

GEF-8 Replenishment: Financial Structure (GEF/R.8/09)

Second Meeting of the Eighth Replenishment of the GEF Trust Fund

Sep 29 - Oct 1, 2021

(Prepared by the GEF Trustee)



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Recap of the First Meeting for GEF-8 (Apr 22-23, 2021)



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- ❑ At the first meeting in April 2021, the Trustee presented an overview of the financial structure for GEF-8 which includes:
 - i) New Funding from Donors
 - ii) Carryover of Resources
 - iii) Projected Investment Income; and
 - iv) Reflows from Non-Grant Instruments.

- ❑ The Trustee presented the burden sharing principles highlighting that the participants have the flexibility to adopt different approaches that meet their unique requirements for each replenishment.

- ❑ The minimum contribution for participation in the replenishment discussions remains at SDR 4.0 million.

- ❑ Participants agreed that the reference time period for translating GEF-8 contributions between national currency values and SDR values will be [July 1, 2021 – December 31, 2021.](#)

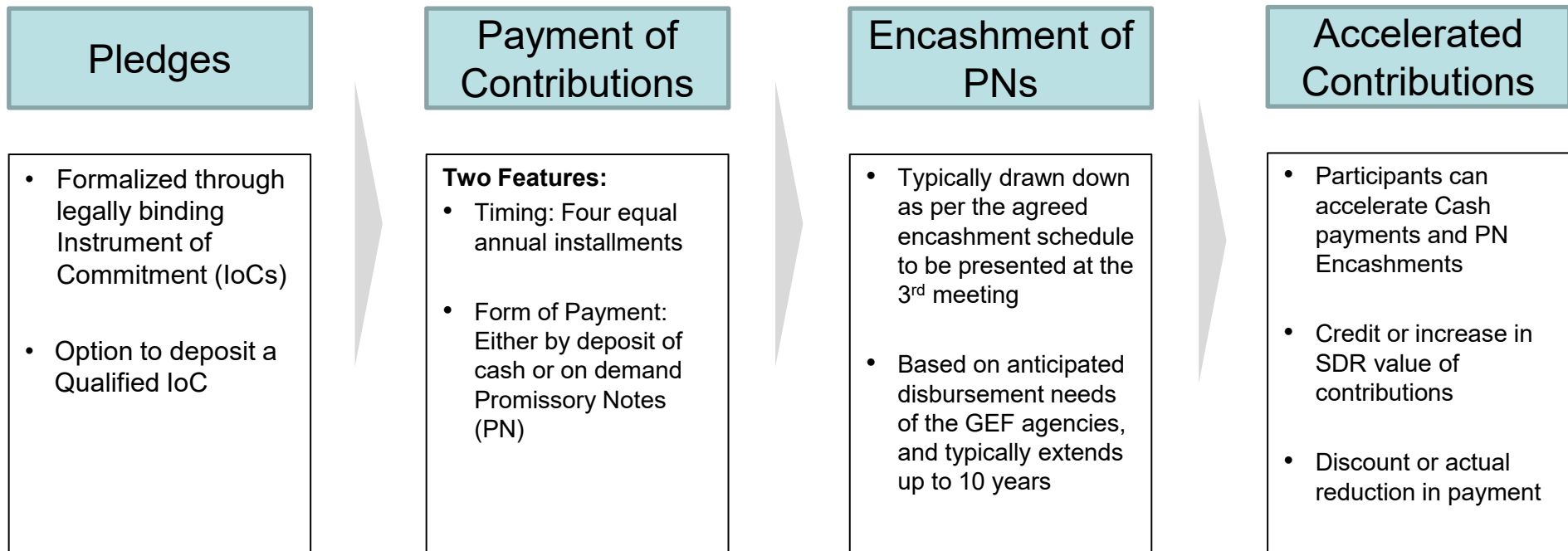
- ❑ Participant countries with annual inflation rates greater than 10% during the calendar years 2018 – 2020 shall contribute in SDR or in USD.

New Funding from Donors: Terms of Contributions



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- Special Drawing Rights (SDR) is used as the base currency for burden sharing as it provides a common denominator;
- Contributions are typically pledged in national currencies, except noted otherwise in the GEF-8 resolution.





❑ Unallocated Resources

- Uncommitted Resources from previous replenishment (GEF-7) will be carried over to GEF-8.
- Details will be known towards the end of the GEF-7 cycle.

❑ Unpaid Resources

- IoCs for previous replenishments that are not deposited with the Trustee.
- Resources in arrears, for which IoCs have been deposited but resources remain to be paid in to the GEF TF.

❑ Projected Investment Income

- Projected investment income over the replenishment period is estimated using projected liquidity balances for the four-year replenishment period (July 2022-June 2026), and the expected investment return over this period.

➤ Sustainable and Responsible Investments

- In December 2020, the GEF Council approved the Sustainability Themed Investments Strategy (“the Strategy”) for the GEF.
- Implementation began in June 2021 with an initial US\$100 million allocation and purchase of 9 bonds spanning green, social and sustainability categories.

❑ Reflows from Non-Grant Instruments (NGI)

- Resources provided under the NGI are expected to be returned to the GEF Trust Fund over time.
- Reflows received from NGI will be included in the resource envelope of the replenishment cycle they are received in i.e., reflows received during GEF-8 cycle will become part of the GEF-8 resource envelope.



Draft Replenishment Resolution

- The Trustee will present the draft replenishment resolution for discussion at the 3rd meeting that will be held in January 2022.
- The Trustee will share the indicative encashment schedule for the encashment of Promissory Notes for GEF-8 over fiscal years 2022-2032.

- The Trustee will share the GEF-8 exchange rates ([July 1, 2021– December 31, 2021](#)) to be used for translating GEF-8 contributions between national currency values and SDR values.
- Financial scenarios for GEF-8 including, New Funding from Donors, Carryover of Resources, Projected Investment Income; and Reflows from Non-Grant Instruments.

A young evergreen tree sapling with vibrant green needles is the central focus, growing from a thick carpet of moss. The background is a soft-focus forest with more trees and foliage, creating a sense of depth and tranquility. The lighting is natural, highlighting the texture of the moss and the sharpness of the sapling's needles.

Thank you.