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First Meeting for the Ninth Replenishment of the GEF Trust Fund  
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**DRAFT POLICY DIRECTIONS FOR GEF-9**  
**(PREPARED BY THE GEF SECRETARIAT)**

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## FOREWORD AND EXECUTIVE SUMMARY

1. The global community's ability to achieve the Sustainable Development Goals and key commitments for the environment and a pollution-free future hinges crucially on environmental progress. As 2030 approaches, the world is being hit by ecosystem degradation. The planet needs a significant boost in investment, to accelerate its progress and close the funding gap for the environment.
2. Fortunately, solutions exist for this acceleration. Integration, policy coherence, whole-of-society approaches and innovative technologies are proven ways to usher in system change. With the right investments and policies – including a rethink of the GEF's operating model – the world has a real prospect in driving transformative outcomes, with the contribution of the private sector, Indigenous Peoples and Local Communities, and key partners.
3. The four years of the ninth GEF phase will be critical. The GEF needs bold actions to meet the demands and expectations of parties to environmental progress. Its needs to establish the necessary foundation and enabling environment for the high-level goals set in the GEF-9 Strategic Positioning and Programming Directions, including through faster and nimbler investments, augmented financing, reinforced country ownership and adequate access to finance and architecture.
4. This process asks for a step change in how countries face today's environmental crisis. The GEF has a critical role to play in meeting the moment by evolving its operating model and the broader GEF Partnership.<sup>1</sup>
5. In this current phase, the GEF has received high demand for its support and external requests for more open, simpler and fit-for-purpose processes. Important stakeholders raising these points include the GEF IEO, MOPAN, the G20, and Conferences of the Parties to Multilateral Environmental Agreements. The GEF has responded by expanding the GEF family of funds, making more innovative use of financing and adapting its architecture to unique needs.
6. However, the GEF has reached the limits of what can be achieved under today's scale of resources, implementation modality, policy standards and architecture. Support for ambitious policy actions in GEF-9 would allow to scale support to tackling the world's ambitious environment agenda. This set of options is structured around 'The Five As', strategic themes that taken together outline the measures needed to enhance the GEF's reach, catalytic role, effectiveness, and efficiency, maximizing its transformative impact and optimizing resource use:

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<sup>1</sup> GEF/R.9/02: Preliminary Findings of the Eighth Overall Performance Study of the GEF, April 2025

- ① Accelerated & Streamlined Delivery
- ② Affordable & Scaled Finance
- ③ Agile and Effective Implementation
- ④ Augmented Access and Empowered Countries
- ⑤ Appropriate Architecture and Representation

7. Progress across these themes will require concrete adjustments. A one-step financing approach across all funds, with streamlined review timelines, can accelerate project preparation while enhancing quality. Innovative modalities and stronger public-private finance blending will enhance the role of strategic partnerships. Incentives for project readiness and timely implementation, supported by adaptive management—especially in fragile and conflict-affected contexts—will improve delivery. Expanding the pool of Agencies, particularly in SIDS and LDCs, will broaden access. Ensuring the GEF’s architecture is fit-for-purpose is essential to the continued evolution of the GEF family.

8. This paper is the first iteration in a series to be discussed by Participants over the coming months. In the meantime, the GEF will continue its progress of reform embarked upon in GEF-8, to ensure the most effective use of its resources in delivering lasting environmental outcomes. It is also recognized that bold step-wise changes will require close collaboration and work between the GEF Secretariat, Trustee, STAP and IEO in order to develop feasible options that can be implemented. Based on Participants’ guidance, this work would begin after the First Replenishment meeting and inform options to be presented at the Second and subsequent meetings.

## INTRODUCTION

1. The options outlined in this document aim to establish the necessary foundation and enabling environment for the high-level goals set in the GEF-9 Strategic Positioning and Programming Directions, allowing the GEF to meet the ambitions and expectations of its stakeholders, including its responsibilities as the financing mechanism for Multilateral Environmental Agreements. This paper sets out the first steps in the case to support decisions by Replenishment Participants for an ambitious set of policy reforms for the GEF-9 period. Such a commitment would enable the GEF to augment the efficiency and effectiveness of its financing to countries and leverage other sources of environmental finance.

