



**GLOBAL ENVIRONMENT FACILITY**  
INVESTING IN OUR PLANET



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First Meeting for the Seventh Replenishment of the GEF Trust Fund

March 28-30, 2017

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**SEVENTH GEF REPLENISHMENT: OVERVIEW OF FINANCIAL  
STRUCTURE  
(PREPARED BY THE TRUSTEE)**

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## **I. Introduction**

1. This paper aims to frame the discussion on financial arrangements for the Seventh Replenishment of the Global Environment Facility (GEF-7) Trust Fund. It provides an overview of the GEF replenishment structure and outlines the key financial components of the replenishment: new contributions from donors, funds carried over from previous replenishments, and projected investment income.

2. The GEF is a partnership designed to provide primarily grant resources (although it has the capacity to provide concessional financing in forms other than grants). Accordingly, the GEF Trust Fund requires periodic replenishment. The GEF replenishment structure was originally based on the model for contributing to the International Development Agency (IDA), and its funding cycle traditionally spans four-year replenishment periods. According to annex B of the GEF Instrument, the World Bank in its capacity of Trustee for the GEF is responsible for mobilizing replenishment resources, including making arrangements for the participants to agree on the size and strategy for each replenishment period.

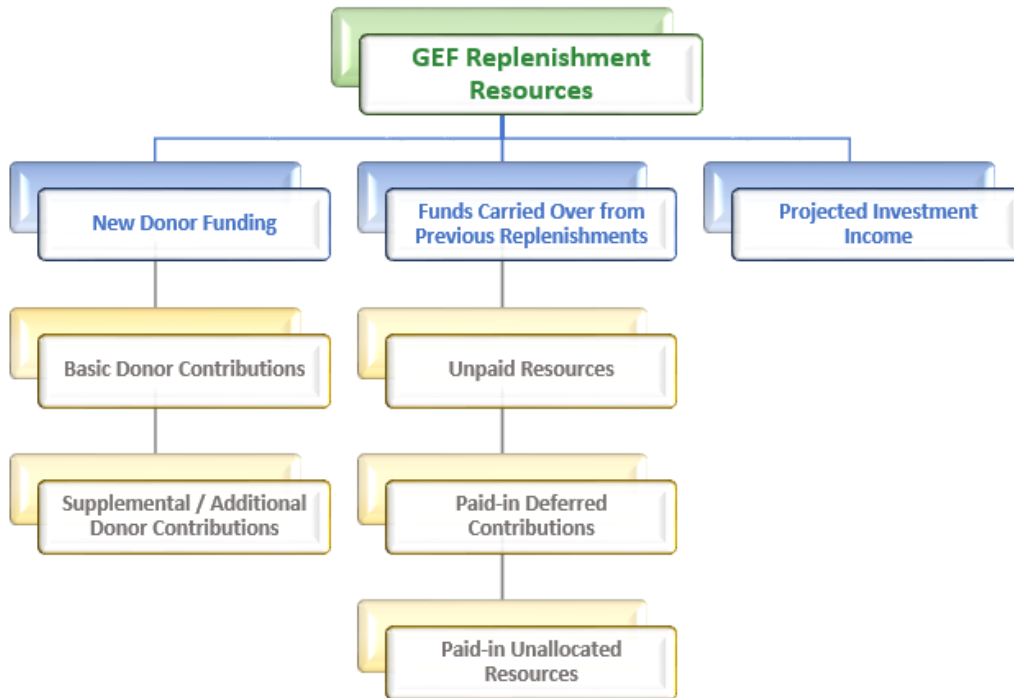
3. GEF replenishment negotiations provide an opportunity for Contributing Participants (“donors”) to review GEF performance, evaluate progress, and decide on programming and future strategic directions. Donors assess the funding needs going forward, and agree on the size of as well as financial and payment arrangements for the replenishments.

4. The replenishment negotiations aim to mobilize adequate funding to be able to support overall financing requirements for future programming as agreed by the donors, within an acceptable burden-sharing framework.

