



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET



WORLD BANK GROUP
Development Finance

GEF/R.08/26
February 28, 2022

Interim Meeting for the Eighth Replenishment of the GEF Trust Fund
March 8-9, 2022
Virtual Meeting

**SUMMARY OF COMMENTS TO
THE PROGRAMMING DIRECTIONS
(PREPARED BY THE GEF SECRETARIAT)**

Summary of Comments to the Programming Directions and Proposed Changes

1. The matrix presented below summarizes issues and comments that have been received on the Programming Directions document during and after the third replenishment meeting, and describes responses from the GEF Secretariat on how they will be addressed in the revised Programming Directions document.
2. The Revised Programming Scenarios document, prepared and posted for the March 2022 Interim Meeting, presents additional descriptions and rationale on key updates, such as the financial scenarios and proposed notional allocations for the Focal Areas and programs. The document also contains an update on the financing for the Impact Programs, including notional envelopes, incentive ratios, minimum threshold, and ceiling.¹

<u>Issues / Comments</u>	<u>GEF Secretariat Response</u>
Programming Scenarios	
<u>Biodiversity (BD):</u> Priority and/or increase suggested by 17 Contributing Participants and one region (third meeting). At least 34%, 35%, or up to 40% suggested (written comments and third meeting).	BD envelope is fixed at 35% across all scenarios except for \$7 billion scenario where it is nominally the same as \$6.5 billion scenario.
<u>Chemicals and Waste (CW):</u> Priority and/or increase suggested by 11 Contributing Participants (third meeting). At least 14% or 16% share suggested (written comments and third meeting).	CW envelope accounts for 14% to 15% across the scenarios.
<u>Climate Change Mitigation (CCM):</u> Priority, maintain at GEF-7 level, or increase at higher scenarios suggested by 12 Contributing Participants and one region, while reduction suggested by two Contributing Participants (third meeting).	CCM envelope is reduced to 13% to 16%, with higher amounts than GEF-7.

¹ GEF/R.08/21, *Revised Programming Scenarios and Global Environmental Benefits Targets (Prepared by the GEF Secretariat)*, Interim Meeting, March 2022.

<u>Issues / Comments</u>	<u>GEF Secretariat Response</u>
<p>Reduce, 15%, similar or higher indicative imputed climate share as GEF-7 suggested (written comments).</p> <p>Necessity to scale up to consider Conference of the Parties (COP) guidance on needs and priorities noted by one Contributing Participant (written comments).</p>	
<p><u>Land Degradation (LD):</u> Priority to maintain at GEF-7 level or increase suggested by seven Contributing Participants and two regions (third meeting).</p> <p>At least 13% or 14% suggested (written comments and third meeting).</p>	<p>LD envelope is slightly over 11% across all scenarios.</p>
<p><u>International Waters (IW):</u> Maintenance at GEF-7 level suggested by two Contributing Participants, priority for one Contributing Participant, general increase suggested by one Contributing Participant (third meeting).</p> <p>11.4%, at least 12%, at least 14% suggested (written comments and third meeting).</p> <p>Inclusion of full names two United Nations-water related conventions suggested by one Contributing Participant. Importance of healthy transboundary marine and freshwater ecosystems in delivering towards various conventions noted by the same Contributing Participant (written comments).</p>	<p>IW envelope is 10% to 12%, with higher amounts than GEF-7.</p> <p>The convention names and relevance of healthy transboundary marine and freshwater ecosystems to other multilateral environmental agreements will be clarified further.</p>
Integrated Programs	
<p><u>Integrated Program (IP) Approach:</u> Support voiced by two Contributing Participants, and general agreement on the way forward expressed by another Contributing Participant. Reduction</p>	<p>11 IPs are presented.</p>