2. The GEF-9 Replenishment occurs at a pivotal moment, with the opportunity to bridge the gap between current financing for the environment and what is needed to achieve critical global goals to 2030 and beyond. Addressing this gap requires both increasing financial flows through resource mobilization and simultaneously reducing financial needs through greater policy coherence. Indeed, international environmental negotiations explicitly highlight the need to increase financing towards global environmental goals and targets.<sup>2</sup> For example, Target 19 of the Kunming-Montreal Global Biodiversity Framework (KMGBF) aims to mobilize US\$200 billion annually for biodiversity, with each year at least US\$20 billion from developed to developing countries by 2025, rising to US\$30 billion by 2030.<sup>3</sup> Similarly, the UNFCCC COP29 New Collective Quantified Goal on climate finance<sup>4</sup> seeks to triple finance to US\$300 billion per year by 2035. Additionally, the 2023 Agreement on Biodiversity Beyond National Jurisdiction (2023) and the work of the Intergovernmental Negotiating Committee (INC) on Plastic Pollution underscore the importance of resource mobilization.<sup>5,6</sup>

3. In this context, the first policy steps for GEF-9 reflect feedback, analysis and preliminary consultations from across the GEF Partnership. With a solid track record of reforms upon which to build, the GEF is uniquely positioned to drive the changes being called for. This role is further reinforced by its function as the financial mechanism for multiple environmental conventions, its leadership in advancing integrated solutions, and its global reach, enabling it to champion innovation in areas such as policy coherence, whole-of-society approaches, calculated risk-taking, and blended finance. This preliminary approach leverages these strengths to deliver the necessary transformation, with the recognition that successful implementation will be a shared achievement across the GEF Partnership, particularly with donor and recipient countries, and Agencies.

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<sup>2</sup> Monitoring, transparency, verification and compliance of the financial commitments are key topics in ongoing international discussions, including within the CoPs.

<sup>3</sup> CBD COP15, CBD/COP/DEC/15/4.

<sup>4</sup> UNFCCC COP29, FCCC/PA/CMA/2024/L.22.

<sup>5</sup> [https://www.un.org/depts/los/convention\\_agreements/convention\\_overview\\_convention.htm](https://www.un.org/depts/los/convention_agreements/convention_overview_convention.htm)

<sup>6</sup> <https://www.unep.org/inc-plastic-pollution>

4. The options outlined in this paper are ambitious, but the stakes are high for the planet and the countries the GEF serves. They build on calls for reform from external assessments, evaluative evidence and guidance by Parties to Conventions expressed over recent years that demand both incremental and fundamental changes to the GEF operating model as a family of funds presented in Section 1. In direct response, a set of policy actions structured around the main elements advanced by these stakeholders is outlined in Section 2. Section 3 focuses on how the GEF's System for Transparent Allocation of Resources aims to incorporate latest methodological and data advancements addressing evolving demands for change. Finally, Section 4 indicates priorities for the development of the GEF-8 Results Measurement Framework.

5. These policy options are products of past Council decisions, directions and exchanges, including with the Council Working Group on the Streamlining Process. They also build on consultations with recipient countries and Agencies, preliminary findings from the IEO's Eighth Overall Performance Study (OPS8),<sup>7</sup> as well as guidance from parties to environmental agreements. Further detailed work with the Trustee and other partners will be needed to operationalize them. Altogether, these options extend the GEF Reform that has been underway during GEF-8. Grounded in the draft Strategic Directions proposal, this ambitious policy program will facilitate and create the enabling environment for the implementation of the GEF-9 Programming Directions.

