



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET



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Fifth Meeting for the Fifth Replenishment of the GEF Trust Fund
March 9-10, 2010
Rome, Italy

**DRAFT SUMMARY OF NEGOTIATIONS
FIFTH REPLENISHMENT OF THE GEF TRUST FUND**

(PREPARED BY THE WORLD BANK AS TRUSTEE)

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SUMMARY OF NEGOTIATIONS

1. Participants to the Fifth Replenishment of the GEF Trust Fund agreed to this Summary of Negotiations for transmittal to the GEF Council, along with the attached documents: *Programming Document for the Fifth Replenishment of the GEF Trust Fund* (Annex A), *Policy Recommendations for the Fifth Replenishment of the GEF Trust Fund* (Annex B), and Resolution No. [____], *Global Environment Facility Trust Fund: Fifth Replenishment of Resources* (Annex C).
2. This Summary highlights the main items that were considered during the Replenishment negotiations. It is not a comprehensive report of all the detailed discussions that took place during the negotiating process. The detailed discussions are documented in the Co-Chairs' summaries of each of the replenishment meetings.

The Replenishment Process

3. In November 2008, the GEF Council requested the World Bank, as Trustee of the GEF Trust Fund, in cooperation with the CEO and Chairperson of the GEF, to initiate discussions on the fifth replenishment of the GEF Trust Fund ("the GEF-5"). Accordingly, the Trustee and the GEF Secretariat invited prospective Participants to an initial meeting on November 14, 2008 in Washington, D.C. to plan the replenishment negotiations.
4. Participants welcomed the initiation of the GEF-5 replenishment process and noted the importance of the GEF as the leading multilateral funding mechanism to address global environmental issues and the corresponding multilateral environmental agreements. Participants also expressed their commitment to a significant and substantial replenishment despite the challenges posed by the global financial crisis and impacts on budgetary resources.
5. Participants agreed on the preliminary schedule of subsequent replenishment meetings.¹ In addition, agreement was reached on the overall work plan for such discussions as well as the arrangements for participation in the replenishment discussions. Participants decided that the meetings would benefit from the participation of non-donor recipient country representatives, one seat for each of the four regional groupings (Africa, Asia, Eastern Europe, Latin America and Caribbean). Participants also expanded the observer eligibility to two NGO representatives.
6. It was agreed that the GEF-5 replenishment discussions should include the following subjects: (i) the Fourth Overall Performance Study of the GEF ("OPS-4"); (ii) programming of resources for the GEF-5; (iii) policy recommendations for the GEF-5; and (iv) financial arrangements and burden-sharing for the GEF-5.

¹ The following replenishment meetings were held: March 2009, Paris; June 2009, Washington, D.C.; October 2009, Paris; November 13, 2009, Washington, DC; March 9-10, 2010, Rome.

Fourth Overall Performance Study of the GEF

7. Participants reviewed the Fourth Overall Performance Study of the Global Environment Facility, an independent evaluation of the operations of the GEF during the fourth replenishment period. The Fourth Overall Performance Study of the GEF (OPS4) concluded that the GEF had delivered positive results, but that the length of the project cycle and the resource allocation framework continued to be of concern. Participants broadly agreed with the findings, and highlighted a number of issues for continued attention in GEF programming and policy direction, including: i) the need to reinforce country ownership; ii) benchmarking, measuring, and reporting actual impacts and outcomes; iii) further streamlining the project cycle; iv) integrating gender and social issues throughout the project cycle; v) resource allocation for LDCs, small island states, and fragile states; vi) the need to define under-funding as it relates to the GEF; and vii) greater involvement of the private sector and CSOs in GEF programs.

Programming of Resources under the GEF-5

8. Participants considered a proposal for the programming of resources in the fifth replenishment period to cover four years (FY10 – FY14) of GEF operations and activities in its six focal areas. The *Programming Document for the Fifth Replenishment of the GEF Trust Fund* is attached as Annex A to this Summary.

9. In reviewing the programming of resources for the GEF-5, Participants agreed to the distribution of resources among focal areas set forth [as Table x] in the programming paper annexed to this summary.