<u>Issues / Comments</u>	<u>GEF Secretariat Response</u>
<p>suggested by three Contributing Participants, and balance between IPs and focal areas requested by another Contributing Participant (third meeting).</p> <p>The package of all 11 IPs supported by one Contributing Participant and one region (written comments).</p>	
<p><u>Net Zero Accelerator (NCA) IP:</u> Support expressed by four Contributing Participants with one requesting reduced scope, while removal suggested by four Contributing Participants. Breakdown of figures under different scenarios requested by one Contributing Participant (third meeting).</p> <p>Readjustment of scope and resources supported by four Contributing Participants, its removal and placement in CCM requested by another Contributing Participant (written comments).</p> <p>(note: one Contributing Participant had somewhat different views at meeting and in writing)</p>	<p>NZA is kept as an IP, with reduced resources and redesigned to focus on nature-climate interface. It has been renamed as Net-Zero Nature-Positive Accelerator IP. A revised IP document has been prepared and posted for the March 2022 Interim Meeting.²</p>
<p><u>Elimination of Hazardous Chemicals from Supply Chains IP:</u> Reinstatement suggested by seven Contributing Participants and removal suggested by one Contributing Participant (third meeting).</p> <p>Deletion strongly supported by one Contributing Participant, while elimination appreciated by another. No insistence on</p>	<p>This IP has been reinstated, as explained in an update document that has been posted for the March 2022 Interim Meeting.³</p>

² GEF/R.08/23, Revised Net-Zero Nature-Positive Accelerator Integrated Program (Prepared by the GEF Secretariat), Interim Meeting, Interim Meeting, March 2022.

³ GEF/R.08/24, Update on the Integrated Program on Elimination of Hazardous Chemicals from Supply Chains (Prepared by the GEF Secretariat), Interim Meeting, March 2022.

<u>Issues / Comments</u>	<u>GEF Secretariat Response</u>
<p>keeping it mentioned by one Contributing Participant, while questions raised by another Contributing Participant (written comments).</p> <p>(note: one Contributing Participant had somewhat different views at meeting and in writing)</p>	
<p><u>Amazon, Congo, and Critical Forest Biomes IP:</u> Agreements, labelling, and certification not supported by one Contributing Participant (written comments).</p>	<p>References to these approaches will be removed from the IP.</p>
<p><u>Incentive ratio:</u> 3:1 ratio agreed by five Contributing Participants, and adjustment to a more favorable and different ratios for least developed countries (LDCs)/ small island developing States (SIDS) suggested by one Contributing Participant (third meeting).</p> <p>General ratio of 5:1, with 3:1 for LDCs/SIDS, suggested by two Contributing Participants, and preference for 2:1 ratio and at least 3:1 for all countries stated by one region (written comments).</p>	<p>3:1 ratio is presented for all scenarios and all countries.</p>
<p><u>Cap:</u> Cap welcomed by one Contributing Participant (third meeting).</p> <p>Support for cap introduction stated by two Contributing Participants (written comments).</p>	<p>A ceiling to matching incentive will be introduced, with actual amount to be determined when countries are selected</p>
<p><u>Fair access and LDCs/SIDS:</u> More information on minimal threshold requested by one Contributing Participant (third meeting).</p> <p>Enhancement requested (written comments).</p>	<p>Minimum STAR threshold will be set at the Medium-sized Project (MSP) level of \$2 million, with ceiling introduction.</p> <p>LDCs/SIDS will be prioritized for incentive amounts.</p>

<u>Issues / Comments</u>	<u>GEF Secretariat Response</u>
<p><u>Ensuring impacts of smaller IPs:</u> Re-allocation resources to smaller IPs (Clean and Healthy Ocean IP, Circular Solution to Plastic Pollution IP, Blue and Green Islands IP) by reducing the NZA IP suggested by one Contributing Participant (written comments).</p>	<p>SIDS in particular will be encouraged to participate in these IPs and the increased STAR floor for these countries will help.</p>
<p><u>Council engagement:</u> Lead agency choice requested to be presented and approved by Council (written comments).</p>	<p>Presentation and approval of the lead agency by Council will take place when the program is ready to be reviewed and approved as part of the Work Program. This approach is suggested for enhanced efficiency while maintaining transparency.</p>
<p><u>Lead agency role:</u> Co-leads as a way to address concentration issue raised by one Contributing Participant. Action plan to ensure cooperation between lead agencies and child project implementing agencies suggested by one Contributing Participant (written comments).</p>	<p>This will be clearly specified in the selection criteria of the lead agencies and selection will be based on program-level roles for IP.</p>
<p><u>Civil Society Organizations (CSO) and private sector engagement:</u> How to ensure meaningful engagement of CSOs and private sector raised by a Contributing Participant (written comments).</p>	<p>As part of the integrated approach to GEF-8, each IP has designed more opportunities for private sector engagement that strongly align with the clear goals and targets of the major conventions and adopted by business. These include the corporate targets for net-zero greenhouse gas emissions and those related the Sustainable Development Goals.</p> <p>Importantly, the goals and targets of the post-2020 Global Biodiversity Framework will give GEF-8 a new impetus for working with the private sector on biodiversity and the integrated approach helps bring the multiple targets (climate, nature, etc.) together into one IP that provides a more holistic engagement opportunity. As noted by the Independent Evaluation Office (IEO), micro, small, and medium enterprises (MSMEs) vary in their</p>