6. Taken together, the proposed GEF-9 policy options mark a significant shift from GEF-8 commitments in scale, breadth, and depth. While GEF-8 advanced efforts on key areas—concentration, results and monitoring, inclusion, sustainability, STAR, communication and visibility, and equitable access—GEF-9 aims to transform core aspects of the GEF Partnership shaped over the past decade. It signals a business model evolution: from light-touch streamlining to a shortened approval process; from an enhanced role for Non-Grant Instruments to new channels for scaled-up finance; from portfolio oversight to proactive portfolio management; from targeted measures on concentration to solutions that broaden access; and from continuous governance improvements to more fundamental reforms for the family of funds. GEF-8 measures catalyzed progress across the Partnership, positioning it for greater contributions toward 2030. These commitments fostered more integrated impact, stronger country ownership, and improved delivery and demonstration of results. In operations, they strengthened accountability and transparency, fiduciary integrity, voice and avenues of recourse for affected people and communities. The GEF has fulfilled these commitments through Council decisions, internal efforts, and consistent accountability (see Box 1).

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<sup>7</sup> The preliminary findings of GEF IEO's Eighth Overall Performance Study inform various sections of this document, including overall framing, innovation (e.g. policy coherence, whole-of-society approaches, calculated risk-taking, and blended finance), results, monitoring, inclusion, sustainability, equitable access, and project cycle efficiency — particularly for LDCs, SIDS, and vulnerable countries — as well as co-financing, STAR, communication, and engagement in FCS contexts. See: GEF/R.9/02: Preliminary Findings of the Eighth Overall Performance Study of the GEF.

**Box 1. The GEF has Delivered on 41 Commitments in GEF-8**

**Overarching Issues**

- ✓ Focus implementation of the policy reform agenda
- ✓ Work with Multilateral Climate Funds

**Concentration of GEF funding among Agencies**

- ✓ Target for regional MDBs and IFAD
- ✓ Empower Operational Focal Points
- ✓ Access to information on Agencies
- ✓ Collaboration between Agencies and countries
- ✓ Streamlining measures
- ✓ Analysis on concentration
- ✓ Improve agency coverage

**Results and Monitoring**

- ✓ Maintain Core Indicator
- ✓ Adopt the GEF-8 RMF two tiers
- ✓ Options to track socio-economic co-benefits
- ✓ Track all Rio Markers
- ✓ Targets for Rio Markers
- ✓ Bilateral exchanges on portfolio progress
- ✓ Country Performance and Learning Reviews
- ✓ Use of Mid-Term Reviews
- ✓ Report on actual results

**Inclusion Agenda**

- ✓ Continued policy implementation
- ✓ Gap analysis on sexual orientation, youth and disability
- ✓ Gap analysis on engagement in fragility and conflict

**Sustainability of GEF investments**

- ✓ Continue address sustainability
- ✓ Knowledge and Learning Strategy
- ✓ Implement the GEF-8 CES
- ✓ Promote policy coherence
- ✓ Implement sustainability recommendations

**Resource Allocation (STAR)**

- ✓ Full flexibility implementation
- ✓ MTR of the full flexibility
- ✓ Increased share to SIDS and LDCs
- ✓ Harmonization of SIDS floors with LDCs'
- ✓ Lowering focal area ceiling
- ✓ Formula adjustment
  - Options for policy coherence
- ✓ Policy coherence competitive window
  - Vulnerability analysis

**Optimizing the Use of Resources and Ensuring Equitable Access**

- ✓ Streamlining, consolidation and efficiencies
- ✓ Enhanced integrated programming
- ✓ Transparent management of Integrated Programs
- ✓ Incentive for Integrated Programs
- ✓ Incentives for SIDS and LDCs
  - Options for additional NGIs

## I. EXTERNAL CALLS FOR ENHANCEMENT

7. The Policy Directions for the first replenishment meeting identifies options for policy reforms deemed necessary by external assessments and parties to conventions to meet high expectations for GEF-9 and the GEF family of funds. These assessments highlight the need for bold and urgent actions to enhance the GEF’s accessibility, affordability, accelerated and streamlined delivery, adaptability and architecture. They also indicate what is working well and need to be continued, as well as what needs to be enhanced and improved. The objective at this first stage is to present for discussion an ambitious set of options to guide the development of a more focused program for the second Replenishment meeting on the future business model of the GEF, after required work on feasibility with the other parties in the GEF partnership.

