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**Financial Considerations for
the GEF-9 Replenishment
(Prepared by the GEF Trustee)**

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Financial Considerations for the GEF-9 Replenishment

I. Introduction

1. The objective of this paper is to provide Participants of the GEF-9 replenishment with additional information on the key financial considerations for the GEF-9 replenishment¹ and variables used in the GEF-9 financing scenarios. Section II presents indicative GEF-9 financing scenarios that correspond to the programming scenarios proposed by the GEF Secretariat² and reflect the estimated carryover of funds from previous replenishments, expected reflows from Non-Grant Instruments and investment income to be earned during the GEF-9 period. Details on the financing components of the GEF-9 replenishment are included in Section III. Section IV presents an update on financial terms applicable to contributions to GEF-9, including the average exchange rates, indicative encashment schedules, and discount rate to be used to calculate credits and discounts on accelerated payments.

II. Indicative Financing Scenarios

2. Three preliminary GEF-9 financing scenarios corresponding to the programming scenarios proposed by the GEF Secretariat³ for the third GEF-9 replenishment meeting are shown in Table 1 below. The three scenarios include: (i) a “Programming Envelope of USD 4.5 bn” scenario representing a decrease of 15.6% over the GEF-8 programming level; (ii) a “Programming Envelope of USD 5.33 bn” scenario representing no increase over the GEF8 programming level; and (iii) a “Programming Envelope of USD 6.0 bn” scenario which represents a 12.6% increase over the GEF-8 programming level.

3. The financing scenarios demonstrate how the programming scenarios can be achieved, based on assumptions with respect to funds to be carried over from previous replenishments, future potential investment income estimated to be earned during GEF-9 period, and expected reflows from projects under Non-Grant Instruments during GEF-9 period.

Table 1. GEF-9 Preliminary Financing Scenarios

<i>in USD millions</i>	GEF-8	GEF-9 Scenarios					
		"Programming Envelope of USD 4.5bn"	% change from GEF-8	"Programming Envelope of USD 5.3bn"	% change from GEF-8	"Programming Envelope of USD 6.0bn"	% change from GEF-8
New Resources from Contributing Participants	4,639.9	3,023.3	-34.8%	3,853.3	-17.0%	4,523.3	-2.5%
Projected Carryover from Previous Replenishment	466.0	853.7	83.2%	853.7	83.2%	853.7	83.2%
Projected Investment Income	196.8	527.3	167.9%	527.3	167.9%	527.3	167.9%
Reflows from NGI	27.3	95.7	251.2%	95.7	251.2%	95.7	251.2%
Total Replenishment Amount	5,330	4,500	-15.6%	5,330	0.0%	6,000	12.6%

¹ For more information on GEF-9 Replenishment financial arrangements, refer to documents GEF/R.9/03-Rev.1: Ninth GEF Replenishment: Overview of Financial Structure (Prepared by the Trustee) dated May 4, 2025, and GEF/R.09/10: GEF-9 Replenishment: Financial Structure (Prepared by the GEF Trustee) dated September 8, 2025.

² Refer to document GEF/R.9/14/Rev.01, GEF-9 Programming Scenarios and Global Environmental Benefits Targets.

³ Refer to document GEF/R.9/14/Rev.01, GEF-9 Programming Scenarios and Global Environmental Benefits Targets

III. Financing Components of the GEF-9 Replenishment

4. The expected resources for the GEF-9 replenishment comprise four components:

- i. *New funding from Contributing Participants.* Under the “Programming Envelope of USD 4.5 bn” scenario, Contributing Participants would be required to contribute USD 3.0 billion, representing a decrease of 34.8% from GEF-8 new Participant funding in USD terms. Under the “Programming Envelope of USD 5.33 bn” scenario, new Participant funding required would amount to USD 3.9 billion, representing a decrease of 17.0% over GEF-8 new Participant funding in USD terms. Under the “Programming Envelope of USD 6.0 bn” scenario, Contributing Participants would be required to contribute USD 4.5 billion in new funding, representing a slight decrease of 2.5% from GEF-8 new Participant funding in USD terms.
- ii. *Projected investment income.* Projected investment income for the GEF-9 replenishment period is USD 527.3 million. This projection is estimated based on the assumption of an average cash balance in the GEF Trust Fund (GEF TF) of approximately USD 4.17 billion and estimated rate of return of 3.02% per annum. The estimates are based on the GEF TF portfolio's average allocation to each of the Trust Fund Pool's (TF Pool) investment portfolios in which the GEF TF has invested. The total returns of the investment tranches are projected to keep at the level of the GEF-8 average returns, which has exhibited a stepped-up increase during the four-year period and has maintained at a historically high level since GEF-5⁴. Annex 1 provides additional details on the projected investment income calculations.
- iii. *Funds carried over from previous replenishments.* The Trustee estimates USD 853.7 million will be carried over from previous replenishments into GEF-9. This funding comprises three components:
 - *Unpaid resources.* Includes Contributing Participants' arrears and Instruments of Commitment (IoCs) that have not yet been deposited from GEF-8 and previous replenishments.
 - *Paid-in but unallocated resources.* Includes any GEF-8 paid-in resources that remain unallocated at the end of the GEF-8 replenishment period. It is estimated that approximately USD 582.5 million will carry over into GEF-9. This amount would be reviewed and updated based on actual funding approvals and additional contributions received from now through the end of GEF-8 period.

