

**FIRST MEETING
FOR THE EIGHTH REPLENISHMENT OF RESOURCES
OF THE GEF TRUST FUND
APRIL 22-23, 2021
SUMMARY OF THE CO-CHAIRS**

The first meeting of Participants for the GEF-8 Replenishment was held virtually on April 22-23, 2021. The meeting was co-chaired by Akihiko Nishio, Vice President, Development Finance, World Bank and Carlos Manuel Rodriguez, CEO and Chairperson, GEF.

Contributing Participants were joined by non-donor recipient country Participants representing Africa, Asia, Eastern Europe, Latin America and Caribbean, and Small Island Developing States (SIDS), observers from the GEF Agencies, two NGO/CSO observers representing donor and recipient country-based NGOs/CSOs respectively, two representatives from the private sector, and a representative from the Green Climate Fund (GCF) and the Adaptation Fund (AF). Representatives from the five global environmental Conventions for which the GEF serves as a financial mechanism also attended the meeting as observers.

Mr. Rodriguez opened the meeting by welcoming all Participants to the first meeting for the Eighth Replenishment of the GEF Trust Fund. He noted that the first day of the meetings was Earth Day that represented the best day to embark on the replenishment journey together. He further called for collective action to address the health of the planet as environmental threats including climate change, biodiversity loss, chemical pollution, and pressure on forests, oceans, landscapes, and wildlife will continue to negatively impact human development, livelihoods, and justice. Mr. Rodriguez emphasized the GEF's mandate which spans across major international agreements and its unique position to lead on addressing inter-related threats to nature and human health. Referring to the current COVID-19 crisis, Mr. Rodriguez called for a recovery that is green, blue, clean, and resilient. He noted the high ambitions for GEF-8 and that a successful, and scaled up GEF-8 will be critical to the achievement of global environmental ambitions and needs over the coming decade.

His Excellency Mr. Mohammad Mahmood Abubakar, Minister of Environment for Nigeria joined the opening session and welcomed the Participants. He underlined the global threats to the environment including the ongoing COVID-19 pandemic that serves as a stark reminder of the conflict between nature and economic systems. He noted that the pandemic has had profound impact on food security and livelihoods across Africa which in turn has undermined the fragile relations between people and the natural environment. Mr. Mohammad highlighted that the importance of the work of the GEF has never been more urgent, and it is nowhere more critical than on the African continent where the environment is intertwined with the livelihoods and healthy environmental systems are vital for achievement of all the Sustainable Development Goals. He noted that GEF is uniquely placed to target the root causes of inter-related threats to the environment, and the African continent can once again count on this strength for a transformative programming framework during the 8th replenishment phase. Mr. Mohammad highlighted the importance of maximizing opportunities to support integrated approaches through the GEF-8

replenishment which will allow achievement of multiple objectives, encourage greater collaboration, and increase cost-effectiveness in implementation. He noted that a scaled up GEF-8 will be critical to the achievement of global environmental ambitions and delivering on SDGs as well as needs of countries like Nigeria and more transformative change across the African continent.

His Excellency Lord Zac Goldsmith, Minister for Pacific and the Environment at the Foreign, Commonwealth, and Development Office and the Department for Environment, Food and Rural Affairs, United Kingdom followed with his opening remarks. He welcomed the participants and emphasized the relevance of GEF in addressing the threats to the environment, societies, and most vulnerable including Indigenous Peoples and Local Communities. Lord Goldsmith highlighted Costa Rica as a great example. He iterated the importance of nature and its restoration that hold a large and central part of the solution to address climate change and biodiversity loss. He further called for reforming the economic systems (food, energy, urban, etc.) to include nature-based solutions as part of the way forward. Lord Goldsmith urged the need for increased financial resources from all sources, public, private, and domestic resources, including a renewed collaboration between public and private sector. He highlighted that nature is the center of sustainable development as noted in the Dasgupta Review and underscored the importance of GEF's leadership role.

Seventh Comprehensive Evaluation of the GEF (OPS-7)

The GEF Independent Evaluation Office (IEO) presented the preliminary findings of the Seventh Comprehensive Evaluation of the GEF, which is currently under way. First, OPS-7 confirms that the GEF continues to work well and be very relevant to serve the Conventions and its mandate to deliver global environment benefits. Over 80% of projects are satisfactory in terms of final outcome ratings, and the portfolio shows a 62% sustainability rating, which is comparable to other agencies. When taken in context, the sustainability rating is in the range of similar entities as the GEF and ratings for projects subject to post-completion evaluation show further improvements. The emerging findings of the Integrated Approaches that has increasingly dominated GEF programming in recent cycles are generally positive. Early results indicate that the Integrated Approaches tackle the main drivers of environmental degradation and this new model also addresses the objectives of multiple Conventions as well as national priorities. The evaluation demonstrates the GEF as a learning institution and verifies that the stakeholder platforms have fostered knowledge exchange and capacity-building across the partnership. There is room for improvement, and some of this can be achieved through better coordination and improved results reporting between global coordination projects and the set of child projects in a given program.

In terms of GEF's support to countries, three strategic cluster evaluations were performed and indicate a need to focus on sustainability in LDCs, SIDS, and African countries. The Country Support Program (CSP) was also evaluated and found to have been successful at helping countries access GEF resources; moving forward, the CSP can be even more effective by articulating its programming around a strategic framework and improving efficiencies.

The work of the GEF on innovation and with the private sector has also shown progress. Many good examples of this work exist while certain hurdles remain to fully unlock the potential of the public-private partnership.