8. The collaborative efforts and key international forums that have assessed and deliberated the effectiveness and efficiency of the GEF during GEF-8 include, among others, the G20 Sustainable Finance Working Group (SFWG), the Long-Term Vision between the GEF and the GCF, the Multilateral Climate Funds Action Plan, independent reviews of the effectiveness of the GEF by conventions, and MOPAN—the Multilateral Organisation Performance Network comprising 20 donor countries responsible for assessing the performance of major multilateral organizations—, as well as the Conferences of the Parties to environmental conventions<sup>8</sup>. Decisions, directions and exchanges of the GEF Council, including the Council Working Group on the Streamlining Process and Risk Appetite Working Group, also assisted in setting the stage for extending the reforms of the GEF initiated in GEF-8. Finally, the implementation of commitments made in response to the GEF Independent Evaluation Office (IEO) Seventh Comprehensive Evaluation of the GEF (OPS7) and emerging findings and recommendations from OPS8 will feed into the Policy Directions development. Collectively, these considerations are raising five strategic questions:

- How can the GEF further streamline its project cycle and processes while maintaining quality?
- What innovative instruments, blended finance solutions and strategies to crowd in the private sector can enhance affordability and amplify impact? What strategies can be employed to strengthen co-financing and leverage the expertise and capital of MDBs?
- How can the GEF be more proactive in ensuring effective implementation and portfolio performance? What adaptive measures can address emerging project challenges?

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<sup>8</sup> References include: MOPAN, *MOPAN Assessment Report GEF*, to be released in May 2025; *Resource Mobilization and Financial Mechanism*, Decision adopted by the Conference of the Parties to the Convention on Biological Diversity on 27 February 2025, CBD/COP/DEC/16/33; G20 Independent High-Level Expert Group Review of the Vertical Climate and Environmental Funds, *Accelerating Sustainable Finance for Emerging Markets and Developing Economies*, 2024; Stockholm Convention, *6th Review of the Financial Mechanism of the Stockholm Convention*, 2024; Stockholm Convention, *SC-8/16: Financial mechanism*; Stockholm Convention, *SC-9/15: Financial mechanism*; UNFCCC, *Decision 7/CP.28*; UNFCCC, *Decision -/CP.29*; UNCCD, *Decision 9/COP.16*.

- How can the GEF enable countries to implement a whole-of-society and whole-of-government approach to achieving environmental goals, including through improved collaboration with an expanded set of Agencies?
- How can the GEF governance architecture be more responsive to international community interests?

9. These questions frame the evolving context of the GEF. The Policy Directions for the first replenishment meeting addresses them within the framework of five key themes – or ‘The Five As.’ These strategic themes reflect both the calls for improvement and the ambition of GEF reform. Table 1 provides a summary of these points, structured around what is assessed as working well and needing to continue, and what are the limitations that call for enhancement and reforms, with further details provided in Section 2, which presents the specific context and identifies the entities associated with each action area. The GEF-9 program of priority policy measures is similarly organized around ‘The Five As,’ ensuring a clear link between this context and the proposed policy actions:

- ① Accelerated & Streamlined Delivery
- ② Affordable & Scaled Finance
- ③ Agile and Effective Implementation
- ④ Augmented Access and Empowered Countries
- ⑤ Appropriate Architecture and Representation

