



GEF-5

GEF-5 PLANNING MEETING for the 5th Replenishment of Resources of the GEF Trust Fund

**Washington, D.C., USA
November 14, 2008**

Minutes of the Meeting

Minutes of GEF-5 Planning Meeting

1. Deputies of donor countries, joined by observers from the GEF Implementing and Executing Agencies and the Conventions met in Washington, D.C. on November 14, 2008 to prepare for the upcoming discussions on the Fifth Replenishment of GEF resources (GEF-5).
2. The planning meeting was opened by Mr. Philippe Le Houérou, Vice President, Concessional Finance and Global Partnerships, welcoming participants and assuring donors of the shared goal to ensure that the GEF remains an effective and efficient facility supporting joint efforts to respond to global environmental challenges. Ms. Monique Barbut, CEO/Chairperson of the Facility, also provided introductory remarks addressing the need for a strong replenishment of the GEF resources if it is to reinforce its role as the financial mechanism of the major multilateral environmental conventions.
3. The Trustee presented an update on the financial status of the GEF Trust Fund as of the date of the meeting. The Trustee agreed to send an updated Funding Status to donors after the meeting and include additional information regarding Trustee cash transfers (i.e. disbursements to Agencies), arrears, and deferred contributions. This information is provided as Attachments 1 through 4.
4. Donors discussed the timetable of the replenishment meetings and agreed that the first meeting would be held in March 2009 at the World Bank's office in Paris, France. It was also agreed that the second replenishment meeting would be held back-to-back with the June 2009 Council meetings in Washington, D.C. The timing of subsequent replenishment meetings would be confirmed in the course of the replenishment process.
5. Donors agreed that the replenishment would benefit from a focus on a few Special Themes that are meant to be key drivers of the replenishment discussions and the GEF-5 policy framework. Donors agreed to send their thoughts and ideas to the Secretariat and the Trustee, with copy to all other donors, by early January 2009. The inputs will be summarized and the Special Themes will then be decided upon at the first replenishment meeting in March 2009.
6. In addition to Special Themes, donors provided guidance on specific topics for discussion including the timing of those deliberations. At the first meeting, the following topics will also be covered: (i) the future strategic positioning of the GEF, (ii) innovative and alternative financing for the GEF, and (iii) effective exchange rates to be used for determining contribution amounts in SDR. Donors further agreed that the discussion on programming for the GEF-5 should take place after the discussion on OPS4.
7. Donors agreed upon the following rules to help organize the replenishment discussions:
 - i. Contributing Participants intending to contribute the equivalent of at least SDR 4 million to the GEF-5 will be invited to participate in the meetings;
 - ii. Other GEF participants and representatives of the GEF Evaluation Office, Implementing and Executing Agencies and the global environmental Conventions for which the GEF serves as a financial mechanism are invited to attend the meetings as observers; and
 - iii. Comments will be solicited from all GEF Council Members as well as representatives of the GEF Evaluation Office and the Implementing and Executing Agencies regarding policy and programming documents prepared for replenishment discussions.

Attachments

Funding Status

GLOBAL ENVIRONMENT FACILITY TRUST FUND		
Schedule of Funds Available		
Updated as of November 25, 2008		
(in USD millions)		
		<u>USD eq. a/</u>
1. <u>Funds Held in Trust</u>		3,772.5
Cash and investments	2,849.2	
Promissory notes	923.4	
2. <u>Restricted Funds</u>		281.3
Deferred contributions in respect to the pro rata right	241.3	
Contributions not released (i.e. pre-payments of installments)	0.0	
Reserve to cover foreign exchange rate fluctuations	40.0	
3. Funds held in Trust with no restrictions (3 = 1 - 2)		3,491.2
4. <u>Approved Amounts Pending Disbursement to Agencies</u> b/		3,468.9
Amounts committed by the Trustee and available for disbursement	1,624.9 c/	
Amounts committed by the Trustee but not available for disbursement	383.0 d/	
Amounts approved by Council but not yet CEO Endorsed	1,461.1	
5. Funds Available for Council Allocation or CEO Approval (5 = 3 - 4)		22.3
6. Projected funds to be paid through end of FY09		450.1
7. Projected Funding Availability for remaining FY09 GEF work programs and other activities		472.4

a/ Valued on the basis of exchange rates as of November 25, 2008.

b/ Trustee cash transfers for projects and project preparation activities are provided to Agencies on an 'as needed' basis. Cash transfers for fees and administrative budget are provided upon request.

c/ Represents (i) project amounts endorsed or approved by the CEO and approved by the authorizing body of the Agency; (ii) fee amounts endorsed or approved by the CEO; (iii) project preparation amounts approved by the CEO; and (iv) administrative budget (including special initiatives) approved by the Council.

d/ Represents project amounts endorsed or approved by the CEO but not yet approved by the authorizing body of the Agency.

