GEF-9 Replenishment:

Financial Structure
(GEF/R.9/10)

SECOND MEETING OF THE NINTH REPLENISHMENT OF THE GEF TRUST FUND

October 8-9, 2025 - Prepared by the GEF Trustee

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Recap of the First Meeting for GEF-9 (May 20-21, 2025)

- At the first meeting in May 2025, the Trustee presented an overview of the financial structure for GEF-9 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 is SDR 4.5 million.
- Participants agreed that the reference time period for translating GEF-8 contributions between national currency values and SDR values will be July 1, 2025 – December 31, 2025.
- Participant countries with annual inflation rates greater than 10% during the calendar years 2022 – 2024 shall contribute in SDR or in USD.

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New Funding from Contributing Participants :Terms of Contributions

- 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-9 Replenishment Resolution.

Formalizing Pledges

- Formalized through the Instrument of Commitment (IoCs)
- Option to deposit a Qualified IoC

Payment of Contributions

Two Features:

- Timing: Four equal annual installments
- Form of Payment: Either by deposit of cash or on demand Promissory Notes (PN)

Encashment of PNs

- Typically drawn down as per the agreed encashment schedule to be presented and adopted at the 3rd meeting
- Based on anticipated disbursement needs of the GEF agencies, and typically extends up to 10 years

Accelerated Contributions

- Participants can accelerate Cash payments and PN Encashments
- Credit or increase in SDR value of contributions
- Discount or actual reduction in payment

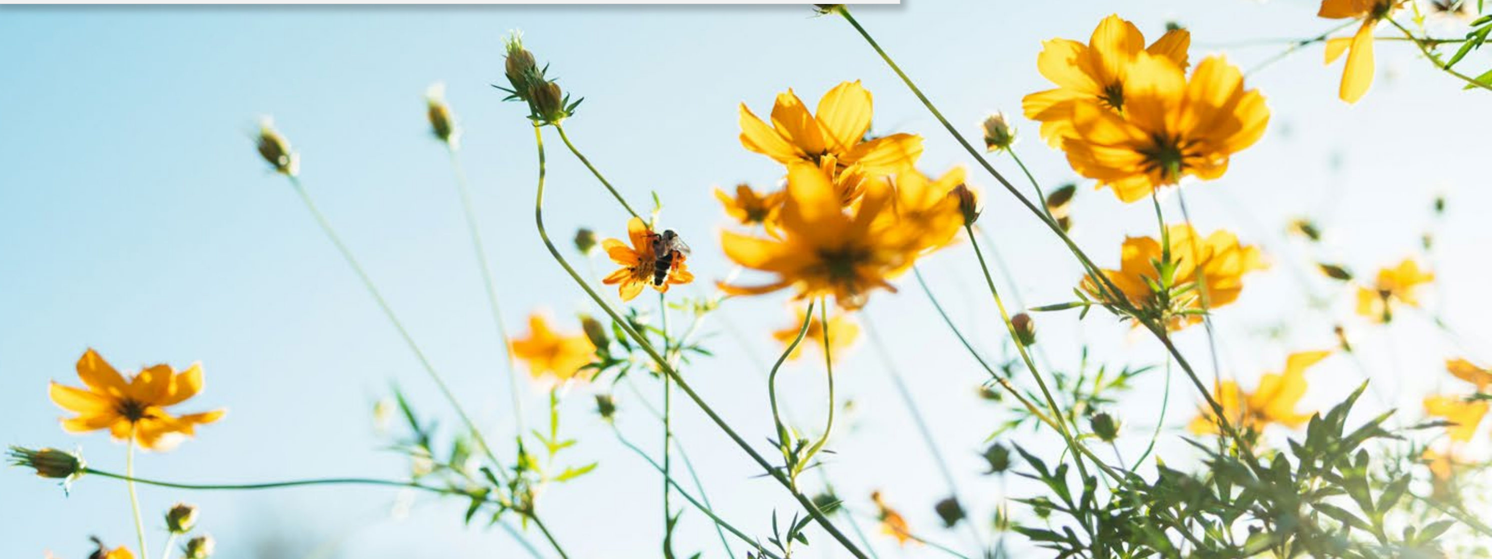
CARRYOVER OF RESOURCES

Unallocated Resources

- Uncommitted Resources from previous replenishment (GEF-8) will be carried over to GEF-9
- Will be known towards the end of GEF-8 cycle

Unpaid Resources

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



Projected Investment Income and Reflows from Non-Grant Instrument

❑ Projected Investment Income

- Projected investment income over the replenishment period is estimated using projected liquidity balances for the four-year replenishment period (July 2026-June 2030), and the expected investment return over this period.

❑ 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-9 cycle will become part of the GEF-9 resource envelope.

Third Replenishment Meeting in January 2025

- **Draft Replenishment Resolution**
  - The Trustee will present the draft replenishment resolution for discussion at the 3rd meeting that will be held on January 19-21, 2026.
  - The Trustee will share the indicative encashment schedule for the encashment of Promissory Notes for GEF-9 over fiscal years 2026-2036.
- The Trustee will share the GEF-9 exchange rates (July 1, 2025– December 31, 2025) to be used for translating GEF-9 contributions between national currency values and SDR values.
- Financial scenarios for GEF-9 including, New Funding from Contributing Participants, Carryover of Resources, Projected Investment Income; and Reflows from Non-Grant Instruments.

