

52nd GEF Council Meeting
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UPDATE ON GEF-6 RESOURCE AVAILABILITY

TABLE OF CONTENTS

Introduction	3
Update on Resources Available for Programming in GEF-6	3
Status of GEF-6 Programming.....	4
Next Steps	4
Annex 1: Projected Resource Envelope as of April 25, 2017	6

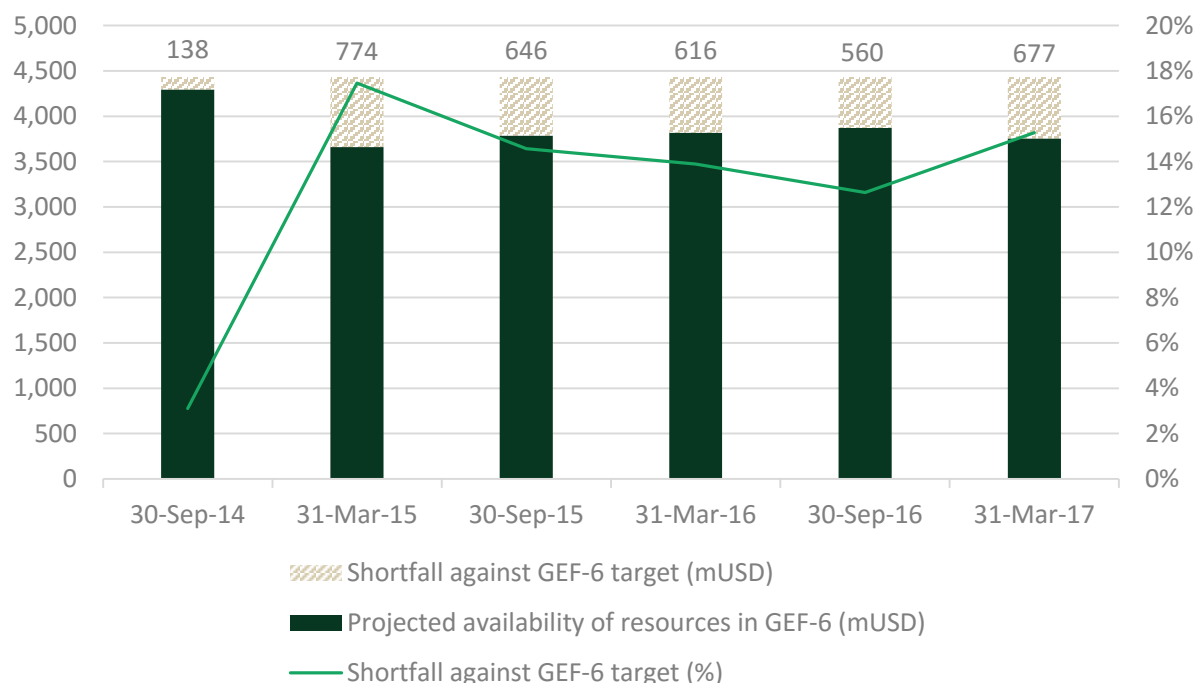
INTRODUCTION

1. Taking note of the decline in the projected availability of funds as measured against the GEF-6 replenishment target, the Council, at its 50th meeting in June 2016, requested the Secretariat to propose measures to support effective resource use during the remainder of replenishment period (*Joint Summary of the Chairs: 50th GEF Council Meeting, June 7–9, 2016*). At its 51st meeting in October 2016, the Council, having reviewed document GEF/C.51/04, *Update on GEF-6 Resource Availability*, agreed that “the Secretariat undertake programming aiming to maintain the balance among the original allocations in the GEF-6 replenishment decision, assisting least developed countries and small island developing states in accessing resources, and supporting core obligations to the conventions for which the GEF is a or the financial mechanism” (*Joint Summary of the Chairs: 51st GEF Council Meeting, October 25–27, 2016*). The Council further requested the Secretariat to “provide updates on the projected indicative shortfall at subsequent Council meetings” (*Highlights of the Council’s Discussions: 51st GEF Council Meeting, October 25–27, 2016*). This paper provides an update on GEF-6 resource availability as of March 31, 2017.