Finally, on institutional governance, progress is seen on gender inclusion, stakeholder engagement and the involvement of indigenous peoples, and the GEF's work on environmental and social safeguards. We heard clearly from IEO and from Participants the importance of harnessing knowledge and learning across the Partnership: building on the considerable work done so far, a consultative process has been launched to develop a Knowledge and Learning Strategy for GEF-8. In conclusion, the GEF is more relevant than ever in all environmental sectors under its mandate. The GEF has served its mandate and the Conventions very well.

Participants received the IEO presentation favorably and had questions that centered around the Integrated Approach results, the role of the Private Sector, and access to the NGI window of financing. Other questions and comments were more specific to individual studies on mainstreaming of Biodiversity and the monitoring of those investments in terms of indicators, or the absence thereof. Participants requested the IEO to provide more information on the Climate Change and Land Degradation results in the final OPS7. Many Participants expressed concern over the support to LDCs, SIDS and Fragile countries as well as ensuring open and transparent access to all programs to all countries. Finally, a few Participants inquired about the GEF's comparative advantage vis-à-vis GCF, CIF and others, as well as how the GEF Secretariat will work towards increasing the sustainability of projects over time.

Programming Priorities:

Participants welcomed the comprehensive programming directions. The discussion centered on the proposed programming approach through Integrated Programs (IPs) complemented by Focal Areas. Participants recognized integration as a comparative advantage of the GEF. Participants acknowledged the need to achieve maximum impact and to reduce fragmentation, with a view to achieving greater value for money while, at the same time, recognizing the GEF's many strengths, including the GEF's broad mandate and ability to deliver integrated solutions and achieving multiple benefits. Most Participants expressed strong support for the proposed set of Integrated Programs as the main delivery model for high impact and multiple benefits for GEF-8. The mainstreaming of Integrated Programming was seen as a valid and worthwhile focus and one that can help with the transformational goal that the GEF is proposing. Participants also mentioned the need for the IPs to clearly deliver on the Convention commitments through clear results.

In addition, several Participants noted the GEF's role in supporting innovation and providing catalytic funding and support and welcomed the efforts of the GEF in seeking synergies with other funds, including the GCF. Many Participants also supported the work and strategies developed to engage with the Private Sector.

Policy Priorities

Most Participants indicated support for proposed reforms to STAR Framework, changes to the Country Support Program and Small Grants Program and requested further analysis on: concentration among Agencies, sustainability and measurement of results, risk management, and adequacy of GEF safeguards in respect of human rights and fragile and conflict-affected countries. Participants supported a focus on implementation of GEF policies, including identification of areas for simplification of GEF processes.

Financial matters

The Trustee provided an overview of the financial structure for the GEF-8 replenishment, outlining the replenishment process and financing modality to receive contributions. Participants noted and appreciated the clear outline of the financial structure of GEF-8. Some Participants requested additional clarification on burden sharing approaches. Participants stressed the need to broaden the donor base given the constrained aid budgets and rising national debts and requested the Trustee to continue its efforts to reach out to potential new and past donors to the GEF. Some Participants urged the Trustee to prepare a set of financing scenarios for the second meeting of GEF-8 reflecting the greater ambition for GEF-8. Participants also requested the consideration of responsible investing strategy in the GEF-8 financial structures.

The Trustee would engage, as needed, in bilateral discussions with Contributing Participants to clarify and review among other aspects, the use of burden sharing approaches for GEF-8 to meet their specific conditions and needs. The Trustee would continue to reach out to potential donors to the GEF and also review the possibility of accepting contributions from non-sovereign entities recognizing the provisions of the GEF Instrument. The Trustee would continue to report the status of implementation of SRI strategy in the Trustee report to the GEF Council meeting in June 2021.

The Trustee also introduced the paper on the reference exchange rates to be used in the GEF-8 replenishment to translate amounts pledged in national currencies into SDR values (SDR is used in replenishments for burden sharing purposes and to provide a common denominator for expressing the overall size of the replenishment). Trustee presentation was well received by Participants. The two items for decision were as follows: (i) the reference time period for translating GEF-8 contributions from national currency values into SDR values will be July 1 – December 31, 2021; and (ii) Contributing Participants with average annual inflation rates greater than 10% during the three calendar years preceding the GEF-8 replenishment (2018 – 2020) will denominate their contributions to GEF-8 in SDR or USD.

Most Participants agreed with the proposed criteria and principles to determine the reference time period for translating GEF-8 contributions from national currency values into SDR values. One Participant suggested using a time period much closer to the pledging session than the proposed period. The Trustee highlighted the rationale behind the proposed reference period as noted in Reference Exchange Rates document and explained the importance of having the exchange rates available to the Trustee in order to prepare funding scenarios for consideration of the Participants in time for the third meeting in January 2022.

In summary, Participants agreed with the proposed recommendation that the reference time period for GEF-8 would remain six months beginning July 1, 2021 and ending December 31, 2021, and those countries that experience an average annual inflation rate in their economies exceeding 10% over the years 2018-2020 would denominate their GEF-8 contributions in either SDR or USD (operating currency of the GEF trust fund).

Next Steps

In preparation for the next replenishment meeting on September 29 - October 1, 2021, the GEF Secretariat and Trustee will:

- Continue developing the GEF-8 documents explicitly responding to the issues raised by Participants as summarized above, taking into account the ongoing work of the IEO;
- Engage with all stakeholders, including Convention Secretariats, Agencies, and other partners to facilitate strong engagement in GEF-8;
- Develop the financing structures for GEF-8 based on inputs and guidance from Participants and present it for adoption at the next GEF Replenishment meeting, aligning with the evolving GEF-8 programming priorities.

Participants are requested to submit written comments on the GEF-8 Programming Directions document by May 28th to guide the preparation of the updated version for presentation at the second meeting in September 2021.

The teams will continue to engage with the GEF-8 Participants virtually through other forums and bilateral meetings between now and the second meeting of the GEF-8 replenishment.