10. In discussions on programming areas, Participants reiterated support for a strong GEF replenishment. Most Participants expressed openness to an asymmetric approach to increasing allocations for focal areas and themes, provided the level for each focal area is at least maintained relative to GEF-4 levels. In this context, most Participants expressed the need to increase the focus on and increase allocations for climate change. Many participants expressed the need for increased allocations to the focal areas of Persistent Organic Pollutants and Ozone Depleting Substances and the desirability of GEF involvement in broader chemicals program. Some Participants also expressed support for a stronger focus on biodiversity, sustainable forest management, land degradation, and international waters. Participants supported maintaining the small grants program at a level comparable to the amount under the GEF-4.

11. Many Participants highlighted the importance of enhancing private sector engagement, with some noting that a broader private sector window than the Earth Fund may be desirable.

12. There was broad agreement on a program for sustainable forest management while there were diverse views on funding it through a set-aside.

Policy Recommendations for the GEF-5

13. Participants welcomed commitments by the GEF Secretariat and Agencies to streamline the project cycle, increase alignment of GEF programming with country needs, strengthen the results-based management framework, and enhance accountability to the Conventions.

14. Participants agreed on a set of revised GEF-5 Policy Recommendations, based upon this central importance of country ownership. It was agreed that GEF program support should be based upon - and integrated with - existing national programming and planning processes in countries. Voluntary GEF planning tools were to be in line with - and not duplicate - existing country planning instruments.

15. Participants expressed broad support for voluntary national business plans, with national authorities in the lead in determining country-specific priorities and for the preparation of national communications to the Conventions directly by countries.

16. Participants emphasized the importance of results and indicators, linked to the potential of new agencies, and welcomed the progress made by the Secretariat on the STAR. Participants also expressed support for effective coordination between the GEF Secretariat and Implementing and Executing Agencies.

17. The *Policy Recommendations for the Fifth Replenishment of the GEF Trust Fund* is attached as Annex B to this Summary.

GEF-5 Financing Framework and Final Pledging

18. The basic financing framework for the GEF-5 was agreed over the course of several meetings, resulting in a replenishment level for programming in the amount of SDR [] billion (USDeq. [] billion). Within this context, most Participants noted the imperative of maintaining fair and equitable burden-sharing.

19. Participants recognized the importance of the GEF as a unique mechanism to address global environmental issues. Contributing to the GEF Trust Fund is one way for governments to comply with their commitments under the multilateral environmental agreements.

20. GEF Participants warmly welcomed The Russian Federation as a new donor to the GEF.

21. Participants agreed on the six-month averaging period for setting reference exchange rates (March 1, 2009 to September 30, 2009) for use in the GEF-5. These exchange rates are used to translate GEF-5 donor contributions between SDR values and national currency values for the purpose of burden-sharing in replenishment negotiations.

22. *[Placeholder for outcome of the pledging session in Rome.]*

23. Pledged contributions to the GEF-5 are reflected in Attachment 1 to the Replenishment Document, *Global Environment Facility Trust Fund – Fifth Replenishment of Resources*. These pledged contributions comprise basic [and supplementary] contributions amounting to SDR [] billion (USDeq. [] billion) [and also reflect credits for accelerated encashments in the amount of SDR [] million (USDeq. [] million)]. Additional resources that may become available for programming during the GEF-5 replenishment period include projected investment income to be earned during the GEF-5 replenishment period (FY2011 – FY2014) in the amount of SDR [] million (USD [] million) and carryover of previous GEF replenishment resources in the amount of SDR [] million (USDeq. [] million).

24. Participants also confirmed that new or additional pledges to the GEF-5 not reflected in Attachment 1 to the Replenishment Document, *Global Environment Facility Trust Fund – Fifth Replenishment of Resources*, would also be welcomed.

Replenishment Resolution

25. Participants approved the Replenishment Document, Resolution No. [____], *Global Environment Facility Trust Fund: Fifth Replenishment of Resources* (Annex C), which is in the form of a World Bank resolution, to be considered by the GEF Council and submitted to the World Bank, as Trustee of the GEF Trust Fund, for adoption by the World Bank Executive Directors.