5. The size of a given replenishment depends on a number of factors. These include the estimated overall funding requirements for agreed future programming, as well as donors’ priorities and their ability to fund the replenishment. The agreed replenishment size should be treated as a notional figure as several of the components are subject to, at times, significant variations over the duration of the funding period of the replenishment. As presented in Chart 1 below, the expected resources for each GEF replenishment comprise:

- a) new donor funding – the amount upon which the negotiations and considerations of burden-sharing are centered,
- b) funds carried over from previous replenishments (including unpaid resources, deferred contributions and paid-in but unallocated resources, reflows from non-grants), and
- c) projected investment income.

## GEF Replenishment Resources



6. The details of each component of the GEF-7 replenishment are presented in the sections below. Section II discusses the core aspect of a GEF replenishment negotiation – new donor funding, which includes burden-sharing, financial terms of donor contributions and payment procedures. Section III details the financial aspects related to resources that may be carried over from the previous replenishments. Section IV provides the explanation of the investment income that form part of a replenishment. Finally, Section V outlines selected issues for potential further consideration and discussion among donors.

### II. New Donor Funding

7. The GEF relies on the support of donors who share the same development vision for a better environment and belief in the GEF partnership as an effective channel for funding those environmental needs. New donor funding is the amount upon which the negotiations and considerations of burden sharing during replenishment negotiations are centered. Donors make basic contributions as well as additional (or supplemental) contributions to the GEF, as explained below. A significant part of the GEF-7 replenishment resources would need to come from basic contributions from donors with additional (or supplemental) contributions provided to reduce potential shortfalls in the targeted replenishment size.

#### *i. GEF Burden-sharing Framework*

8. Burden sharing is the term applied to the agreed sense of “fairness” in sharing the financial responsibility of a multilateral effort. The goal of burden sharing in the GEF is to ensure adequate funding for the intended objectives. Principles guiding a burden-sharing framework are transparency, equity, and ability to pay. Burden-sharing frameworks vary, over time and across institutions, as donors reach funding agreements based on a variety of factors. At the outset, donors usually begin from share levels in the previous replenishment, which reflect past budgetary decisions and replenishment considerations. This reference point is what has come to be known as “basic shares”. Traditionally, these basic shares have not

been a matter of negotiation in the GEF. Changing donor budgetary circumstances and priorities, however, may be reflected in “actual donor shares”, which are the basic shares enhanced by additional and supplementary contributions.

9. When the GEF Trust Fund was first established, its donors agreed to use the shares from the IDA10 Replenishment Resolution as the basis for establishing initial basic shares for the GEF replenishment. The initial basic shares did not add up to 100%. This was intentional, to leave space for new or supplemental contributions by recipients, participating non-recipient donors and not-yet-participating non-recipient donors. These basic shares continue to be used as the reference point for the GEF-2, GEF-3, GEF-4, GEF-5, and GEF-6 replenishment negotiations, with some adjustments reflecting circumstances over time. The agreed basic shares of the GEF-1 through GEF-6 replenishment cycles are shown in Annex 2.

10. Individual donor approaches to determining *contributions* to the GEF vary but are often determined by multiplying their agreed basic share by the targeted new replenishment size. For recipient donors for whom basic shares are not applicable,<sup>1</sup> the basic contribution is usually the agreed minimum contribution, which has been set at SDR 4 million<sup>2</sup> since the GEF-2.

11. Donors may also contribute over and above their basic contribution. Such *supplemental contributions* may reflect a donor’s one-time desire to contribute more than its burden-shared amount without raising its agreed basic share. Furthermore, donors whose basic share yields an amount that is less than the agreed minimum contribution make another type of supplemental contribution. These donors are required to meet the minimum contribution by providing a supplemental contribution. Actual donor shares, i.e., the basic shares enhanced by additional and supplementary contributions for the GEF-1 through the GEF-6 are presented in Annex 3.

12. Notwithstanding the historical context, the GEF’s burden sharing structure has thus far provided sufficient flexibility to accommodate the evolving global economic and political developments that have taken place throughout the GEF partnership.