<u>Issues / Comments</u>	<u>GEF Secretariat Response</u>
	<p>capacities and constraints and GEF-8 IPs can appropriately address the context-specific needs, barriers, and economic viability in projects involving the private sector. GEF engagement with MSMEs may not only be through increasing this sector’s access to financing, but by introducing low-cost, context-appropriate practices and technologies the MSME actors can easily adopt, and by facilitating regulations and administrative reforms required to access resources. By partnering with local MSME actors, the GEF and larger private sector organizations and multi-stakeholder platforms may provide long-term support that increases the likelihood of global environmental benefits being sustained, mainstreamed and/or scaled up. In its 2021 evaluation, the IEO reported that successful GEF projects engaging MSMEs typically involved more types of private sector actors, suggesting that these projects engage a wider spectrum of private sector actors across the value chain. More than half of MSME projects involved at least three types of private sector actors. This linkage through value chains and multi-stakeholder partnerships will be pursued through the IPs, including with the participation of CSOs.</p>
Innovation Window	
<p><u>Rationale:</u> Support for the Innovation Window expressed by five Contributing Participants and two regions. Support while asking for more information, focus on risk, and less research expressed by three Contributing Participants. Concerns raised by two Contributing Participants (third meeting).</p>	<p>Innovation Window has been completely rewritten to follow IEO recommendation and guidance from STAP in GEF’s work on innovation. A revised document has been prepared and posted for the March 2022 Interim Meeting.⁴</p>

⁴ GEF/R.08/22, *Revised Innovation Window (Prepared by the GEF Secretariat)*, Interim Meeting, March 2022.

<u>Issues / Comments</u>	<u>GEF Secretariat Response</u>
<p>The rationale not seen as convincing to two Contributing Participants and its removal suggested, with one asking for resources to be reallocated to Small Grants Program and Non-Grant Instruments (NGI) window (written comments).</p>	
<p><u>Focus:</u> Focus on creating high-risk innovation projects suggested, with one Contributing Participant not convince of the level of alignment with OPS7 recommendations to work on innovation and increased risk taking (written comments).</p>	<p>Innovation Window has been completely rewritten to follow IEO recommendation and guidance from STAP in GEF’s work on innovation.</p>
<p><u>Council and operations:</u> Detail on operational implications for Council requested, such as roles of GEF, STAP, Agencies, and how to transfer results into projects/programs (written comments).</p>	<p>An implementation plan will be presented to council before the window is open for funding</p>
Non-Grant Instruments and Private Sector	
<p><u>Non-Grant Instruments (NGI) Envelope:</u> Increased NGI share under \$5 billion scenario suggested by five Contributing Participants (with one Contributing Participant suggesting to re-allocate from CCM focal area as long as GEF-7 level is maintained). Increase under all scenarios suggested by one Contributing Participant. General support expressed by one Contributing Participant. More prudent approach to increase in allocation expressed by another (third meeting).</p> <p>Higher NGI resources welcomed, and higher allocation in lower scenario requested. Impacts on NGI allocations not to reduce STAR and IP allocations expressed by one region (written comments)</p>	<p>NGI window is from 4.3% to 7.1%, with progressively higher allocations at higher scenarios.</p>