A breakdown of the Trustee's estimate of the carry-over amount based on FX rates as of October 31, 2025, is shown in Table 2 below.

⁴ Refer to GEF.C.70.Inf_.06_GEF Trust Fund Financial Report – Summary of Financial Information as of [September 30, 2025](#)

Table 2. Estimated Carryover Amount for GEF-9 (in USD millions)

	Replenishment	USD eq. million a/
1. Unpaid Resources		271.2
<i>a. Arrears</i>		239.8
Egypt	GEF-1	0.7
United States	GEF-2	88.0
Nigeria	GEF-3	0.9
United States	GEF-8	150.2
<i>b. IoCs Not Yet Deposited with the Trustee</i>		31.3
Nigeria	GEF-4	5.4
Greece	GEF-5	5.1
Nigeria	GEF-5	0.6
Portugal	GEF-5	5.1
Russian Federation	GEF-6	15.0
2. Estimated Paid-in but Unallocated GEF-8 Funding		582.5
Total Estimated GEF-9 Carryover (1 + 2)		853.7
a/ Valued on the basis of exchange rates as of October 31, 2025.		

- iv. *Reflows from Non-Grant Instrument (NGI)*. Reflows⁵ from projects under NGI that are expected during the upcoming replenishment funding period are included in the funding envelope for the replenishment. Based on NGI projects that have been approved as of October 31, 2025, a reflow of USD 95.7 million is anticipated during GEF-9 funding period, i.e., July 1, 2026 to June 30, 2030. This amount would be reviewed and updated based on new NGI projects, if any, approved in the remainder of GEF-8 period.

IV. Financial Terms of GEF-9 Contributions and Payment Procedures

Currency of Denomination and Exchange Rates

5. While the operating currency of the GEF is the US dollar (USD), the Special Drawing Rights (SDR) is used in GEF replenishments as the base currency for burden sharing⁶ purposes and to provide a common denominator for expressing the overall size of the replenishment. Contributions are typically denominated in national currencies; however, Contributing Participants' countries with high inflation rates⁷ must contribute in SDR or in USD, as agreed by the GEF-9 Participants at the first meeting of GEF-9 Replenishment in May 2025.

⁵ Since the start of GEF-8 cycle until October 31, 2025, the Trustee has received a total reflow of USD 16.8 million.

⁶ The goal of burden sharing in the GEF is to ensure adequate funding for the intended objectives, and the principles guiding a burden-sharing framework are transparency, equity and ability to pay. Burden sharing frameworks vary, over time and across institutions, based on the capacity and willingness of Contributing Participants to contribute as well as on agreement about what is an equitable distribution of financial responsibility. For some Contributing Participants, a "burden-shared" approach is important, correlating contribution levels to objective criteria (e.g., GNI per capita, prior GEF burden shares, or contributions to other international funds or organizations); for others, a burden-shared approach is less relevant, as contribution levels are driven by domestic budgetary priorities and circumstances. As such, changing budgetary circumstances and priorities of Contributing Participants may be reflected in "actual shares", which are the basic shares enhanced by additional and supplementary contributions.

⁷ Inflation as measured by the consumer price index (CPI) published on the International Monetary Fund's World Economic Outlook Database (October 2024). Countries are considered to have high inflation rates if their annual average inflation rate over the prior three years is greater than 10%. For more information, refer to paper entitled "Reference Exchange Rates for Use in the Ninth GEF Replenishment" (Prepared by the Trustee), GEF/R.9/04, April 23, 2025.

6. Contributing Participants agreed that the six-month period from July 1, 2025, to December 31, 2025, would be used as the reference period for translating the GEF-9 contributions between SDR values and national currency values. The final GEF-9 reference exchange rates, and a comparison between the GEF-9 and GEF-8 reference exchange rates are presented in Annexes 2 and 3 respectively.