## *ii. Financial terms of donor contributions and payment procedures*

13. *Minimum contribution.* While there is no minimum amount established to contribute to the GEF, the practice since GEF-2<sup>3</sup> has been that a donor would be expected to contribute at least SDR 4.0 million to participate in the replenishment discussions. A proposal to adjust the minimum contribution amount required to participate in GEF Council meetings was discussed during the second GEF-6 replenishment meeting in September 2013. The replenishment participants agreed that an adjustment should be made starting with GEF-7, reflecting inflation observed since GEF-6. As such, in the context of the GEF-7 replenishment, the SDR deflators for the prior four calendar years (2012, 2013, 2014 and 2015) were applied to the minimum contribution amount of SDR 4.0 million. As modest inflation in 2012 and 2013 was followed by modest deflation in 2014 and 2015, the minimum contribution amount remains at SDR 4.0 million for GEF-7. The USD value of the minimum contribution amount has changed by approximately 12% since the GEF-2 replenishment, from USD 5.5 million to USD 6.0 million in GEF-6. Five countries<sup>4</sup> provided the minimum contribution of SDR 4.0 million to GEF-6.<sup>5</sup> As provided in the planning note for

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<sup>1</sup> Recipient donors may choose to take up a share at any time.

<sup>2</sup> The SDR or Special Drawing Right is a currency basket consisting of fixed proportions of the EUR, JPY, GBP, CNY and USD.

<sup>3</sup> While there is no mandatory amount established to contribute to the GEF, donors agreed on the minimum contribution that donor would be expected to pay to allow them to participate in the replenishment negotiations.

<sup>4</sup> Luxembourg, New Zealand, Czech Republic, Pakistan and Slovenia

<sup>5</sup> In addition, seven recipient donors that did not have basic shares provided a supplemental contribution over and above the minimum contribution of SDR 4.0 million.

the Seventh Replenishment of the GEF Trust Fund<sup>6</sup>, following the precedent of previous GEF replenishments, participants intending to contribute at least SDR 4.0 million to the GEF-7 replenishment have been invited to participate in the replenishment negotiations. The methodology used to calculate the inflation-adjusted minimum contribution for GEF-7 is described in Annex 4.

14. *Currency of denomination and exchange rates.* While the operating currency of the GEF is the USD, the SDR is used as the base currency during GEF replenishments for burden sharing purposes and to provide a common denominator for expressing the overall size of the replenishment. Contributions are denominated in national currencies; donor countries with high inflation rates must contribute in SDR or USD<sup>7</sup>. A result of this arrangement is that foreign exchange fluctuations impact the actual realized value of the GEF replenishment when compared to the agreed size of the replenishment. The valuation difference is due to exchange rate movements from the time donors pledge (i.e., when the replenishment is agreed) and the time actual payments of those contributions are received in cash. The Trustee has been monitoring and managing the financial risk arising from currency exchange rate fluctuation by establishing a reserve. Additional potential options for managing this risk were considered during the GEF-5 replenishment meetings<sup>8</sup>; however, donors agreed that the reserve mechanism would continue to be used during the GEF-5. The reserve level increased from USD 45 million for GEF-4 to USD 60 million for GEF-5, and USD 150 million for GEF-6. The steep increase in the reserve amount reflects the significant currency exchange rate fluctuation and strengthening of USD against all major currencies in recent years. Additional potential options to manage FX risk will continue to be examined. Should it be determined that the reserve mechanism remains, the level will be reviewed and confirmed at the completion of the GEF-7 replenishment discussions, taking into account additional options to manage FX risk, changes in market conditions, GEF-7 programming level requirements, and the currency composition and amounts of the final donor pledges.

15. *Donor Instrument of Commitment.* Donor pledges to the four-year replenishment are formalized by the deposit of an Instrument of Commitment (IoC) with the Trustee. An IoC constitutes a legally binding obligation on the part of the donor to pay the total amount specified to the GEF Trust Fund. Some donors are not able to provide legally binding IoCs for the entire replenishment period; they may deposit a qualified IoC with the Trustee, agreeing to pay a part of their contribution without qualification while the remainder is still subject to enactment by their legislature of the necessary appropriation legislation. A donor depositing a qualified IoC undertakes to exercise its best efforts to obtain legislative approval for the full amount of its contribution by the same payment dates applicable to unqualified IoCs, as set out in a replenishment resolution.

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<sup>6</sup> Planning note for the Seventh Replenishment of the GEF Trust Fund, GEF-7 Replenishment: Participation, Work Plan and Proposed Timetable, GEF/R.7/01, February 24, 2017.