<u>Issues / Comments</u>	<u>GEF Secretariat Response</u>
<p><u>Expertise and concentration:</u> Concerns on how to address challenges of many agencies with limited financial expertise raised by a Contributing Participant, if the NGI window is increased while also addressing concentration (written comments).</p>	<p>Agency participation in the NGI is highly diversified with CI being the most active agency with 40% of funds allocated, followed by WBG 22%, EBRD 14%, AFDB 13% CAF 6% and IABD 5%. Together, multilateral development banks (MDBs) receive 60% of NGI resources.</p> <p>High participation of MDBs during GEF-8 is expected to continue. During GEF-8, the Secretariat will increase the scrutiny of the Agency capacity to implement NGI.</p>
<p><u>Non-concessional investment:</u> Three Contributing Participants not ready or prefer not to discuss or stated this is not in line with the GEF instrument. Clarification of the option requested by two Contributing Participants, while agreeing re: increasing incentives to use concessional financing. Discussion welcomed by one Contributing Participant (third meeting).</p>	<p>This will be considered through the GEF-8 cycle for discussions leading to deliberations in GEF-9, depending on the policy options that may become available and compatible with convention policies and guidelines.</p>
<p><u>Assessing private sector engagement:</u> Assessment requested by a Contributing Participant of how GEF-8 processes can be more compatible with private sector to attract private sector funding (written comments).</p>	<p>All GEF projects need to follow Project and Program Cycle Guidelines. The Secretariat recognizes there are some opportunities for streamlining GEF processes and reducing the amount of time for blended finance projects. These include further streamline call for proposals to enhance transparency and reduce complexity, shortening the time for applications and approval process.</p>
<p><u>Diversifying private sector engagement:</u> Question on how to diversify engagement in all focal areas, especially BD, and in IPs raised by a Contributing Participant (written comments).</p>	<p>The NGI window is highly diversified in the allocation of funding to focal areas: 38% CCM, 25% LD, 23% BD, 14% CW. Project proposals are increasingly impacting multiple focal areas: 65% of all projects funded include more than one focal area, which ensures diversification of private sector engagement. The GEF Secretariat will ensure to engage</p>

<u>Issues / Comments</u>	<u>GEF Secretariat Response</u>
	private sector through the IP global/regional platforms.
<p><u>Country engagement:</u> Need for country engagement stressed by a region, as decision to include the private sector and benefits from GEF resources should be a joint consideration of the Operational Focal Point (OFP) and agencies. Need for articulation with national portfolios through OFPs for investment coherence raised by the same region (written comments)</p>	The IPs have been designed to include PS and articulate priorities with the countries. For investments in the NGI window, the GEF Secretariat will work with the Agencies to improve articulation with national portfolios through OFPs.
Other	
<p><u>Paris Agreement and fossil fuel:</u> A clear statement requested by a Contributing Participant on excluding fossil fuel projects and UNFCCC COP 26 agreement on phasing down coal (written comments).</p>	The exclusion of fossil fuel-based projects and reference to the Glasgow Climate Pact will be further articulated in CCM section.
<p><u>Flexibility:</u> Questions raised on how different convention obligations will be met. Very cautious approach suggested by one Contributing Participant regarding full flexibility, needing a proposal to monitor different focal share, report, and identify corrective measures. Without risk mitigation, limiting flexibility to 50% suggested by the same Contributing Participant (written comments).</p>	<p>Convention obligation (i.e., reporting) support is secured with set-aside resources under each focal area.</p> <p>Each project will be developed based on national priorities and circumstances, which should enable obligations to be recognized and addressed.</p> <p>In GEF-8, the Secretariat will monitor the use of Rio Markers and the relevant shares of financing directly and indirectly related to these thematic areas through the Corporate Scorecard.</p> <p>The Secretariat will also track the utilization of STAR resources to maintain portfolio-level targets on focal-area financing and monitor results met over the GEF-8 replenishment period, and report on progress towards those</p>