Instrument of Commitment (IoC)

7. Pledges from Contributing Participants to the four-year replenishment are formalized by the deposits of IoCs with the Trustee. An IoC constitutes a legally binding obligation on the part of the Contributing Participant to pay the total amount specified to the GEF TF. Some Contributing Participants who are not able to provide legally binding IoCs for the entire replenishment period, may deposit Qualified IoCs with the Trustee, and agree to pay a part of their contribution without qualification while the remainder is still subject to enactment by their legislature of the necessary appropriation legislation. Participants who deposit qualified IoCs undertake to exercise their best efforts to obtain legislative approval for the full amount of contribution by the same payment dates applicable to unqualified IoCs as set out in a replenishment resolution.

Payment of Contributions

8. *Timing of Installments:* Contributing Participants are required to fulfill their financial commitments in four annual and equal installments by November 30 of each year of the four years of a GEF replenishment period. Upon written request, the Trustee may agree to allow a Contributing Participant to expedite the installment payment in less than the standard four installments. Alternatively, the Trustee may agree to a request to postpone the payment of any installment, or a portion of the installment, up to, but not beyond, June 30 of the calendar year following the year in which the installment is due. Payments made pursuant to these agreements with the Trustee are deemed to be timely (i.e., not in arrears).

9. *Form of payment:* Payments for each subscription can be in cash or, at the option of the Contributing Participant, by depositing in the designated GEF TF custody account, non-negotiable non-interest-bearing notes (promissory notes) or similar obligations, to be drawn down in cash (encashed) on demand by the GEF Trustee.

Payment by Promissory Notes and Notes Encashment

10. Promissory notes are payable on demand and are normally encashed (or drawn down) following the indicative encashment schedule. The Council approves the replenishment work program over the four-year replenishment period. Trustee commitments and disbursements for those same funding decisions occur over a more extended period as project activities are implemented. Accordingly, draw downs on promissory notes typically occur over the period set out in an indicative encashment schedule, which is attached to the replenishment resolution.

11. The encashment schedule, which typically extends up to ten years, is based on the projected disbursement needs of the GEF Agencies, while also taking into consideration Contributing Participants' preference for encashment levels. The resulting GEF-9 indicative (or 'standard') encashment schedule is presented in Table 3 below.

Table 3. GEF-9 Indicative Encashment Schedule

Fiscal Year	GEF-9 Indicative Encashment Schedule (%)
2027	2.0%
2028	8.0%
2029	11.0%
2030	16.0%
2031	16.0%
2032	14.0%
2033	14.0%
2034	10.0%
2035	6.0%
2036	3.0%
Total	100.0%

12. Contributing Participants who pay their installments with promissory notes, or similar obligations, can benefit from some flexibility in encashment arrangements. The Trustee may agree to encash promissory notes on a basis other than that of the indicative schedule provided the revised encashment schedule is no less favorable to the GEF TF than the indicative schedule. Additionally, at the written request of a Participant experiencing exceptionally difficult budgetary circumstances, the Trustee may permit postponement of encashment for: i) up to two years for a Contributing Participant that is also a recipient of the GEF TF; and ii) up to 45 days for all other Contributing Participants.

Payment by Cash

13. A Contributing Participant paying their installments by cash may also take advantage of the flexibility if the present value of its cash installment payments to the GEF TF is at least the same as the present value generated under the indicative schedule discussed above.

Acceleration of Payments

14. Contributing Participants can accelerate either their cash installment payments or the encashment of their promissory notes. Contributing Participants can choose to use the acceleration in either of two ways:

- i. *Reducing the actual payment amount in the currency of contribution i.e. taking a “discount”.* In this case, the present value of the contribution is maintained through a combination of accelerating the payment schedule and reducing the actual cash payment amount. Under this option, there is no impact on the SDR value of the contribution.
- ii. *Increasing the SDR value of the contribution while maintaining the actual payment amount in the currency of contribution i.e. taking a “credit”.* In this case, the present value of the contribution is increased by accelerating payment, and the burden-share can be increased, or the Contributing Participant can receive credit for a supplemental contribution. The option of selecting a credit enhances the SDR value of a contribution and can be applied to the Contributing Participant’s basic and or supplemental contribution.

15. The selection of a discount or credit (and corresponding increase in the basic or supplemental contribution amount) is generally made at the pledging session and reflected in the final contribution table attached to the replenishment resolution. If, for any reason, a Contributing Participant were to change its discount or credit decision after replenishment negotiations are completed, its burden-share and the SDR value of its contribution, and the overall size of the replenishment would be affected retroactively. As such, the discount or credit decision must be confirmed with the Trustee before the replenishment negotiations are completed. Illustrative alternative cash payment or encashment schedules can be found in Annex 4.