<sup>7</sup> For more information refer to paper entitled Reference Exchange Rates for Use in the Seventh GEF Replenishment (Prepared by the Trustee), GEF/R.7/03, March 7, 2017

<sup>8</sup> Foreign Exchange Risk: Options for the GEF Trust Fund (Prepared by the Trustee), GEF/R.5/11, May 28, 2009

16. *Payment of contributions*

- a) *Timing:* Donors are required to fulfill their financial commitments in four annual installments by November 30 of each year. Upon written request from a donor, the Trustee may agree to allow a donor to expedite the installment payment in fewer than the standard four installments. Alternatively, the Trustee may agree to a donor's request to postpone the payment of any installment, or a portion of the installment, up to, but not beyond, June 30 of the calendar year following the year in which the installment is due. Payments made pursuant to these agreements with the Trustee are deemed to be timely, i.e., not in arrears.
- b) *Form of payment:* Payments for each subscription can be in cash or, at the option of the donor, by depositing in the designated GEF Trust Fund custody account, non-negotiable non-interest-bearing notes (promissory note) or similar obligations, to be drawn down in cash (encashed) on demand by the GEF Trustee.

17. *Encashment of Promissory Notes:* Promissory notes are payable on demand and are normally encashed (or drawn down) on an approximately pro-rata basis among donors. The Council approves the replenishment work program over the four-year replenishment period. Trustee commitments and disbursements for those same funding decisions occur over a more extended period as activities are implemented. Accordingly, drawdowns on promissory notes typically occur over the period set out in an indicative encashment schedule, which is attached to the replenishment resolution. The encashment schedule, which normally extends up to ten years, is based on the projected disbursement needs of the GEF Agencies, while also taking into consideration donor preference for encashment levels, which do not fluctuate sharply from period to period. The Trustee will provide an indicative encashment schedule for GEF-7 at the third meeting of the GEF-7 replenishment.

18. In the past, donors paying their installments with promissory notes, or similar obligations, have also been able to benefit from some flexibility in encashment arrangements. The Trustee may agree to encash promissory notes on a basis other than that of the indicative schedule if the revised encashment schedule is no less favorable to the GEF Trust Fund than the indicative schedule. Additionally, at the written request of a donor experiencing exceptionally difficult budgetary circumstances, the Trustee may permit postponement of encashment for: (i) up to two years, for a donor that is also a recipient of the GEF; and (ii) up to 45 days for all other donors.

19. *Accelerated encashment framework.* As described above, a donor may choose to take advantage of the flexibility provided for in the payment procedures, as long as the present value of its cash payments to the GEF Trust Fund is at least the same as the present value generated under the indicative schedule. Donors can accelerate either their cash installment payments or the encashment of their promissory notes. Donors can choose to use the acceleration in either of two ways:

- Reducing the actual payment amount in the currency of contribution or taking a "discount". In this case, the present value of the contribution is maintained through a combination of accelerating the payment schedule and reducing the actual cash payment amount. Under this option, there is no impact on the SDR value of the contribution.
- Increasing the SDR value of the contribution while maintaining the actual payment amount in the currency of contribution, or taking a "credit". In this case, the present value of the contribution is increased by accelerating payment, and the burden-share can be increased or the donor can receive credit for a supplemental contribution. Selection of a credit enhances the SDR value of a contribution and can be applied to the donor's basic and/or supplemental contribution.

20. The selection of a discount or credit (and corresponding increase in the basic or supplemental contribution amount) is generally made at the pledging session and reflected in the final contribution table attached to the replenishment resolution. The discount or credit selection is also expected to be confirmed at the time an IoC is deposited with the Trustee. If, for any reason, a donor were to change its discount or credit decision after replenishment negotiations are completed, its burden-share, and the SDR value of its contribution, would be affected retroactively.

21. *Pro-rata provision.* Previous GEF replenishment resolutions included the so-called “pro-rata” provisions, which are intended to ensure that donors whose share in the replenishment is above the agreed threshold<sup>9</sup> fulfill their pledges. The “pro-rata” provision specifies that if the donors that provided qualified IoCs and whose share in the replenishment is above the agreed threshold do not fulfill their obligation by unqualifying set proportions of their pledged contributions by specific dates, other donors have the right to instruct the Trustee to defer commitment of their contribution proportionate with the shortfall.

### **III. Funds Carried over from the Previous Replenishments**

22. In each GEF replenishment, resources may be carried over from previous replenishments. The three main sources of such resources are: a) donor IoCs and installment payments not yet received by the end of a given replenishment period, b) deferred contributions, and c) available resources not committed during the previous replenishment period.