Funding Availability Scenarios

**Global Environment Facility Trust Fund
Funding Availability Scenarios to the end of the GEF-4 Period (June 30, 2010)
(USD millions) a/**

Scenario 1: Lowest Case		Scenario 2: Mid Case		Scenario 3: Highest Case	
	<u>USD m</u>		<u>USD m</u>		<u>USD m</u>
1. Funds available as at November 25, 2008	22.3	1. Funds available as at November 25, 2008	22.3	1. Funds available as at November 25, 2008	22.3
2. Projected investment income	21.0	2. Projected investment income	35.0	2. Projected investment income	52.5
3. Proj. GEF-4 installment payments	1,037.9	3. Proj. GEF-4 installment payments	1,126.5	3. Proj. GEF-4 installment payments	1,215.1
4. Payment of arrears	-	4. Payment of arrears	88.6	4. Payment of arrears	177.2
5. Released funds from pro-rata rights	-	5. Released funds from pro-rata rights	120.7	5. Released funds from pro-rata rights	241.3
6. Proj. funds avail. for Approval	1,081.2	6. Proj. funds avail. for Approval	1,393.1	6. Proj. funds avail. for Approval	1,708.5
<u>Assumptions:</u>		<u>Assumptions:</u>		<u>Assumptions:</u>	
* No arrears are paid.		* 50% of arrears are paid.		* 100% of arrears are paid.	
* Deferred contributions not released.		* 50% of deferred contributions released.		* 100% deferred contributions released.	
* Return on investment is 1.0%.		* Return on investment is 1.5%.		* Return on investment is 2.5%.	
* No additional cancellations on projects.		* No additional cancellations on projects.		* No additional cancellations on projects.	
* Reserve for foreign exchange is maintained at \$40m.		* Reserve for foreign exchange is maintained at \$40m.		* Reserve for foreign exchange is maintained at \$40m.	

a/ Valued at exchange rates as of November 25, 2008.

Disbursements from Trustee to Agencies

Global Environment Facility Trust Fund		
Cash Flow Statement		
From Inception to November 25, 2008		
(in USD Millions)		
		<u>USDm a/</u>
<u>Cash Receipts</u>		
Contributions in cash b/		7,528
Investment Income		799
Reflows c/		<u>6</u>
	Total cash inflows	(1) 8,333
<u>Cash Transfers</u>		
Agencies		5,291 d/
ADB	37	
AFDB	-	
EBRD	1	
FAO	13	
IADB	15	
IBRD	2,572	
IFAD	56	
UNDP	2,013	
UNEP (includes STAP)	543	
UNIDO	43	
Others		<u>192 e/</u>
Secretariat	161	
Evaluation Office	12	
Trustee	20	
	Total outflows	(2) 5,484
	Net cash funds held in Trust	(1 - 2) 2,849
<p>a/ Valued on the basis of exchange rates as of November 25, 2008.</p> <p>b/ Excludes promissory note receivables.</p> <p>c/ Represents return of funds from Agencies and others which includes but is not limited to the following: (i) return of unused funds from approved projects, project preparation activities, and administrative budget, including special initiatives, and (ii) reflow of funds associated with non-grant financing activities</p> <p>d/ Represents cash transfers made against net cumulative Trustee commitments for projects, project preparation activities, fees, and administrative budget, including special initiatives. Agencies disburse cash received from the Trustee to recipients in accordance with their own policies and procedures.</p> <p>e/ Represents cash transfers made for administrative budget and special initiatives.</p>		

Arrears

Global Environment Facility Trust Fund					
Arrears as of November 25, 2008 a/					
(USD millions)					
<u>Contributing Participant</u>	<u>Replenishment</u>	<u>Currency</u>	<u>Arrears Amount</u>	<u>As a % of Total Contribution</u>	<u>USD eq. b/</u>
United States	GEF-4	USD	0.80	0.3%	0.80
	GEF-3	USD	28.06	6.5%	28.06
	GEF-2	USD	140.67	32.7%	<u>140.67</u>
subtotal U.S.					169.53
Nigeria	GEF-3	SDR	3.00	75.0%	4.43
Argentina	GEF-1	USD	2.50	50.0%	2.50
Egypt	GEF-1	SDR	0.53	13.3%	<u>0.79</u>
Total Arrears					177.24

a/ Does not include outstanding Instruments of Commitment (IoCs) from Italy, Nigeria, and Pakistan totaling USD eq. 119.5 million.

b/ Valued at exchange rates as of November 25, 2008.

Deferred Contributions

Global Environment Facility Trust Fund Deferred Contributions as of November 25, 2008 (USD millions)					
Contributing Participant	Replenishment	Currency	Deferred Amount	As a % of Total Contribution	USD eq. a/
Austria	GEF-2	EUR	4.20	25.0%	5.28
France	GEF-3	EUR	10.71	6.53%	13.46
	GEF-2	EUR	32.88	25.0%	<u>41.34</u>
subtotal France					54.80
Germany	GEF-3	USD	19.18	6.53%	19.18
Japan	GEF-3	JPY	3,184.00	6.53%	33.56
	GEF-2	JPY	12,188.58	25.0%	<u>128.48</u>
subtotal Japan					162.04
Total Deferred Contributions					<u><u>241.30</u></u>

a/ Valued at exchange rates as of November 25, 2008.