



# Global Environment Facility

GEF/R.3/1  
October 10, 2000

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Meeting of the Third Replenishment of the GEF Trust Fund  
October 30, 2000  
Washington D.C.

## PLANNING MEETING OF THE THIRD GEF REPLENISHMENT

### BACKGROUND NOTE

## **Initiation of the Replenishment Process**

1. The Council has requested the Trustee of the Global Environment Facility (GEF), in cooperation with the Chief Executive Officer/Chairman of the Facility, to initiate the Third replenishment of the GEF Trust Fund in October, 2000. The October 30, 2000 meeting in Washington, D.C. will commence this process. As noted by the Chief Executive Officer during the May, 2000 Council meeting, the process is expected to be similar to that followed for the Second Replenishment which was completed in March 1998, to fund GEF operations between July 1, 1998 and June 30, 2002.

2. The proposed agenda for the meeting is provided in Annex A.

## **Timing of the Replenishment**

3. The process for the third replenishment of the GEF is being initiated now to ensure that GEF operations can continue uninterrupted in future years. This accords with the understanding that the financing under the second replenishment would be used to support four years of GEF operations.

4. The proposed timing of the third replenishment would enable replenishment discussions to be completed by February 2002, which would give the governments sufficient time to obtain the relevant parliamentary approval in order to maintain continuity of GEF operations.

5. A more extensive analysis of necessary funding and of proposed operational programming levels will be presented in later meetings. A preliminary analysis shows that if all outstanding pledges are paid in full before the end of FY02 (i.e., by June 30, 2002), there will be sufficient funds to complete projected GEF-2 operations. In addition, under this scenario, US\$ 245 million would be available to carryover into the GEF-3 period. However, some donors have significantly delayed paying their GEF-2 contributions; if these delays continue, there will not be sufficient funds to meet the remaining GEF-2 work program. It is important to launch replenishment discussions now to demonstrate full donor commitment to sustained and reliable funding for GEF operations. This will maintain the credibility of the GEF as the financial mechanism of the Conventions on Biological Diversity and Climate Change— and possibly to newly negotiated conventions, if all parties to such conventions agree.

## **Meeting Schedule and Work Plan for the GEF Replenishment**

6. The following is a proposed meeting schedule and work plan for the third GEF replenishment; including the proposed background papers. Both the meeting schedule and the topics for the proposed papers will be discussed at the October 30 meeting in Washington, D.C.

7. It is proposed that the third GEF replenishment be discussed and agreed in four meetings:

### **Meeting 1: October 30, 2000: Planning Session - Washington, D.C.**

The proposed agenda is attached as Annex A.

### **Meeting 2: May 7-8, 2001: Assessment & Programming of Resources - Washington, D.C.**

This meeting will precede the May 2001 GEF Council meeting and will include an assessment of GEF operations and financing to date, as well as GEF's financial status. It will also include the proposed GEF programming of resources during the period of the third replenishment. Papers to be reviewed include:

- *GEF Implementation Review*  
Discussion Paper: This document will examine progress in the GEF portfolio. It will be prepared by the GEF Secretariat in cooperation with the Implementing Agencies, drawing primarily on the GEF monitoring and evaluation activities, including the studies in biodiversity, climate change, and international waters that are under preparation as contributions to the second Overall Performance Study. (see below)
- *GEF Pledges and Funding Situation*  
Technical Note: This paper will describe in detail the current financial condition of the GEF, showing net funding availability and proposed work program projections through FY02.
- *GEF Programming of Resources during the Third Replenishment*  
Technical Note: This paper will outline the proposed programming of resources for the third GEF replenishment cycle. It will present a number of scenarios for the size of the replenishment based on anticipated needs and building on convention guidance as reflected in the Business Plan, agreed operational programs, and project pipelines of the GEF.

### **Meeting 3: November 2001 (2 days): Assessment II, Work Program II & Exchange Rate – Washington D.C.**

Papers to be reviewed at this time include:

- *Draft Report of the Second Study of GEF's Overall Performance*  
Discussion Paper: The Second Study of GEF's Overall Performance will assess the extent to which the GEF has achieved, or is on its way to achieving, its main objectives as specified during the restructuring in 1994 and according to policies adopted by the GEF Council. The Second Overall Performance Study will also assess the implementation of the GEF's Operational Strategy and its operational programs. The central theme of the overall performance study is the assessment of impacts and results. The study will be undertaken by a fully independent team, appointed by the Senior Monitoring and Evaluation Coordinator in accordance with the terms of reference approved by the GEF Council and in consultation with

the GEF CEO/Chairman. The final study is to be published in January 2002, and a draft of the final report will be made available during the replenishment meeting.

- *GEF Programming of Resources – Third Replenishment*  
Discussion Paper: This paper will lay out in more detail the proposed GEF work program, reflecting the May discussion of the earlier outline paper and additional comments received from the participants.
- *Exchange Rate Considerations in the Third Replenishment*  
Technical Note: This paper assumes two or three scenarios for the size of the replenishment and will provide donors with various reference exchange rates for the conversion of SDR pledges to national currencies.

**Meeting 4: February 2002 (2 days): Trust Fund Agreement – Location to be determined**

- *GEF Trust Fund Agreement – Pledges to Contribute to the Third Replenishment of the GEF Trust Fund*  
This document will formally record the Replenishment Agreement.

## ANNEX A

### **Proposed Agenda and Timetable**

12.00 – 1.00	Buffet Lunch
1.00 – 1:30	Welcome and Introduction Statement by Trustee, Mr. Motoo Kusakabe Vice President, Resource Mobilization & Cofinancing Statement by GEF Secretariat, Mr. Mohamed T. El-Ashry CEO/Chairman of the Facility
1:30 – 2:15	Status of GEF-2
2:15 –3:15	Progress report on the GEF
3:15 – 4:30	General statements by Participants
4:30 – 5:30	Timetable for replenishment meetings and their agendas
5:30 – 6:00	Summary of the Co-Chairs
6.00 – 7.30	Reception