**Table 1. Strengths and Limitations Identified in External Assessments Framing the GEF’s Evolution**

What Is Working Well and Should Continue	What Needs Enhancement and Reforms
<b>① Accelerated &amp; Streamlined Delivery</b>	
<ul style="list-style-type: none"> <li>■ Expand access to the 1-step approval process by raising the MSP cap to USD 5 million.</li> <li>■ Incentivize faster project preparation through the GEF Project Cancellation Policy.</li> <li>■ Work jointly with agencies to streamline and harmonize project cycle processes.</li> <li>■ Prioritize grant instruments for LDCs and SIDS, including ring-fencing resources for these groups.</li> <li>■ Continue streamlining and harmonizing project templates across different GEF-managed funds.</li> <li>■ Explore efficiency gains through harmonization with GCF, CIFs, and the Adaptation Fund.</li> </ul>	<ul style="list-style-type: none"> <li>■ Project approval and management processes lead to delays and high transaction costs, misaligned with MDB processes.</li> <li>■ Limited flexibility in project cycle slows funding access, particularly for LDCs and SIDS.</li> <li>■ Insufficient upstream support hampers early feedback and pipeline development.</li> <li>■ Approval requirements do not account for entity type, project size, or risk rating.</li> <li>■ Fragmented capacity-building programs reduce efficiency and impact.</li> <li>■ Underutilization of knowledge limits lesson extraction and data-driven decision-making.</li> </ul>
<b>② Affordable &amp; Scaled Finance</b>	
<ul style="list-style-type: none"> <li>■ Deploy grants as the primary financing mechanism, while leveraging blended finance to expand available resources.</li> <li>■ Leverage co-financing effectively by exceeding targets and mobilizing additional funding from public and private sources.</li> <li>■ Ensure predictable resource allocation through STAR, allowing transparent financing and efficient programming.</li> <li>■ Expand the use of blended finance through concessional loans, equity, guarantees and outcomes-based financing to diversify financing options.</li> <li>■ Strengthen private sector engagement through blended finance and integrated programs.</li> <li>■ Sustain financial support for Indigenous Peoples and local communities to advance grassroots environmental initiatives.</li> <li>■ Align resource mobilization with MEAs for long-term, transformative investments.</li> </ul>	<ul style="list-style-type: none"> <li>■ Limited impact of concessional finance due to insufficient use of blended finance.</li> <li>■ Underutilization of blended finance structures, particularly in LDCs and SIDS, restricting access to concessional loans, equity, guarantees, and local currency products.</li> <li>■ Financial instruments that do not adequately adapt grants, equity, and loans to diverse recipient needs and risk profiles.</li> <li>■ Risk ecosystem that does not promote innovation and careful risk-taking.</li> <li>■ Sub-optimal collaboration with MDBs, DFIs, and private sector actors, missed opportunities for scaled co-financing and coherence.</li> <li>■ Co-financing requirements that create barriers to funding access.</li> <li>■ Recipient countries’ reluctance to utilize loan finance due to concerns about debt sustainability and misalignment with national priorities.</li> </ul>
<b>③ Agile and Effective Implementation</b>	
<ul style="list-style-type: none"> <li>■ Improve the timeliness of disbursements through faster and more efficient project execution.</li> <li>■ Continue to revise and improve policies to further streamline project approval and disbursement processes.</li> </ul>	<ul style="list-style-type: none"> <li>■ Delays in fund disbursement due to procedural bottlenecks and processes.</li> <li>■ Weaknesses in monitoring and reporting systems, limiting transparency, agility, and real-time progress tracking.</li> </ul>