UPDATE ON RESOURCES AVAILABLE FOR PROGRAMMING IN GEF-6

2. The US dollar has appreciated significantly against all major currencies since reference exchange rates were set for GEF-6. As a result, the Trustee has projected an overall envelope of resources available through the end of the GEF-6 period of USD 3,757 million as of March 31, 2017. This represents a shortfall of USD 677 million or 15% measured against the replenishment target of USD 4,434 million. The below chart presents the evolution of the projected shortfall since September 2014.

Chart 1: Projected availability of resources in GEF-6 against the replenishment target
(US\$ million)



3. As illustrated above, the magnitude of the projected shortfall is shifting continually with changes in the value of the US dollar against other major currencies.

STATUS OF GEF-6 PROGRAMMING

4. With the funds requested for the May 2017 Work Program, total GEF-6 utilization would reach USD 2,679 million or 60% of the original target envelope of USD 4,434 million. With a projected shortfall of USD 677 million as of 31 March 2017, utilization would reach 71% of the projected resources available for programming in GEF-6. Annex 1 presents the utilization rate and revised targets for each GEF-6 programming line, based on the projected funds available, and taking into account the Council's decision to maintain the balance among the original allocations in the GEF-6 replenishment decision, and the need to secure adequate funding to support core obligations under the conventions for which the GEF is a or the financial mechanism.

NEXT STEPS

5. The Secretariat will continue to take stock of resource programming across the different focal areas and themes, including the use of STAR allocations, and work with Agencies and countries to ensure that programming proceeds in accordance with the approach set out in the Council's decision at its 51st meeting (see Paragraph 1 above).

6. The Secretariat and the Trustee will work together to ensure that programming is based on accurate and up-to-date projections of the funds available.
7. To address the risk of a major, exchange rate -related shortfall in the future, the Trustee is in the early stages of a comprehensive review of the possibility of setting up an FX Hedging program for the GEF Trust Fund (GEF/R.7/Inf.03, *Financial Status of the GEF Trust Fund*).
8. In accordance with the Operational Procedures for STAR, the Secretariat sent on December 31, 2016 a formal notification to all countries reminding them that they have twelve months to submit all their project concepts for consideration and potential funding under GEF-6. For the final GEF-6 Work Program in 2018, the CEO may – if necessary – reallocate any unused STAR resources within focal areas, and propose to the Council any reallocation of unused STAR resources across focal areas. (GEF/C.46/05/Rev.01, *Proposal for the System of Transparent Allocation of Resources [STAR] for GEF-6*)

ANNEX 1: PROJECTED RESOURCE ENVELOPE AS OF MARCH 31, 2017

Focal area/Theme	Original GEF-6 Targets (US\$ million)	Total Utilizations including May 2017 WP against Original Targets (US\$ million)	Utilization Percentage against Original Targets	Remaining against Original Targets (US\$ million)	Revised Targets, US\$3,757 million	Utilization Percentage against Revised Targets	Percentage Reduction of Targets	Absolute Reduction of Targets (US\$ million)
Biodiversity Country Allocation	1,051	570	54%	481	849	67%	19%	202
Biodiversity Set-Aside	50	20	41%	30	50	41%	0%	-
Climate Change Country Allocation	941	498	53%	443	760	66%	19%	181
Climate Change Set-Aside	189	78	41%	111	189	41%	0%	-
Land Degradation Country Allocation	346	203	59%	143	280	72%	19%	66
Land Degradation Set-Aside	25	8	33%	17	25	33%	0%	-
Chemicals and Waste	554	366	66%	188	448	82%	19%	106
International Waters	456	229	50%	227	368	62%	19%	88
Non Grant Pilot	110	100	91%	10	100	100%	9%	10
Country Support Program (CSP)	23	12	52%	11	23	52%	0%	-
Cross Cutting Capacity Development (CCCD)	34	26	77%	8	27	95%	19%	7
Small Grant Programme	140	140	100%	-	140	100%	0%	-
SFM Program	230	213	93%	17	213	100%	7%	17
IAP-Commodities	45	45	99%	0	45	99%	0%	-
IAP-Cities	55	55	100%	0	55	100%	0%	-
IAP-Food Security	60	56	93%	4	60	93%	0%	-
Corporate Budget	125	61	49%	64	125	49%	0%	-
TOTAL GEF-6 Replenishment	4,434	2,679	60%	1,755	3,757	71%	15%	677