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ROADMAP OF THE REPLENISHMENT

Participants in GEF-9 Replenishment Meetings

Take decisions on:

- OPS 8
- Strategy
- Programming
- Policy
- Financing

Agree on the Replenishment Summary and draft Replenishment Resolution (drafted by the Trustee)

Council

- Endorses the replenishment package
- Asks CEO to send documents to the Trustee (World Bank) requesting the Bank to adopt the Replenishment Resolution
- Sends documents to the GEF Assembly for information.

WB Executive Directors

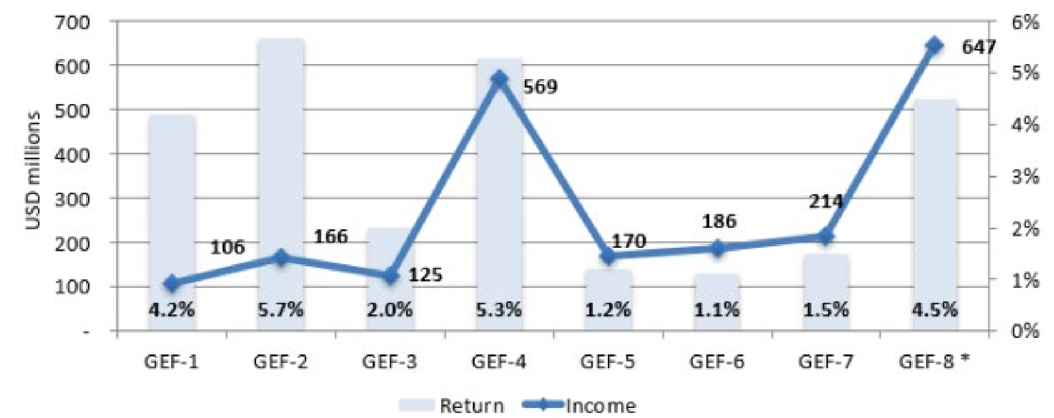
- Adopt the Replenishment Resolution
- Trustee is thereby authorized to manage the resources
- GEF-9 financing period begins

Contributing Participants

- Deposit Instruments of Commitment (IoCs) with the Trustee
- GEF-9 implementation commences
- Funds are received by the Trustee

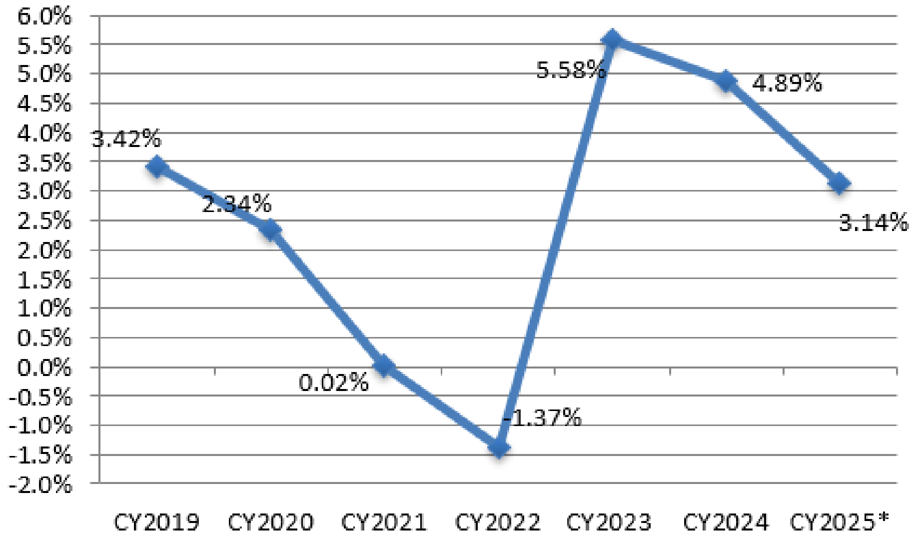
PROJECTED INVESTMENT INCOME

Investment Income by Replenishment



*GEF-8 annualized rate of return is calculated based on daily returns from the start of GEF-8 period till July 31, 2025

Investment Returns



*non-annualized investment returns as of July 31, 2025

In the near term at least, investment returns are expected to experience Year-on-Year volatilities directly driven by market conditions.

REVISITING THE PRINCIPLES OF FX HEDGING SOLUTION

- As communicated in the GEF-9 First meeting in May 2025, the World Bank as Trustee offered FX hedging on a pilot basis for two years to a financial intermediary fund hosted by the World Bank.

- The FX pilot will end in April 2026. The lessons from the ongoing pilot will not be available before the end of the GEF-9 negotiations.

- While an FX Hedging decision will not be made in the context of the GEF-9 Replenishment, the GEF Council can deliberate and decide at a later stage if the FX pilot lessons show favorable results for an FX hedging.