23. *IoCs not yet deposited with the Trustee.* As shown in Table 1 below, as of February 28, 2017, GEF donors had not confirmed their pledges to the GEF (through submission of the IoCs) for the amount of USD 53.4 million, of which USD 30.9 million represents IoCs not yet received for GEF-6 and the balance represents outstanding IoCs from previous replenishments.

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<sup>9</sup> The agreed threshold was reduced from 20% in GEF-2 through GEF-4, to 5% GEF-5 onwards.



**Table 1. IoCs Not Yet Deposited with the Trustee (as of February 28, 2017)**

<b>Instruments of Commitment to be Deposited</b>					
Status as of February 28, 2017					
(in USDeq. millions)					
<u>Contributing Participant</u>	<u>Replenishment</u>	<u>Currency of Obligation</u>	<u>Amount in Currency of Obligation</u>	<u>USDeq.</u>	<u>Percentage</u>
Nigeria	GEF-4	SDR	4.0	5.4	100.0%
<b>Total GEF-4 IoCs Not Yet Deposited</b>				<b>5.4</b>	<b>100.0%</b>
Greece	GEF-5	EUR	4.4	4.7	27.5%
Nigeria	GEF-5	NGN	921.9	2.9	17.1%
Pakistan	GEF-5	PKR	499.6	4.8	27.9%
Portugal	GEF-5	EUR	4.4	4.7	27.5%
<b>Total GEF-5 IoCs Not Yet Deposited</b>				<b>17.1</b>	<b>100.0%</b>
Brazil <i>a/</i>	GEF-6	USD	15.9	15.9	51.4%
Russian Federation	GEF-6	USD	15.0	15.0	48.6%
<b>Total GEF-6 IoCs Not Yet Deposited</b>				<b>30.9</b>	<b>100.0%</b>
<b>Total GEF-4, GEF-5 and GEF-6 IoCs Not Yet Deposited</b>				<b>53.4</b>	

*a/ An amount of USD 1.7 million has been received pending receipt of IoC.*

24. *Payments not yet received (arrears).* Table 2 below presents the status of donor arrears to the GEF. The amount of arrears as of February 28, 2017 totaled USD 136.6 million.

**Table 2. Installment Arrears by Replenishment (as of February 28, 2017)**

<u>Contributing Participant</u>	<u>Repl.</u>	<u>Currency</u>	<u>Installment Receivable Amount</u>	<u>USD eq. (millions)</u>
Egypt	GEF-1	SDR	0.5	0.7
United States	GEF-2	USD	135.0	135.0
Nigeria	GEF-3	SDR	0.7	0.9
				<b>136.6</b>

25. *Deferred contributions.* In previous GEF replenishments, donors agreed to the right to defer commitment of their contributions if donors that provided qualified IoCs and have a share in the replenishment above an agreed threshold, did not “unqualify” established proportions of their qualified IoCs by specific dates.

26. *Available resources not committed during the previous replenishment cycle.* Any GEF-6 available resources that remain unallocated by the end of the GEF-6 replenishment period will be carried over to the GEF-7 replenishment.

#### **IV. Projected Investment Income**

27. Projected investment income over the replenishment period is estimated using projected liquidity balances for the four-year period, and the expected investment return over that period. The actual amount of investment income earned will naturally depend on actual liquidity balances and market conditions.

#### **V. Issues for Discussion**

28. The GEF donors may wish to explore the following financial matters for the GEF-7 replenishment.

##### *i. Determining GEF-7 contribution levels*

29. As described in Section I above, the key objective of the replenishment negotiations is to mobilize adequate funding within an appropriate burden-sharing framework. Principles guiding the burden-sharing framework are transparency, equity, and ability to pay. Multiple approaches to determine donor contribution levels can be used, such as shares from previous GEF replenishments, IDA shares, relative Gross National Income (GNI), or voluntary contributions not linked to a specific share. As economic circumstances change over replenishment periods, each donor may want to consider options that best fit their overall objectives under a common, agreed financing framework.