Discount Rate to be Used for GEF-9 Credits and Discounts Calculation

16. The amounts receivable by the GEF TF under the standard encashment schedule and an accelerated schedule should be identical in present value terms. This ensures that all Contributing Participants will contribute to the GEF-9 at their agreed level. Based on the Trustee's analysis, the discount rate of 2.3% will be used for GEF-9 credits and discounts calculation. The discount rate is derived based on the expected investment return on the USD investment portfolio in which the GEF TF resources are to be invested over the ten-year standard encashment period for the GEF-9.

17. It is important to note that the actual amounts earned in the GEF TF investment portfolio may be higher or lower than amounts credited or discounted depending on the then prevailing market conditions and actual cash balances over the disbursement horizon of the replenishment.

Annex 1. GEF-9 Investment Income Projections

GEF TF assets are invested across four of the World Bank Trust Fund’s investment model portfolios: “Model Portfolio 0 (MP0)” for short-term working capital needs, “Model Portfolio 1 (MP1)” with an investment horizon of one year, “Model Portfolio 2 (MP2)” with an investment horizon of three years, and “Model Portfolio 8 (MP8)” specifically for sustainability-themed investment with a similar risk return profile as MP2. MP1 and MP2 aim to optimize investment returns subject to capital preservation with a high degree of confidence (based on statistical models) over the respective investment horizons.

During the first two years of GEF-8, due to a series of sharp policy rate increases by the Fed, longer-duration assets were more adversely impacted while short-term assets fared better due to their lower exposure to interest rate volatility. Hence, MP2, which is designed for longer investment horizons, have relatively underperformed MP0 and MP1. However, over the longer term, MP2 tends to outperform in general, while having to sustain a relatively higher short-term return volatility.

During GEF-8 and previous replenishment cycles, more than 70% of the GEF TF assets are invested in MP2 with the remaining balance split between Model Portfolios 0, 1 and 8. For the purposes of estimating investment income for the GEF-9 period, the GEF TF portfolio's average allocation across the TF Pool investment portfolios (i.e., 73% in MP2, 10% in MP8, 9% in MP1, and 8% in MP0) is assumed to remain constant over the GEF-9 replenishment period.

Table 4 below presents the projected balance and allocation between Model Portfolios, average projected rate of return by Model Portfolio and the total projected return over the GEF-9 period.

Table 4: GEF-9 Projected Investment Income

<i>Projected Balance (USD million)</i>	
Model Portfolio 0	311.21
Model Portfolio 1	377.65
Model Portfolio 2	3,064.30
Model Portfolio 8	420.84
Total	4,174.00
<i>Projected rate of return (%)</i>	
Model Portfolio 0	3.81%
Model Portfolio 1	3.80%
Model Portfolio 2	2.96%
Model Portfolio 8	3.57%
Total	3.02%
<i>Projected Investment Income (USD million)</i>	
Model Portfolio 0	47.44
Model Portfolio 1	57.39
Model Portfolio 2	362.37
Model Portfolio 8	60.10
Total Projected GEF-9 Investment Income	527.30

Annex 2. Average Exchange Rates from July 1 to December 31, 2025

<u>Currency</u>	<u>Currency Name</u>	<u>National Currency vs. SDR</u>
AUD	Australian Dollar	2.08467
BRL	Brazilian Real	7.40462
CAD	Canadian Dollar	1.89312
CHF	Swiss Franc	1.09251
CNY	Chinese Yuan	9.72873
CZK	Czech Koruna	28.56128
DKK	Danish Krone	8.74561
EUR	Euro	1.17138
GBP	Pound Sterling	1.02030
INR	Indian Rupee	120.47847
JPY	Japanese Yen	205.98911
KRW	Korean Won	1937.26090
MXN	Mexican Peso	25.22949
NGN	Nigerian Naira	2032.45880
NOK	Norwegian Krone	13.79368
NZD	New Zealand Dollar	2.34288
PKR	Pakistan Rupee	386.54271
RUB	Russian Ruble	109.62266
SEK	Swedish Krona	12.92895
TRY	Turkish Lira	56.70363
USD	United States Dollar	1.36572
XOF	West African CFA Franc	768.37466
ZAR	South African Rand	23.74298

Annex 3. Reference Exchange Rates for the GEF-9 (based on average rates from July 1 to December 31, 2025) and GEF-8 In Comparison