Financial Issues for the GEF-5

26. Participants noted that all Contributing Participants to the GEF-4 should make their best efforts to deposit their Instruments of Commitment or Qualified Instruments of Commitment by March 31, 2011. The Trustee will periodically inform the Council of the status of Instruments of Commitment and Qualified Instruments of Commitment deposited with the Trustee.

27. Participants agreed that contributions made without qualification shall be paid in four equal installments as set out in the replenishment resolution or as agreed with the Trustee provided that the GEF-5 becomes effective by October 31, 2010. Participants further agreed that Contributing Participants depositing Qualified Instruments of Commitment shall use their best efforts to unqualify sufficient amounts of their contributions to pay their installment amounts by these dates.

28. Participants agreed that payment may be made in cash upfront or by the deposit of non-negotiable, non-interest bearing demand notes or similar obligations to the account of the Trustee. Unless otherwise agreed with the Trustee, such notes, or similar obligations, will be encashed on an approximately pro rata basis among Contributing Participants. Encashments will be made in accordance with the indicative encashment schedule as set out in the replenishment document or as agreed with the Trustee.

29. The Advance Contribution Scheme for the GEF-5 will become effective on the date when the Trustee has received Instruments of Commitment or Qualified Instruments of Commitment from Contributing Participants whose contributions aggregate not less than SDR [] million (20% of the pledged contributions). The GEF-5 will become effective on the date when the Trustee has received Instruments of Commitment or Qualified Instruments of Commitment from Contributing Participants whose contributions aggregate not less than SDR [] million (60% of the pledged contributions).

Availability of Resources

30. During the replenishment process, some Participants expressed concern about the status of arrears by some Contributing Participants at the close of the GEF-4 commitment period.]

31. Three means of deterring arrears should apply under the GEF-5:

- (a) the pro rata provision, as set out in Paragraph 8(c) of the GEF-5 Replenishment Resolution;
- (b) the continuation of the requirement, first introduced in the GEF-3 Replenishment Resolution, and set out in Paragraph 4(a) of the GEF-5 Replenishment Resolution, that if a Contributing Participant does not make a scheduled payment to the GEF-5 or a Contributing Participant that has deposited a Qualified Instrument of Commitment is unable to unqualify a scheduled contribution to the GEF-5 then such Contributing Participant shall provide the Council with a written explanation from its Minister stating the reason for the arrears or delay and the steps being taken to resolve it; and
- (c) confirmation of the provision in the Instrument that voting rights accrue only for the actual contributions paid to the GEF, which confirmation is set out in Paragraph 4(b) of the GEF-5 Replenishment Resolution.

Steps towards Concluding the Process of the Fifth GEF Replenishment

32. Participants requested the CEO/Chairperson of the GEF to forward this Summary, including the attached Annexes, to the GEF Council for consideration at its meeting in Uruguay in May 2010. The GEF Council is invited to take note of the Summary and to endorse the Replenishment Document and its Annexes.

33. Participants also invited the GEF Council to request the CEO/Chairperson of the GEF to transmit this Summary to the World Bank with a request that the World Bank Executive Directors be invited to adopt Annex C to this Summary, Resolution No. [_____], *Global Environment Facility Trust Fund: Fifth Replenishment of Resources*, thereby authorizing the World Bank, as Trustee of the GEF Trust Fund, to manage the resources made available under the GEF-5.

ANNEX A: PROGRAMMING UNDER THE FIFTH REPLENISHMENT OF THE GEF TRUST FUND

**ANNEX B: POLICY RECOMMENDATIONS FOR THE
FIFTH REPLENISHMENT OF THE GEF TRUST FUND**

**ANNEX C: RESOLUTION NO. [____], GLOBAL ENVIRONMENT FACILITY TRUST FUND:
FIFTH REPLENISHMENT OF RESOURCES**

ATTACHMENT 1: TABLE OF CONTRIBUTIONS

ATTACHMENT 2: INSTRUMENT OF COMMITMENT

ATTACHMENT 3: INDICATIVE ENCASHMENT SCHEDULE