250

¹ Final allocations for each Impact Program will be determined by country demand, and the line-item projections are therefore only indicative.

Annex Table A2. Notional Focal Area Breakdowns ¹

	Scenario			Change from Status Quo	
	National Currency	Status Quo	Increased Support	National Currency	Increased Support
Biodiversity Focal Area	1234	1412	1586	-13%	12%
STAR Country Allocations	968	1123	1234	-14%	10%
- Biodiversity Mainstreaming in Priority Sectors	240	275	310	-13%	13%
- Global Wildlife Program	112	155	160	-28%	3%
- Natural Capital Assessment and Accounting	30	30	40	0%	33%
- Sustainable Use of Genetic Resources	42	47	47	-11%	0%
- Prevention, Control and Management of Invasive and Alien Species	35	40	40	-13%	0%
- Strengthen the Global Protected Area Estate	220	247	250	-11%	1%
- Implement the Cartagena Protocol on Biosafety	6	8	8	-25%	0%
- Implement the Nagoya Protocol on Access and Benefit Sharing	35	40	40	-13%	0%
- Impact Programs	248	281	339	-12%	21%
STAR Set-aside	266	290	351	-8%	21%
- Enabling Activities	50	50	50	0%	0%
- Integrated programming	161	180	226	-10%	26%
- Other global and regional programs	55	60	75	-8%	25%
Climate Change Focal Area	807	842	1006	-4%	19%
STAR Country Allocations	498	515	635	-3%	23%
- De-centralized Power With Energy Storage	101	100	140	1%	40%
- Electric Drive Technologies and Electric Mobility	110	88	100	25%	14%
- Accelerating Energy Efficiency Adoption	85	95	104	-11%	9%
- Cleantech Innovation	28	36	50	-22%	39%
- Impact Programs	174	196	241	-11%	23%
STAR Set-aside	309	327	371	-6%	13%
- Enabling Activities	120	120	120	0%	0%
- CBIT	60	60	60	0%	0%
- Integrated Programming	109	127	171	-15%	35%
- Other Global and Regional Programs	20	20	20	0%	0%
Land Degradation Focal Area	453	532	602	-15%	13%
STAR Country Allocations	338	394	430	-14%	9%
- Support on the Ground Implementation of LDN	168	180	180	-7%	0%
- Creating an enabling environment to support LDN	72	90	90	-20%	0%
- Impact Programs	98	124	160	-21%	29%
STAR Set-aside	115	138	172	-17%	25%
- Enabling Activities	25	25	25	0%	0%
- Integrated Programming	65	78	112	-16%	44%
- Other Global and Regional Programs	25	35	35	-29%	0%
Chemicals and Waste Focal Area	669	689	745	-3%	8%
- Stockholm	375	375	375	0%	0%
- Minamata	221	241	285	-8%	18%
- Montreal	25	25	25	0%	0%
- SAICM	13	13	25	0%	92%
- Enabling Activities Stockholm and Minamata	35	35	35	0%	0%
International Waters	456	456	510	0%	12%
- Blue Economy Opportunities	231	231	245	0%	6%
- ABNJ	25	25	50	0%	100%
- Enhancing Water Security	200	200	215	0%	8%

1/ Final allocations within each focal area will be determined by country demand, and the line-item projections are therefore only indicative.

ANNEX. ADDITIONAL INFORMATION ABOUT THE ADMINISTRATIVE BUDGET REQUEST

The GEF-7 total administrative budget request for the Secretariat, STAP, the Trustee and IEO is US\$ 153 million. This consists of US\$ 104.6 million for the Secretariat, US\$ 11.3 million for STAP, US\$ 12.6 million for the Trustee and US\$ 24.5million for IEO. Overall, this is an increase of US\$ 24.0 million from the projected, total GEF-6 budget⁷.

The largest part of this increase, US\$ 19.5 million out of US\$ 24 million, is due to three cost factors:

1. *Increased World Bank Staff Cost Recovery Rate: US\$ 11 million.* As explained to GEF Council in May 2017 by World Bank Director of Budget this increase results from an increase in the overhead cost imposed by the World Bank from 50% to 70% on all salaries.
2. *Annual salary adjustments per World Bank compensation policies: US\$ 6.1 million.* A projected adjustment of 3 % per year would apply to staff at the Secretariat, IEO and Trustee, who are under staff contracts of the World Bank; the actual increase is determined annually by the World Bank Board.
3. *Office lease costs: US\$ 2.4 million.* This is the regular expected annual office lease cost increase during the GEF-7 years per the existing contract. No change in premises is foreseen.

