



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

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GEF-7 REPLENISHMENT

ADDENDUM TO FREQUENTLY ASKED QUESTIONS AND SUMMARY OF MODALITIES:

CLARIFICATION NOTE TO PROGRAMMING DIRECTIONS DOCUMENT

(PREPARED BY THE SECRETARIAT)

Clarification Note to Programming Directions Document

1. This note responds to questions for clarifications that have arisen regarding the Summary of Financing Scenarios, Table 2.1, as it relates to the Operational Guidance on pages 143-144. In particular, the original Table 2.1 may inadvertently have given the impression that funding for Impact Programs has been pre-allocated and hence is not available for STAR country allocations. This is not the case—all programming of STAR allocations, whether for impact programs or for other programming, is determined by country demand. To reduce the risk of misunderstandings in this regard, the revised table 2.1 below shows all STAR allocation on one row. For example, the Biodiversity Focal Area total allocation in the Status Quo scenario of US\$1,412M is the sum of STAR country allocation of US\$1,124M, and Set-aside of US\$287M (which in turn, as has been the case since GEF-5, is made up of Convention Obligations (US\$50M), Global/Regional Programs (US\$40M) and Incentives for Integrated Programming (US\$197M)). (Totals may be off slightly due to rounding)

Table 2.1. Summary of Financing Scenarios: Status Quo and Increased Support
(in Millions of USD)

			Status Quo	Increased Support
	GEF-5	GEF-6	GEF-7	GEF-7
Biodiversity Focal Area	1,210	1,296	1,412	1,580
1. STAR country allocations	968	1,051	1,124	1,267
2. Set-aside	242	245	287	313
- <i>Convention Obligations</i>	60	13	50	50
- <i>Global/Regional Programs</i>	52	37	40	40
- <i>Incentives to Integrated Programming</i>	130	195	197	223
Climate Change Focal Area	1,360	1,260	842	905
1. STAR country allocations	1,088	941	514	559
2. Set-aside	272	319	328	345
- <i>Convention Obligations</i>	80	130	120	120
- <i>Global/Regional Programs</i>	92	59	80	80
- <i>Incentives to Integrated Programming</i>	100	130	128	145
Land Degradation Focal Area	405	431	533	603
1. STAR country allocations	324	346	389	451
2. Set-aside	81	85	144	152
- <i>Convention Obligations</i>	15	15	50	50
- <i>Global/Regional Programs</i>	46	10		
- <i>Incentives to Integrated Programming</i>	20	60	94	102
Chemicals and Waste Focal Area	425	554	654	754
International Waters Focal Area	440	456	456	506
Non-Grant Instruments Pilot	80	115	200	300
Corporate Programs	210	197	183	197
<i>Small Grants Program</i>	140	140	140	150
<i>Country Support Program</i>	26	23	23	23
<i>Cross Cutting Capacity Building Program</i>	44	34	20	24
Corporate budgets: Secretariat, IEO, STAP and Trustee	120	125	153	155
Grand Total	4,250	4,433	4,433	5,000

2. The Incentives for Integrated Programming for the three Rio focal areas taken together are shown in Table 2.2. The total amount for incentives from three Rio focal areas is US\$420M, namely the sum of US\$197M (BD), US\$128M (CC) and US\$94M (LD), as shown in table 2.1 above. Table 2.2 has been revised to more clearly indicate how the focal area incentives for integrated programming are proposed to be allocated across the Impact Programs and Frontier Investments.

3. Table 2.2 shows the division of incentives in the form of resources for global-regional support and coordination and in the form of matching funding available to countries. For example, in the Food, Land Use and Restoration Impact Program, the total incentives for the IP amounts to US\$190M and consists of US\$35M for global/regional support and coordination and US\$155M for matching resources available to countries. Using the incentive amount based on a 2:1 ratio, the minimum STAR amount will be US\$310M. The total for this impact program, US\$500M, is the sum of incentives and the minimum STAR amount. However, since the actual STAR amount will be determined by country demand it could differ from US\$500M.