<u>Issues / Comments</u>	<u>GEF Secretariat Response</u>
	<p>targets with each work program of the GEF-8 cycle through the semi-annual Corporate Scorecard.</p> <p>The Secretariat will organize a mid-term review with participants to assess portfolio performance under full flexibility, and identify potential measures in the event that portfolio-level focal area financing is not meeting the levels agreed to in the GEF-8 replenishment negotiations.</p>
<p><u>Enabling Activity (EA) allocations:</u> EA allocation changes across scenarios requested (written comments and third meeting).</p> <p>Specific allocations proposed by Contributing Participants:</p> <p><u>BD:</u> Allocate \$75 million for BD EA and reduce global/regional set-aside.</p> <p><u>CCM:</u> Allocate \$170 million for EA and \$110 million for Capacity-building Initiative for Transparency (CBIT), and reduce global/regional set-aside and IP incentives, and/or STAR.</p> <p><u>CW:</u> Allocate at least \$37 million for Stockholm EA and \$30 million for Minamata EAs across all scenarios.</p>	<p>EA amounts have been adjusted to be uniform across scenarios.</p> <p>BD: EA set at \$50 million across scenarios</p> <p>CCM: \$125 million for EAs and \$75M for CBIT across scenarios</p> <p>CW: \$28 million for Stockholm EAs and \$20 million for Minamata EAs across scenarios</p>
<p><u>Imputed share:</u> One Contributing Participant suggests to increase the notional CC target to less than 70%, while another suggests a minimum of 66% with aspirations of 80% (third meeting).</p>	<p>These elements are explained in the updated GEF-8 Policy Recommendations, which has been prepared for the March 2022 Interim Meeting.⁵</p>

⁵ GEF/R.08/27, *Revised Policy Recommendations (Prepared by the GEF Secretariat)*, Interim Meeting, March 2022.

<u>Issues / Comments</u>	<u>GEF Secretariat Response</u>
<p>A ratio on adaptation and mitigation requested to apply the imputed share. Need for agreed imputed shares for BD and LD expressed. Expectations that CC imputed share to be at the GEF-7 level or higher stated.</p> <p>Co-benefit targets for three Rio Conventions are requested, with minimum 60% for BD, 50% for LD, and 80% for CC as per GEF-7 estimates (written comments).</p>	
<p><u>Biodiversity beyond National Jurisdiction (BBNJ):</u> Concern that the current language may be prejudging negotiations raised by a Contributing Participant (written comments).</p>	<p>The language on BBNJ will be clarified so as to further ensure that it does not come across as prejudging ongoing negotiations.</p>
<p><u>COVID:</u> Request to revise the language on origins of COVID raised by a Contributing Participant (written comments).</p>	<p>The text will be updated further reflect what is currently understood about COVID origins, based on scientific evidence.</p>
<p><u>LDCs/SIDS:</u> More support for LDCs/SIDS, while also maximizing global environmental benefits (GEBs) and good value for money (written comments), requested by a Contributing Participant.</p>	<p>The Programming Directions document presents a balanced approach to offer the best opportunity for increased efficiency in the delivery of GEBs and impact, while also ensuring inclusiveness to all countries, with an emphasis on LDCs/SIDS.</p>
<p><u>Harmony between humans and nature:</u> The framing of “harmony between humans and nature” opposed by one Contributing Participant (written comments).</p>	<p>GEF strategic framework is explained in the Healthy Planet Healthy People concept.</p>
<p><u>Ecosystem services:</u> Preference for “ecosystem services” instead of “nature’s benefits for people” raised by one Contributing Participant (written comments).</p>	<p>Language that comes out of the March 2022 Convention on Biological Diversity (CBD) meetings will be reflected in the document. The current language is “nature’s contributions to people.”</p>
<p><u>COP guidance:</u> Comment that GEF operates under guidance, authority, accountability to COP raised by a</p>	<p>GEF is committed to respond to guidance and relevant decisions received from COPs.</p>

<u>Issues / Comments</u>	<u>GEF Secretariat Response</u>
Contributing Participant. Policy, programming, and eligibility must be decided by COP before GEF implements them (written comments)	COP provides guidance, and the GEF works to operationalize guidance with Council as part of its governance arrangement. Elements discussed for replenishment are mostly operational in nature.