The increase of US\$ 19.5 million from GEF-6 to GEF-7 will provide the core budget needed to carry out the minimum work requirements and responsibilities of the four entities. As described in more detail in the yearly business plans and budget papers presented to GEF Council, this includes work program delivery, relations with conventions, development and implementation of policies and decisions by Council, ensuring effective and efficient operations in collaboration with Agencies, engaging the private sector and other stakeholders, providing scientific and technical advice (STAP), ensuring proper financial management and fiduciary care (Trustee) and carrying out independent evaluations (IEO). It should be noted that the administrative budget request does not vary between the three overall replenishment scenarios, as the difference in funding levels between the three scenarios will not materially affect the work requirements for the Secretariat, STAP, the Trustee and IEO.

In the absence of new priorities, the basic GEF-7 budget philosophy for all entities is efficiency based on no increase in staff numbers, no increase in travel costs, no increase in communication and outreach cost, and below-inflation cost increase for consultants. The budget request assumes rigorous attention to efficiency and prudent expenditure management throughout the cost structure. The Secretariat, Trustee and IEO are closely following updated

⁷ The projected, total GEF-6 administrative budget for the Secretariat, STAP, the Trustee and IEO is US\$ 129.1 million. The originally agreed GEF-6 administrative budget amounted to US\$ 125 million. The increase in the projected budget is due to the increase in the World Bank Staff Cost recovery rate, as explained to GEF Council in May 2017.

World Bank policies including rules to use lower cost travel options, World Bank procedures for consultants and procurement to ensure a proper competitive process, and other processes aiming at maintaining quality and reducing costs.

The administrative budget request includes an additional US\$ 4.5 million to enable the Secretariat and the IEO to implement new mandates and priorities for GEF-7, as follows:

For the **Secretariat**, a request is presented in the amount of US\$ 3.8 million to implement expected new priorities and mandates during GEF 7 in the following three main areas:

1. *Private Sector Engagement* – projected at US\$ 1.4 million to strengthen the NGI window and enhance private sector engagement.
2. *CBIT* – projected at US\$ 1.0 million to cover the programming and project processing requirements.⁸
3. *Policy and System Improvements*, especially on Gender, RBM, KM, and transparency. This is projected at US\$ 1.4 million, including for:
 - Implementation of the new Gender Policy: US\$ 0.5 million to increase capacities and implement the new Policy requirements;
 - Enhanced RBM: US\$ 0.5 million to update, quality control, and migrate historic information into the new GEF Portal and to enhance results tracking in GEF-7.
 - Systems development: US\$ 0.4 million for complementary system developments related to the GEF Portal, in support of data quality, transparency and knowledge capture and sharing (KM).

The Secretariat's total budget request for the four years of GEF-7 is US\$ 104.6 million. This covers the costs of the increased World Bank overhead charge, annual salary adjustment, and office lease expenses (total of US\$ 15.3 million for the Secretariat) and the additional US\$ 3.8 million to cover the above-mentioned new priorities and mandates.

The **IEO** is requesting an increase of \$0.9 million for evaluation work, including knowledge management and evaluation capacity development. This would bring the total IEO GEF-7 administrative budget request to US\$ 24.5 million. At the requested level of funding of US\$ 24.5 million, the IEO will have the capacity to produce approximately 40 evaluations, including the comprehensive OPS7. At the same time, the IEO will continue to develop and apply new evaluation approaches with new technologies, and enhance field verification of outcomes.

For the **STAP**, the total budget request is US\$ 11.3 million, of which the net additional request is US\$ 0.7 million. This amount is based on a projection of an under-inflation annual increase in the STAP budget of 2%, based on a benchmark of the approved budget for FY 18.

⁸ As of GEF-7, costs to support CBIT work will be borne out of the regular administrative budgets, rather than through separate and additional amounts dedicated to CBIT work (as was the case in FY18 and FY19 when CBIT was established in the middle of GEF-6).

For the **Trustee**, the total budget request is US\$ 12.6 million, of which the net additional request is US\$ -0.9 million. This net savings compared to GEF-6 is possible for the reasons explained to Council in the FY 18 Corporate Budget request document in May 2017, due to efficiency gains through process improvements and automation. This budget request for the Trustee does not include additional costs for the development of new systems to manage, monitor and report on the hedging strategy as part of possible new “foreign exchange exposure management”, as noted at earlier meetings in the replenishment process.

Annex Table A3. Breakdown of Proposed GEF-7 Administrative Budget (million US\$)

GEF Entities	GEF-6 projected Budget	GEF-7 Increased Costs					GEF-7 budget request
		WB recovery rate	WB annual salary adjustment	Lease	New priorities	Total	
Secretariat	85.6	8.3	5.0	2.0	3.8	19.1	104.6
STAP	10.6	-	-	-	0.7	0.7	11.3
Trustee	12.7	0.7	0.1	-	-0.9	-0.1	12.6
IEO	20.2	2.0	1.0	0.4	0.9	4.3	24.5
Total	129.1	11.0	6.1	2.4	4.5	24.0	153.0

Due to rounding, numbers may not add up.