GEF-8 Revised Policy Recommendations

Interim GEF-8 Replenishment Meeting
March 8-9, 2022
Additional Feedback Received

**STAR**
- Flexibility - but a process to track impacts on FA allocations
- Increase and harmonize floors, introduce competitive and vulnerability elements
- Continued concern from some on vulnerability definitions, use of vulnerability indices, competition

**Results**
- Measure direct and indirect impacts

**Concentration:**
- Aspirational targets for RDBs (+IFAD), aspirational cap 30%

**Sustainability, Inclusion**
- Gap analysis of FCV

**Other: Optimizing Use of Resources**
- Coordination with broader group of funds
- Analysis of non-concessional options
- Increased ambition on co-financing
<table>
<thead>
<tr>
<th>Issue</th>
<th>Convergence</th>
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<tbody>
<tr>
<td>Overarching Issues</td>
<td>✓ Implementation Focus</td>
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<td>✓ Collaboration with other funds</td>
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<td>Results and Monitoring</td>
<td>✓ Monitoring of direct and indirect benefits using appropriate methodologies</td>
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<td>✓ Improve the capture of human and socio-economic well-being and climate change adaptation co-benefits</td>
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<td>✓ Add reporting on private sector engagement, co-financing</td>
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Summary Status (2)

Sustainability

Knowledge and Learning Strategy
Country Engagement Strategy and Country Support Program
Management response to OPS-7 Recommendations

Inclusion

Gap Analysis to include youth, marginalized, LGBTQ+, disability and inclusion
Gap Analysis to include operating in Fragile and Conflict-Affected States
### Concentration

#### Convergence

- ✓ Country ownership
- ✓ Agreed measures
- ✓ Reporting

#### Additional Elements

- “Aspirational” target of 10% for RDBs (including IFAD)
- “Aspirational” cap of 30% for any one Agency
- Enhanced reporting, including on Agency choice, barriers to entry in the AMR
- Gap analysis on thematic, geographic coverage for new accreditation
<table>
<thead>
<tr>
<th>STAR</th>
<th>Convergence</th>
<th>Additional Elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Full Flexibility - conditional on mid-term review</td>
<td>• Vulnerability Index to replace GDP Index</td>
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<tr>
<td>✓ Harmonizing SIDS, LDCs floors</td>
<td>• Overall weighting of VI of 0.6</td>
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<tr>
<td>✓ Lower FA Ceiling to 6%</td>
<td>• Absolute amount of floors to depend on Replenishment size</td>
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<td>• Options paper on policy coherence considerations</td>
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<td></td>
<td>• Competitive window = 10% of Top 5 (for Council approval in June 2022), focus on policy coherence</td>
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## GEF-8 STAR Parameters

<table>
<thead>
<tr>
<th></th>
<th>GEF-7</th>
<th>GEF-8, 5Bn Scenario</th>
<th>GEF-8, 5.8Bn Scenario</th>
<th>GEF-8, 6.5Bn Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Weights for Existing Indices</strong></td>
<td>Existing</td>
<td>Same as GEF-7</td>
<td>Same as GEF-7</td>
<td>Same as GEF-7</td>
</tr>
<tr>
<td><strong>Aggregate SIDS/LDCs floors</strong></td>
<td>$6 Mn</td>
<td>$7 Mn</td>
<td>$8 Mn</td>
<td>$8 Mn</td>
</tr>
<tr>
<td><strong>Aggregate Non-SIDS/LDCs floors</strong></td>
<td>$4 Mn</td>
<td>$4 Mn</td>
<td>$5 Mn</td>
<td>$5.5 Mn</td>
</tr>
<tr>
<td><strong>Focal Area Ceilings (Original Ceiling calculation)</strong></td>
<td>10% of STAR focal area allocations plus set-asides</td>
<td>6% of STAR focal area allocations plus set-asides</td>
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<td>6% of STAR focal area allocations plus set-asides</td>
</tr>
<tr>
<td><strong>Weight for the Vulnerability Index</strong></td>
<td>N/A</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Weight for the Vulnerability Sub-indices (HDI &amp; EVI)</strong></td>
<td>N/A</td>
<td>50% and 50%</td>
<td>50% and 50%</td>
<td>50% and 50%</td>
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Preliminary, Illustrative GEF-8 Simulations