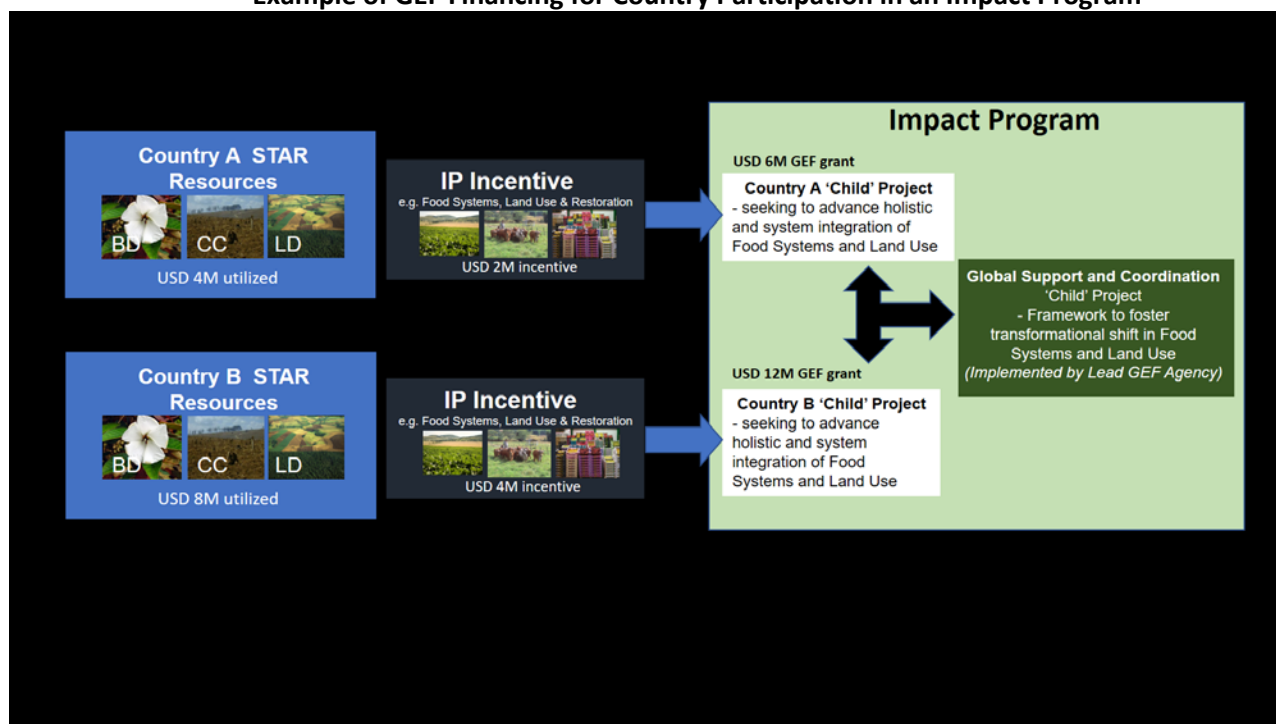
Table 2.2 Summary of Programming for Impact Programs and Frontier Investments
(in Millions of USD)

	GEF-7 Status Quo			
	Incentives for Integrated Program			
	Global-regional	Matching Resources	Minimum STAR	Total
Food, Land Use and Restoration	35	155	310	500
Sustainable Cities	10	55	110	175
SFM for Major Biomes	30	80	160	270
- Amazon	10	30	60	100
- Congo	10	15	30	55
- Drylands	10	35	70	115
Frontier Investments	35	20	40	95
- Green Finance	30	-	-	30
- MEA/SDG Integration	-	10	20	30
- Environmental Security	5	10	20	35
Total	110	310	620	1,040

* The minimum STAR amount is calculated based on a 2:1 ratio for the matching incentives

4. The graphic below illustrates the basic structure of an Impact Program; for illustrative purposes it is assumed that only two countries participate the Impact Program. Country A has decided to program US\$4M of STAR resources to the Impact Program. Including the US\$2M incentive (since the incentive ratio is 2:1) means that Country A's GEF-funded child project under the IP will be in the amount of US\$6M (excluding co-financing, including from the private sector). Country B decided to program US\$8M of STAR resources, which results in a US\$12M child project, including the US\$4M incentive payment. Country A and B decide individually which agency will implement their child project. The IP Lead Agency is responsible for overall program structure, and will manage the global/regional support and coordination project.

Example of GEF Financing for Country Participation in an Impact Program



5. Additional operational guidance for Impact Programs is included in the Programming Directions page 143-144, and is related to how the countries may elect to join specific Impact Programs and Frontier Investments, how do they access incentives, and how many countries may join specific impact programs.

6. As noted on pages 143 and 144, countries will program their STAR country allocations for eligible activities under the three Rio Focal Areas, as described in the proposed GEF-7 programming directions. Eligible activities include Focal Area Investments, Impact Programs and Frontier Investments. If full flexibility is granted, countries will be able to program their STAR country allocations across the three Rio Focal Areas.

7. Using their STAR allocations, countries may elect to join the proposed Impact Programs, and will be eligible to receive matching resources, at a ratio of 2:1. In order to access matching resources, countries would need to: 1) be eligible for the associated program, given its geographical scope; 2) commit to participate in the program and, where applicable, participate in coordination, monitoring and knowledge exchange activities; and 3) meet any additional, agreed program-specific criteria. Matching resources may be capped at an upper limit to ensure opportunity for more countries to access the matching resources.

8. The overall size of each Impact Program will depend on country-driven demand. In case country demand exceeds the availability of matching resources for a particular Impact Program, the GEF Secretariat would convene and facilitate the process of country selection with the Lead Agency, based on agreed Impact Program-specific criteria.

9. Countries that have not been sufficiently competitive in securing matching resources can still align their eligible project proposal with an Impact Program, making use of their respective STAR allocations, and thereby benefitting from the knowledge and exchange platforms.

10. All projects/programs funded under the Rio focal areas, whether the Focal Area Investment, Impact Programs, or Frontier Investments, will deliver benefits as described in each of the Rio focal area strategies. The amount of resources as well as results will be reported back to each of the Rio Conventions and the GEF Council.