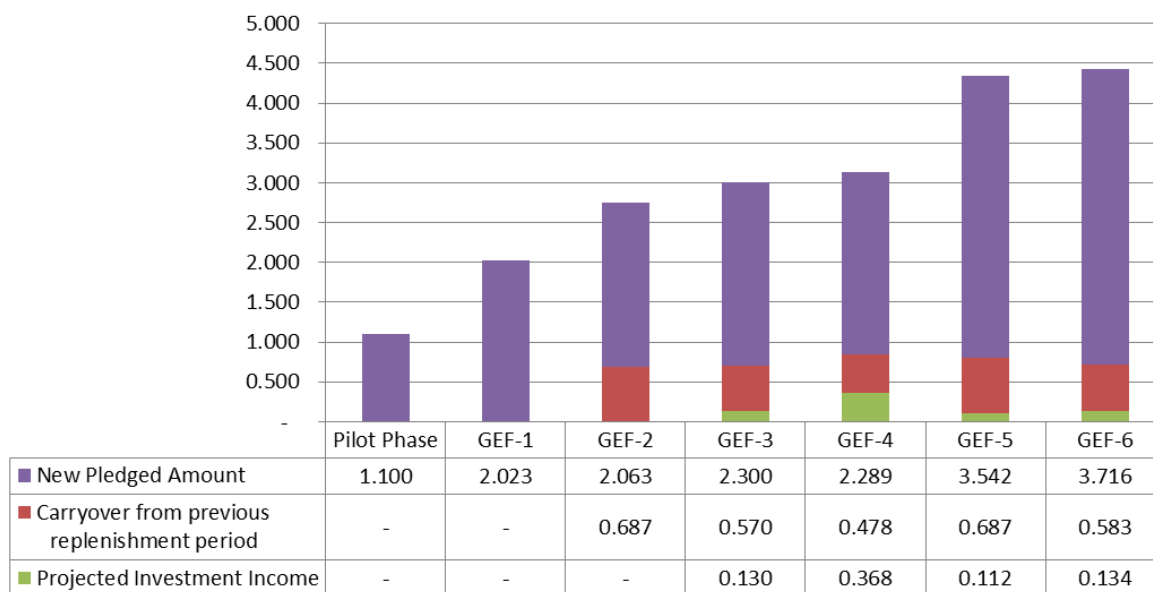
##### *ii. Programming of arrears*

30. GEF funding decisions are made on the basis of resources actually received in the GEF Trust Fund (“funds held in trust”). Nevertheless, an envelope of resources that includes donor contribution amounts in arrears is used for program planning over the replenishment period, even if these arrears have been outstanding for many years (see Table 2 above). It also includes amounts deferred by other contributors as a result of these arrears. It could be argued that such an approach helps preserve previous overall replenishment amounts, and that exclusion of arrears could diminish incentives for the concerned contributors to deliver on their past obligations. On the other hand, it may also be argued that inclusion of protracted arrears may have no bearing on the willingness or ability of these contributors to pay, and that their inclusion overstates the true amount likely to be available for programming during the replenishment period. Participants may wish to explore options to incentivize payment of amounts in arrears.

##### *iii. Deferred contributions/Pro-rata rights*

31. Related to the issue of arrears is that of deferred contributions and pro-rata rights. Participants may similarly wish to explore the extent to which this procedure has encouraged timely payment of obligations and whether alternative options may be warranted.