Currency	Currency Name	National Currency vs. SDR			National Currency vs. USD		
		GEF-9 ^{a/}	GEF-8 ^{b/}	Change %	GEF-9 ^{a/}	GEF-8 ^{b/}	Change %
AUD	Australian Dollar	2.08467	1.93177	(7.92)	1.52647	1.36692	(11.67)
BRL	Brazilian Real	7.40462	7.63262	2.99	5.42175	5.40170	(0.37)
CAD	Canadian Dollar	1.89312	1.78061	(6.32)	1.38621	1.25991	(10.02)
CHF	Swiss Franc	1.09251	1.30043	15.99	0.79997	0.92014	13.06
CNY	Chinese Yuan	9.72873	9.09044	(7.02)	7.12354	6.43163	(10.76)
CZK	Czech Koruna	28.56128	30.96652	7.77	20.91348	21.91269	4.56
DKK	Danish Krone	8.74561	9.05179	3.38	6.40387	6.40541	0.02
EUR	Euro	1.17138	1.21707	3.75	0.85773	0.86125	0.41
GBP	Pound Sterling	1.0203	1.03677	1.59	0.74712	0.73365	(1.84)
INR	Indian Rupee	120.47847	105.29648	(14.42)	88.218	74.50513	(18.41)
JPY	Japanese Yen	205.98911	158.10228	(30.29)	150.83834	111.87671	(34.83)
KRW	Korean Won	1937.2609	1655.87503	(16.99)	1418.5793	1171.70195	(21.07)
MXN	Mexican Peso	25.22949	28.81616	12.45	18.47354	20.39192	9.41
NGN	Nigerian Naira	2032.4588	581.65548	(249.43)	1488.13457	411.54776	(261.59)
NOK	Norwegian Krone	13.79368	12.35810	(11.62)	10.10023	8.74447	(15.50)
NZD	New Zealand Dollar	2.34288	2.02601	(15.64)	1.7156	1.43361	(19.67)
PKR	Pakistan Rupee	386.54271	239.39090	(61.47)	283.03231	169.41881	(67.06)
RUB	Russian Ruble	109.62266	103.28216	(6.14)	80.26661	73.07779	(9.84)
SEK	Swedish Krona	12.92895	12.36790	(4.54)	9.46702	8.75208	(8.17)
SDR	Special Drawing Rights	1	1.00000	-	0.73223	0.70758	(3.48)
TRY	Turkish Lira	56.70363	13.94732	(306.56)	41.52074	9.88123	(320.20)
USD	United States Dollar	1.36572	1.41334	3.37	1	1.00000	-
XOF	West African CFA Franc	768.37466	798.34680	3.75	562.63288	564.94236	0.41
ZAR	South African Rand	23.74298	21.22680	(11.85)	17.38504	15.02284	(15.72)

a/ As agreed by the Contributing Participants during the first GEF-9 replenishment meeting in May 2025, the reference exchange rate to convert the SDR amount to the national currency will be the average daily exchange rate over the period from July 1, 2025, to December 31, 2025.

b/ As agreed by the Contributing Participants at the April 2021 GEF-8 replenishment meeting, the reference exchange rate to convert the SDR amount to the national currency will be the average daily exchange rate over the period from July 1, 2021, to December 31, 2021.

Annex 4. Illustrative Alternative Cash Payment or Encashment Schedules for GEF-9

(Percent of Total Contributions)

GEF-9 Financial Arrangements and Valuation of Payments from Contributing Participant				
Fiscal Year	GEF-9 Standard Schedule	Examples of Accelerated Schedules a/		
		Over 6 years	Over 4 years	One payment
2027	2.0	10.0	25.0	100.0
2028	8.0	16.0	25.0	
2029	11.0	20.0	25.0	
2030	16.0	24.0	25.0	
2031	16.0	20.0		
2032	14.0	10.0		
2033	14.0			
2034	10.0			
2035	6.0			
2036	3.0			
Face value of contribution	100.0	100.0	100.0	100.0
Discount rate (%) b/	2.27%	2.27%	2.27%	2.27%
NPV equivalent	88.67	92.33	94.57	97.78
		<i>% of face value</i>		
Discount c/		3.96%	6.24%	9.32%
Credit d/		4.12%	6.66%	10.27%

a/ The above schedules are provided for illustration purposes only.

b/ A discount rate of 2.27% is based on an estimate of the long-term USD-based return on investment. Actual returns will naturally depend on cash balances and market conditions over the replenishment period.

c/ If a Contributing Participant chooses to use an accelerated cash payment or encashment schedule and take a discount, the discount amount may be deducted from the face value of the contribution to reduce the payment amount in national currency.

d/ If a Contributing Participant chooses to use an accelerated cash payment or encashment schedule and take credit, the credit amount may be added to the face value of the contribution to enhance the value of the SDR contribution.