Third Meeting for the Seventh Replenishment of the GEF Trust Fund

NOTE ON ELIGIBILITY FOR OFFICIAL DEVELOPMENT ASSISTANCE

(PREPARED BY THE SECRETARIAT)
**INTRODUCTION**

In response to requests from several Participants, this note clarifies that contributions to the GEF Trust Fund will remain fully eligible as Official Development Assistance (ODA) throughout the seventh replenishment period (July 1, 2018 to June 30, 2022).

**GEF ELIGIBILITY**

Countries’ eligibility for GEF support is determined by the conferences of the parties to the multi-lateral environmental agreements that the GEF serves, and the GEF Instrument\(^1\) as follows:

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“9. GEF funding shall be made available for activities within the focal areas defined in paragraphs 2 and 3 of this Instrument in accordance with the following eligibility criteria:

(a) GEF grants that are made available within the framework of the financial mechanisms of the conventions referred to in paragraph 6 shall be in conformity with the eligibility criteria decided by the Conference of the Parties of each convention, as provided under the arrangements or agreements referred to in paragraph 27.

(b) All other GEF grants shall be made available to eligible recipient countries and, where appropriate, for other activities promoting the purposes of the Facility in accordance with this paragraph and any additional eligibility criteria determined by the Council. A country shall be an eligible recipient of GEF grants if it is eligible to receive World Bank (IBRD and/or IDA) financing or if it is an eligible recipient of UNDP technical assistance through its target for resource assignments from the core (specifically TRAC-1 and/or TRAC-2). GEF grants for activities within a focal area addressed by a convention referred to in paragraph 6 but outside the framework of the financial mechanism of the convention, shall only be made available to eligible recipient countries that are party to the convention concerned.

(c) GEF concessional financing in a form other than grants that is made available within the framework of the financial mechanism of the conventions referred to in paragraph 6 shall be in conformity with eligibility criteria decided by the Conference of the Parties of each convention, as provided under the arrangements or agreements referred to in paragraph 27. GEF concessional financing in a form other than grants may also be made available outside those frameworks on terms to be determined by the Council.”
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\(^1\) Instrument for the Establishment of the Restructured GEF

ELIGIBILITY FOR OFFICIAL DEVELOPMENT ASSISTANCE

The Development Assistance Committee of the Organisation for Economic Co-operation and Development (DAC) defines ODA\(^2\) as follows:

| iii. | provided by official agencies, including state and local governments, or by their executive agencies; and |
| iv. | each transaction of which: |
| b) | is administered with the promotion of the economic development and welfare of developing countries as its main objective; and |
| c) | is concessional in character and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent).” |

Country Eligibility

Countries and territories eligible to receive official development assistance (ODA) are all low and middle-income countries based on gross national income (GNI) per capita as published by the World Bank, with the exception of G8 members, EU members, and countries with a firm date for entry into the EU. The list also includes all Least Developed Countries (LDCs) as defined by the United Nations (UN).

The DAC revises the list every three years. Countries that have exceeded the high-income threshold for three consecutive years at the time of the review are removed.

At the time of the 2017 review of the DAC List, the DAC agreed on the graduation of Chile, Seychelles and Uruguay. These three countries have been removed from the list that governs ODA flows in 2018, 2019 and 2020.\(^3\)

Eligibility of Multi-Lateral Institutions

DAC maintains a list of multilateral agencies and international NGOs, contributions to which in whole or part, may be reported as ODA. The list is revised annually by the DAC Working Party on Statistics (WP-STAT).\(^4\) As per the latest list, contributions to the GEF may reported fully as ODA.\(^5\)

\(^2\) (http://www.oecd.org/dac/stats/officialdevelopmentassistancedefinitionandcoverage.htm)
\(^5\) (http://www.oecd.org/dac/stats/documentupload/SingleTable_July%202017%202016%20flows.xls)
WP-STAT has agreed that agencies can be considered fully ODA-eligible if 90% or more of their support is provided to ODA-eligible countries, provided the remaining <10% is spent on developmental activities in non-ODA countries (rather than on non-ODA eligible activities).

**GEF Eligibility as Countries’ Graduate from ODA**

The GEF, in line with its eligibility criteria, provides support to some countries that have graduated from ODA recipient status. In GEF-6, five non-ODA recipient countries received STAR country allocations (Bahamas, Barbados, Russia, Saint Kitts and Nevis, Trinidad and Tobago). These countries’ allocations amount to some 5% of all STAR country allocations. In terms of actual funding commitments, these five countries account for between 0 and 1% of commitments in the calendar years 2014 to 2017, with an average of 0.4% over the four-year period.

With their graduation as of January 1, 2018, Chile, Seychelles and Uruguay would be added among the non-ODA recipient countries that are eligible for GEF support. Those countries account for a combined 1.7% of GEF-6 STAR country allocations, and between 0.4% and 4.5% of funding commitments in calendar years 2014 to 2017, with an average of 1.7%.

**Given the level of support provided to non-ODA eligible countries, including the recent graduates, over the past four years (0.4% to 5.2%, average 2.1%), contributions to the GEF Trust Fund will remain fully ODA eligible throughout the seventh replenishment period (July 1, 2018 to June 30, 2022).** This is because more than 90% of GEF financing will be provided to ODA-eligible countries.