## Annex 1. Historical Pledged amounts to GEF Replenishments (USD billion)



## Annex 2. GEF-1 through GEF-6 Historical Basic Shares

### Basic Shares by Replenishment

	Basic Shares by Replenishment						Average Basic Shares		
	GEF-1 (%)	GEF-2 (%)	GEF-3 (%)	GEF-4 (%)	GEF-5 (%)	GEF-6 (%)	Average GEF-1 through GEF-5 (%)	Average GEF-1 through GEF-6 (%)	
Argentina	-	a/					-	-	
Australia	1.46	1.46	1.46	1.46	1.46	1.46	1.46	1.46	
Austria	0.90	0.90	0.90	0.90	1.21	1.21	0.96	1.00	
Bangladesh	-	a/					-	-	
Belgium	1.55	1.55	1.55	1.55	1.55	1.55	1.55	1.55	
Brazil	-	a/					-	-	
Canada	4.00	4.00	4.28	4.28	4.28	4.28	4.17	4.19	
China	-	a/	-	a/	-	a/	-	-	
Cote d'Ivoire	-	a/	-	a/	-	a/	-	-	
Czech Republic	-	a/	-	a/	-	a/	-	-	
Denmark	1.30	1.30	1.30	1.30	1.30	1.71	1.30	1.37	
Egypt, Arab Republic of	-	a/					-	-	
Finland	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
France	7.02	7.02	6.81	6.81	d/	6.76	6.88	6.78	
Germany	11.00	10.66	11.00	11.00	d/	10.89	10.91	10.69	
Greece	0.05	0.05	0.05	0.05	0.05		0.05	0.05	
India	-	a/	-	a/	-	a/	-	-	
Indonesia									
Ireland	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	
Italy	5.30	4.39	4.39	4.39	2.89	2.51	4.27	3.98	
Japan	18.70	18.70	17.63	17.63	d/	11.48	16.83	16.13	
Korea, Republic of	0.23	0.23	0.23	0.23	0.17	0.16	0.22	0.21	
Luxembourg	0.05	0.05	0.05	0.05	0.05		0.05	0.05	
Mexico	-	a/	-	a/	-	a/	-	-	
Netherlands	3.30	3.30	3.30	3.30	2.60	2.27	3.16	3.01	
New Zealand	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	
Nigeria	-	a/	-	a/	-	a/	-	-	
Norway	1.42	1.42	1.06	1.44	1.34	1.52	1.34	1.37	
Pakistan	-	a/	-	a/	-	a/	-	-	
Portugal	0.12	0.12	0.12	0.12	0.12		0.12	0.12	
Russian Federation									
Slovak Republic	-	a/					-	-	
Slovenia		-	a/	-	a/	0.03	b/	0.03	0.02
South Africa									
Spain	0.80	0.80	0.80	1.00	0.97	0.84	0.87	0.87	
Sweden	2.62	2.62	2.62	2.62	2.29	2.29	2.55	2.51	
Switzerland	1.74	1.74	2.43	2.26	2.10	2.30	2.05	2.10	
Turkey	-	a/	-	a/	-	a/	-	-	
United Kingdom	6.15	6.15	6.92	6.92	6.93	6.73	6.61	6.63	
United States	20.86	20.84	17.94	c/	20.86	d/	13.07	11.35	
<b>Total</b>	<b>89.80</b>	<b>88.53</b>	<b>86.07</b>	<b>89.43</b>	<b>72.76</b>	<b>69.90</b>	<b>85.32</b>	<b>82.78</b>	

a/ Recipient donors are not assigned basic shares.

b/ Slovenia took up a basic share in GEF-4.

c/ The United States pledged USD 500 million (representing a basic share of 20.86%) during the GEF-3 negotiations, of which USD 70 million was conditional upon achievement of the performance measures outlined in Schedule 1 to Attachment 1 of the GEF-3 Resolution. Such measures were not met, consequently the United States share of 20.86% was revised to 17.94%.

d/ These shares represent the agreed basic shares. Burdensharing in GEF-4 was based on the 'New Donor Money required' figure of USD 2.45 billion, except for the United States, Japan, France and Germany, which were based on the 'New Donor Money required' figure of USD 1.56 billion.

e/ Turkey pledged SDR 4 million and was not assigned basic share. However, in September 2012, Turkey informed the Trustee that it will not participate in the GEF-5

