

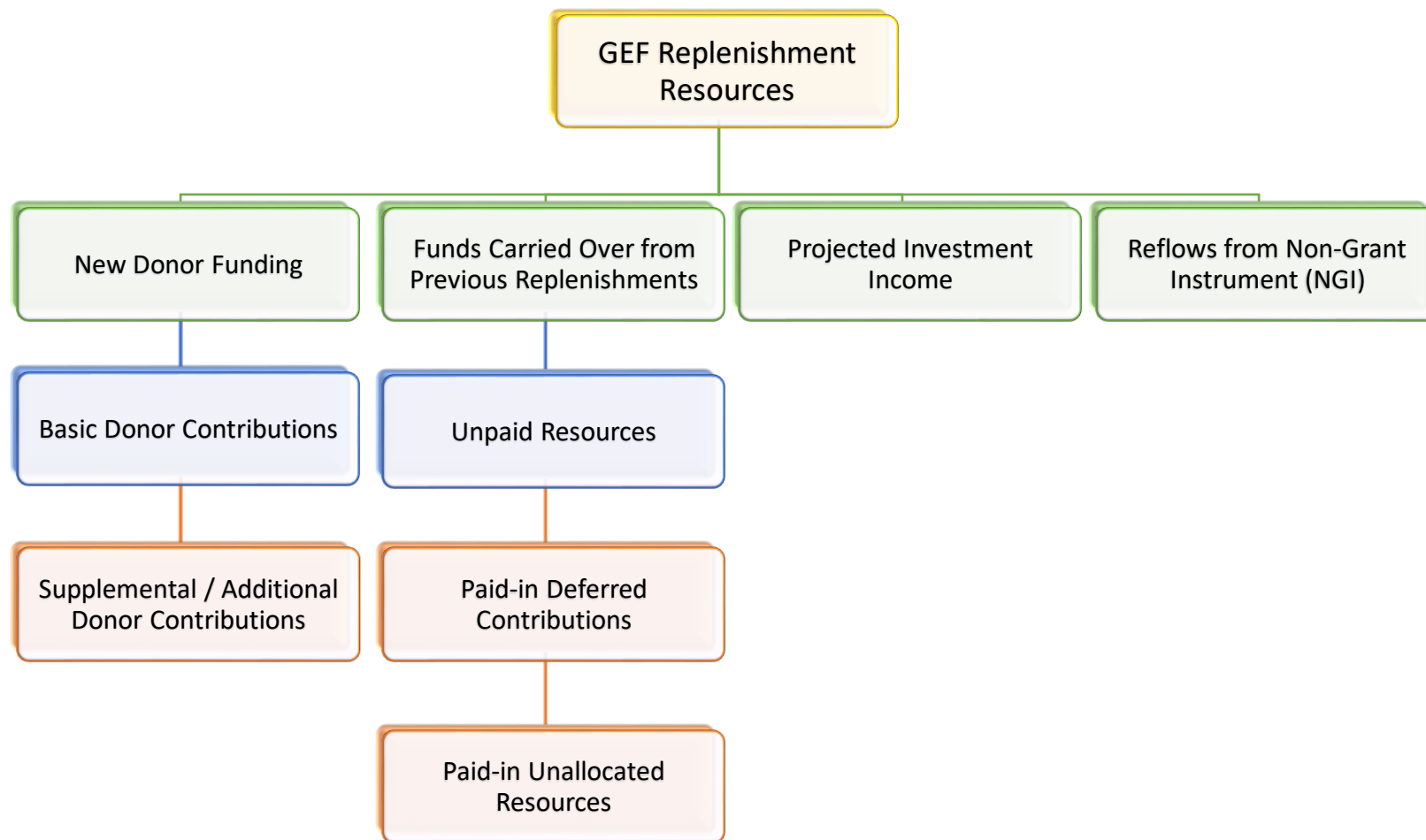
# GEF-8 Replenishment: Overview of the Financial Structure (GEF/R.8/04)

- First Meeting of the Eighth Replenishment of the GEF Trust Fund
- April 22-23, 2021
- Prepared by the GEF Trustee



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# GEF Replenishment Resources





# New Funding From Donors

- Burden-Sharing Framework serves as a guiding mechanism to share financial responsibility of a multilateral effort
- Goal is to ensure adequate financial resources for the replenishment cycle
- Based on principles of: **Equity, Transparency, and Ability to Pay**
- Donors initially used IDA10 shares as a benchmark
- Over the years, donors have adjusted as per their individual circumstances.
- Contributions to the GEF are typically pledged in national currencies
- Reference exchange rates are used to translate pledged amounts between national currency values and SDR values