$ Mn USD, STAR Country Allocations

- **SIDS/LDCs**
  - GEF-7: 630
  - GEF-8 5Bn: 898
  - GEF-8, 5.8Bn: 1002
  - GEF-8, 6.5Bn: 1062

- **UMICs/HICs that are not SIDS/LDCs**
  - GEF-7: 781
  - GEF-8 5Bn: 808
  - GEF-8, 5.8Bn: 954
  - GEF-8, 6.5Bn: 1079

- **Others (LMICs/LICs that are not SIDS/LDCs)**
  - GEF-7: 486
  - GEF-8 5Bn: 523
  - GEF-8, 5.8Bn: 627
  - GEF-8, 6.5Bn: 712

% Share of Total STAR Country Allocation

- **SIDS/LDCs**
  - GEF-7: 33%
  - GEF-8 5Bn: 40.3%
  - GEF-8, 5.8Bn: 38.8%
  - GEF-8, 6.5Bn: 37.2%

- **UMICs/HICs that are not SIDS/LDCs**
  - GEF-7: 41.2%
  - GEF-8 5Bn: 36.2%
  - GEF-8, 5.8Bn: 36.9%
  - GEF-8, 6.5Bn: 37.8%

- **Others (LMICs/LICs that are not SIDS/LDCs)**
  - GEF-7: 26%
  - GEF-8 5Bn: 23.5%
  - GEF-8, 5.8Bn: 24.3%
  - GEF-8, 6.5Bn: 24.9%
Optimizing Use of Resources and Ensuring Equitable Access

Convergence

✓ Explore streamlining, consolidation and efficiency measures (e.g. elimination of 2-steps for Medium-Sized Projects)

Additional Elements

Integrated Programs:
- Develop Lead Agency selection criteria for Council approval
- Single incentive ratio of 1:3
- Cap on country incentive amounts – analysis for Council approval
- Minimum threshold = USD 2mn

Concessionality: Secretariat to explore options for increased NGI, non-concessional funding
### Timeline: GEF-8 Policy Recommendations

**2022**
- **65th Council Meeting (Dec)**
  1. Results Discussion paper – capturing socio-economic co-benefits, CCA co-benefits, etc.
  2. Updated Project and Program Cycle Guidelines and other GEF Guidelines, to include streamlining measures to reduce transaction costs for Agencies
  3. Identify measures to enhance coherence and complementarity with other environment-related funds and harmonize, where possible, procedures and guidelines

**2023**
- **63rd Council Meeting (Dec)**
  1. Corporate Scorecard with expanded Rio Marker, private sector reporting
  2. First Annual bilateral communication to Agencies with investments facing implementation challenges
  3. Annual Monitoring Report on progress against the GEF-8 Results Measurement Framework
  4. Information on institutional organization of Operational Focal Points and beneficiary-country GEF teams.
  5. Information on Agency presence, capacity, past experience in implementing GEF projects, thematic focus and internal project cycle procedures.
  6. Knowledge and Learning Strategy

**2024**
- **64th Council Meeting (Jun)**
  1. Report on streamlining
  2. Discussion paper on new accreditation
  3. Inclusion agenda gap analysis
  4. FCV engagement gap analysis
  5. Policy Coherence options paper

**Decision to Launch GEF9 Replenishment Negotiations**

**2025**
- **62nd Council Meeting (Jun)**
  1. STAR Policy
  2. IPs: Agency and Country Selection Criteria

- **67th Council (Dec)**
  1. STAR – mid-term review on full flexibility