### Annex 3. GEF-1 through GEF-6 Historical Actual Shares

#### Actual Shares by Replenishment \*\*

	Actual Shares by Replenishment						Average Actual Shares	
	GEF-1 (%)	GEF-2 (%)	GEF-3 (%)	GEF-4 (%)	GEF-5 (%)	GEF-6 (%)	Average GEF-1 through GEF-5 (%)	Average GEF-1 through GEF-6 (%)
Argentina	0.25						0.25	0.25
Australia	1.45	1.62	1.58	1.98	2.29	2.38	1.79	1.89
Austria	0.99	1.02	1.01	1.39	1.74	1.83	1.23	1.33
Bangladesh	0.14						0.14	0.14
Belgium	1.59	1.72	1.89	2.70	3.34	2.81	2.25	2.34
Brazil	0.28			0.26	0.35	0.43	0.29	0.33
Canada	4.30	5.12	4.64	5.69	5.86	6.08	5.12	5.28
China	0.28	0.41	0.48	0.45	0.42	0.54	0.41	0.43
Cote d'Ivoire	0.28	0.28	0.23				0.26	0.26
Czech Republic	0.28	0.28	0.26	0.30	0.20	0.16	0.26	0.25
Denmark	1.74	1.45	1.60	2.43	2.29	2.21	1.90	1.95
Egypt, Arab Republic of	0.28						0.28	0.28
Finland	1.07	1.11	1.20	1.82	2.44	2.46	1.53	1.68
France	7.11	7.30	7.39	8.21	8.42	8.07	7.69	7.75
Germany	11.91	11.10	13.28	12.83	13.56	12.39	12.54	12.51
Greece	0.25	0.28	0.26	0.33	0.19		0.26	0.26
India	0.42	0.45	0.46	0.43	0.28	0.32	0.41	0.39
Ireland	0.12	0.28	0.26	0.33	0.24	0.22	0.25	0.24
Italy	5.26	4.56	4.76	4.69	3.34	3.26	4.52	4.31
Japan	20.58	20.81	19.12	13.27	14.30	16.34	17.61	17.40
Korea, Republic of	0.28	0.28	0.25	0.29	0.23	0.22	0.26	0.26
Luxembourg	0.28	0.28	0.23	0.26	0.17	0.16	0.24	0.23
Mexico	0.28	0.28	0.23	0.26	0.28	0.53	0.26	0.31
Netherlands	3.54	3.67	3.71	4.77	3.24	2.93	3.79	3.64
New Zealand	0.28	0.28	0.23	0.26	0.17	0.16	0.24	0.23
Nigeria		0.28	0.23	0.26	0.17		0.23	0.23
Norway	1.55	1.58	1.14	1.54	1.67	1.97	1.50	1.57
Pakistan	0.28	0.28	0.23	0.26	0.17	0.16	0.24	0.23
Portugal	0.28	0.28	0.23	0.31	0.17		0.25	0.25
Russian Federation					0.31	0.4	0.31	0.35
Slovak Republic	0.28						0.28	0.28
Slovenia		0.07	0.06	0.28	0.19	0.16	0.15	0.15
South Africa				0.26	0.19	0.18	0.22	0.21
Spain	0.97	0.83	0.87	1.15	1.20	1.09	1.01	1.02
Sweden	2.89	2.92	3.27	4.86	3.71	5.48	3.53	3.85
Switzerland	2.22	2.21	2.63	3.03	3.27	3.64	2.67	2.84
Turkey	0.28	0.28	0.23	0.26			0.26	0.26
United Kingdom	6.68	7.01	8.59	10.97	9.30	8.72	8.51	8.54
United States	21.34	21.69	19.45	13.92	16.28	14.70	18.53	17.90
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>		

\*\* Actual shares represent total contributions paid to a replenishment (basic, all supplemental contributions, and credits for acceleration).

#### Annex 4. Minimum Contribution Inflation Adjustment Methodology

The measure of inflation applied to the minimum contribution amount for participants is the Special Drawing Rights (SDR) deflator. The SDR deflator is used as a measure of world inflation for annual adjustments to operational and analytical income thresholds and World Bank Atlas method estimates of Gross Net Income (GNI) per capita.

The SDR deflator is calculated by the International Monetary Fund (IMF) on an annual basis, and is typically available at a six-month lag. The latest data point available at the time of calculating the minimum contribution amount for GEF-7 was as of December 31, 2015.

When the SDR deflator is applied to the minimum contribution amount for GEF participants of SDR 4.0 million over the four calendar years prior to the start of the GEF-7 replenishment negotiations, the minimum contribution amount remains unchanged at SDR 4.0 million (refer to Table 3 below).

**Table 3:** Calculation of Inflation-Adjusted Minimum Contribution for GEF Participating Members.

<b>Year</b>	<b>SDR Deflator in USD terms<sup>10</sup></b>	<b>SDR inflation rate (% change)</b>	<b>Inflation-Adjusted Minimum Contribution for GEF Participants</b>
2011	332.2		4.00
2012	336.0	1.14%	
2013	339.4	1.01%	
2014	339.0	-0.10%	
2015	332.0	-2.06%	<b>4.00</b>

Starting from GEF-7, the minimum contribution amount for Contributing Participants will be calculated on a rolling four-year basis.

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<sup>10</sup> Source: The World Bank, 1 July 2016.