



# Global Environment Facility

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GEF Council  
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## SUMMARIES OF THE FIRST AND SECOND MEETINGS OF THE SECOND GEF REPLENISHMENT



# Global Environment Facility

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**SUMMARY OF THE CO-CHAIRS  
SECOND GEF REPLENISHMENT  
SECOND MEETING  
PARIS, SEPTEMBER 4, 1997**

1. The second meeting on the second replenishment of the Global Environment Facility (GEF) was opened by the Co-chairs: Hiroo Fukui, Vice President of the World Bank as Trustee of the GEF Trust Fund and Mr. Mohamed T. El-Ashry, Chief Executive Officer/Chairperson of the Facility.
2. Twenty eight countries participated in the replenishment discussions, while a number of GEF participant countries and potential donors attended the discussions as observers. the meeting adopted an agenda covering:
  - GEF Programming of Resources
  - Burden Sharing
  - Other Business
3. The meeting reiterated its strong support for a solid and timely replenishment of the GEF as the principal financing mechanism for the global environment and for assisting in the implementation of the Framework Convention on Climate Change and the Convention on Biodiversity. The donors aim to conclude the negotiations by late 1997 or early 1998. They welcomed the strong support for the GEF that characterized the recent United Nations Special Session. They also welcomed and urged a reinforcing of the continuing process of broadening the donor base of the GEF as an important signal of international cooperation in addressing global environmental challenges.

## **GEF PROGRAMMING OF RESOURCES**

4. Donors indicated that the programming paper provided a good basis for discussing the second GEF replenishment. They welcomed the discussion of the

demand and absorptive capacity factors that will impact future programming of GEF resources. The meeting emphasized the need for the GEF to enhance its ability to leverage other funds in its future programming.

5. On the question of the size of the replenishment, while a few donors favored an accelerated program, most donors were in favor of an approach which would focus future discussions near the lower end of the programming range of \$2.5 - \$3.5 billion presented in the programming paper. This view stressed that a steady growth path of 13-15% per annum would be consistent with the current absorptive capacity of countries and donors. It was also noted that this rate of program expansion would permit the fullest attention to project quality. A number of donors indicated that global environmental concerns justified a more accelerated GEF programming expansion that would require an overall replenishment level at either the middle or the top end of the funding range under discussion.
6. Mr. El-Ashry provided the latest information on the two evaluation studies currently under way. He reported that all country study teams have completed their field missions and have started to draft their findings. The evaluation reports are expected to be ready in draft by the time of the next Council and replenishment meetings in early November and finalized in early 1998 in time for the April 6-8 Assembly meeting in New Delhi. Donors indicated that the outcome of those studies would be a key input in final replenishment considerations.

## **BURDEN SHARING**

7. Mr. Fukui welcomed Nigeria as the latest donor to join this replenishment process and encouraged others who are observing the meeting to decide as soon as possible on their participation in the replenishment. He reminded the meeting that contributions from new donors would help broaden the financial support for the GEF and have important implications for other international fora, including the climate change convention meeting in Kyoto. Mr. Fukui then invited countries wishing to do so to provide an update on the status of their arrears to the GEF:

*Italy* indicated that the situation was similar to that in March of this year. The bill authorizing the contribution to GEF-1 was passed in the Senate and is being considered by the Lower House. It is expected to pass soon and thus become law at which point Italy would be able to clear all its arrears and, early next year, make its payment of the fourth tranche which will be due later this year.

*Brazil* indicated it is working to clear its arrears to the pilot phase and is expecting to make some payments in this regard in 1997 and 1998. Brazil also indicated that it is working on getting approval from its Congress for its pledge to GEF-1.

*Argentina* indicated that the government is committed to clearing its arrears. In this respect, it is in the midst of finalizing the paper work in order to formalize its commitment to GEF-1 and is expecting to complete this in the next two weeks and to be up-to-date with its payments as soon as possible.

*The United States* indicated its intention and continued efforts to clear its arrears to GEF-1 over the three-year period from FY 1998-2000. The administration submitted a request for \$100 million for FY98. It also informed the meeting that against this \$100 million request, the Senate had recommended a level of \$60 million, and the House \$35 million. The final outcome is likely to be a number somewhere between these two. Under this scenario, the US arrears would increase further in the near term.

8. On burden sharing, a consensus emerged that scenarios should be developed based on GEF-1 basic burden shares (excluding recipient country donors), as the starting point. Donors noted their commitment to work flexibly and constructively to fund the replenishment on this basis. Several donors emphasized that they were willing to agree to this approach to ensure a timely completion of this replenishment, even though in their view it does not embody the greatest degree of fairness and asked that it be recorded that the Adjusted GNP shares formula more properly reflects such fairness. Donors also noted that outstanding arrears must be resolved in the context of this replenishment.
9. Concerning the participation of potential donors, the Co-chairs agreed to again invite these donors individually to participate in the replenishment. Donors were also urged to make direct contact with potential donors, where appropriate, to encourage their participation.
10. The GEF-1 replenishment was denominated in SDRs. Several donors noted that it was important that the GEF-2 replenishment also be denominated in SDR equivalents to modulate the effects of currency shifts. It is understood that many donors will pledge in their local currency.
11. The next replenishment meeting will take place in Washington, D.C. on November 7, 1997.