## Timing

- Four Annual Installments by November 30<sup>th</sup> each year

## Donor Pledges

- Pledges formalized by deposit of an Instrument of Commitment

## Form of Payment

- Cash or Promissory Notes payable on demand

## Encashments

- Based on form of payment, a 4-year or 10-year encashment schedule

# Carryover of Resources

## Unallocated Resources

- Uncommitted Resources from previous replenishment (GEF-7) will be carried over the GEF-8
- Will be known towards the end of GEF-7 cycle

## Unpaid Resources

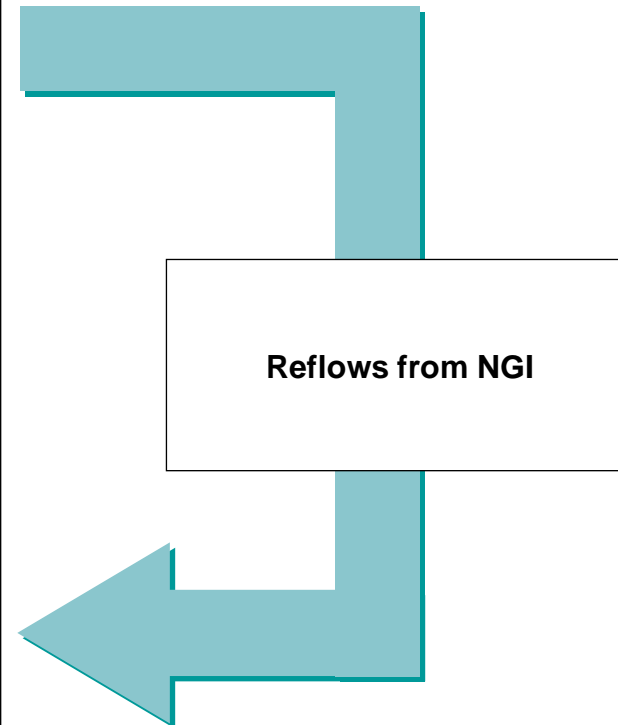
- IoCs for previous replenishments not deposited with the Trustee
- Resources in arrears, for which the IoCs have been deposited but resources remain to be paid-in to the GEF TF

## Deferred Resources

- Donor's right to defer the use of resources already contributed.
- Based on provisions established in the Replenishment Resolution

# Reflows from Non-Grant Instrument

- NGI provides concessional non-grant resources to private and public sector entities
- Helps demonstrate impact of innovative financing mechanisms to combat global environmental degradation
- Resources provided under the NGI Instrument 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
- Some NGI types deployed under GEF include equity, junior equity, Guarantees, Subordinated debt, and Reimbursable grants





# GEF-8 Replenishment: Reference Exchange Rates (GEF/R.8/03/Rev.01)

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- April 22-23, 2021
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# Reference Exchange Rates for GEF-8

(Ref: Document GEF/R.8/03/Rev.01)



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- Participants pledge contributions to the GEF typically in national currencies
- Operating currency of the GEF is USD; SDR is used in replenishments for burden sharing purposes and to provide a common denominator for expressing the overall size of the replenishment
- Reference exchange rates are used to translate pledged amounts between national currency values and SDR values
- Principles:
  - Time period should exclude known exchange rates to the extent feasible and is as close as possible to the pledging meeting
  - End date should allow sufficient time prior to preparation of pledging documents
  - Minimize distortions from short-term currency fluctuations



# Reference Exchange Rates for GEF-8

(Ref: Document GEF/R.8/03/Rev.01)

## FOR DECISION:

1. Reference time period for translating GEF-8 contributions between national currency values and SDR values will be:  
[July 1 – December 31, 2021](#)
2. Contributing Participants with average annual inflation rates greater than 10% during the three calendar years preceding the GEF-8 replenishment (2018 – 2020) [shall denominate their contributions to GEF-8 in SDR or USD](#)



A young evergreen sapling with vibrant green needles grows from a thick, textured carpet of moss on a forest floor. The background is a soft-focus view of a dense forest with more trees and foliage, creating a sense of depth and tranquility. The lighting is natural, highlighting the textures of the moss and the fresh green of the sapling.

**Thank you.**