What Is Working Well and Should Continue	What Needs Enhancement and Reforms
<ul style="list-style-type: none"> <li>■ Implement policy incentives to accelerate first disbursements, ensuring that funds are available quickly for project initiation.</li> <li>■ Prioritize national execution arrangements by building local capacity for effective project delivery.</li> <li>■ Support and strengthen local systems, ensuring that national stakeholders are adequately equipped to manage projects.</li> </ul>	<ul style="list-style-type: none"> <li>■ Insufficient capacity-building support for executing entities, leading to slower disbursements.</li> <li>■ Lack of differentiated requirements for project disbursement based on project size and risk rating, reducing efficiency.</li> <li>■ Insufficient mechanisms to capture and replicate innovative approaches that have proven effective in implementation.</li> </ul>
<b>④ Augmented Access and Empowered Countries</b>	
<ul style="list-style-type: none"> <li>■ Leverage the comparative advantages of agencies by allowing OFPs to select partners based on country needs.</li> <li>■ Ensure full flexibility in STAR programming to support country-driven priorities.</li> <li>■ Provide direct, demand-driven support for capacity building, programming, and participation in governance.</li> <li>■ Continue monitoring the strength of the GEF Partnership across key dimensions.</li> <li>■ Support whole-of-government and -society approaches to improve cross-sector coordination.</li> <li>■ Sustain enhanced support for Indigenous Peoples and local communities.</li> <li>■ Enable greater regional MDB and national agency engagement while maintaining GEF's accreditation approach.</li> <li>■ Strengthen the role of OFPs in convening stakeholders and integrating environmental priorities across government.</li> </ul>	<ul style="list-style-type: none"> <li>■ Limited direct access due to a narrow pool of accredited agencies, especially in LDCs and SIDS.</li> <li>■ Slow funding access for enabling activities and sub-optimal use of capacity-building.</li> <li>■ Restricted private sector engagement due to limited accreditation and investment platforms.</li> <li>■ Lack of accreditation opportunity hinders capacity-building of new entities.</li> <li>■ Low regional MDB engagement.</li> <li>■ Limited funding for Indigenous Peoples, local communities, women, and youth.</li> <li>■ Administrative rules prevent agencies from using aligned policies and procedures.</li> <li>■ Low OFP capacity support weakens oversight and coordination.</li> <li>■ Weak national ownership due to lack of investment coordination and cross-fund structures.</li> <li>■ Fragmented knowledge platforms hinder investment planning and access strategies.</li> </ul>
<b>⑤ Appropriate Architecture and Representation</b>	
<ul style="list-style-type: none"> <li>■ Maintain the GEF's role as the operating entity of the financial mechanism of MEAs.</li> <li>■ Continue supporting governance improvements to ensure equitable participation and decision-making among recipient and donor countries.</li> <li>■ Sustain efforts to improve transparency and inclusiveness in Council representation and governance structures, promoting trust and broader support among Parties.</li> </ul>	<ul style="list-style-type: none"> <li>■ Lack of differentiation in Council arrangements across the GEF family of funds, hindering governance based on thematic needs.</li> <li>■ Barriers for countries to contribute outside the GEF Trust Fund, limiting resources and participation.</li> <li>■ Insufficient motivation for non-sovereign entities to make contributions, exacerbating funding gaps.</li> <li>■ Options for non-sovereign entities, private sector and philanthropies to engage.</li> <li>■ Traditional representation in Council grounded on developed vs. developing country distinctions.</li> <li>■ Limited representation of IPLCs, women, and youth.</li> </ul>

## II. A COMPACT OF PRIORITY POLICY ACTIONS

10. The Policy Directions for the first replenishment meeting identifies policy options in response to the findings from external assessments and the priorities expressed by parties to Conventions. This concrete program of actions would not only address the current context but also position the GEF to meet the ambitions for GEF-9 and the GEF family of funds. Taken together, the draft Policy Directions for GEF-9 set out potential measures needed to strengthen the GEF's reach, catalytic role, results, effectiveness, and efficiency, supporting greater impact and more strategic use of resources.

11. The set of policy actions aims to support replenishment Participants in deciding how to modernize the GEF, building on the GEF Reforms and existing policies. Operational practices, partnership activities, and a suite of policies, guidelines and norms shaped over time by Replenishment negotiations and made operational by the GEF Council, Secretariat, Trustee and Agencies enable the GEF to raise the bar as it aims to better support the achievement of more integrated and ambitious programming objectives. This not only enables the GEF to adapt to change, but also help to drive it.

12. While taking place within the 9<sup>th</sup> replenishment of the GEF Trust Fund, these policy actions will serve the GEF family of funds, which has grown to comprise the Global Environment Facility Trust Fund (GEF Trust Fund), Global Biodiversity Framework Fund (GBFF), Least Developed Countries Fund (LDCF), Special Climate Change Fund (SCCF), Nagoya Protocol Implementation Fund (NPIF), and Capacity-building Initiative for Transparency Trust Fund (CBIT). Indeed, policies, procedures and the governance structure of the GEF apply to all funds, unless Council decides otherwise, informed by guidance of the relevant Conference of Parties. This led for example the GBFF to adopt a more streamlined project cycle, additional governance structure, as well as the ability to accept contributions from all sources.

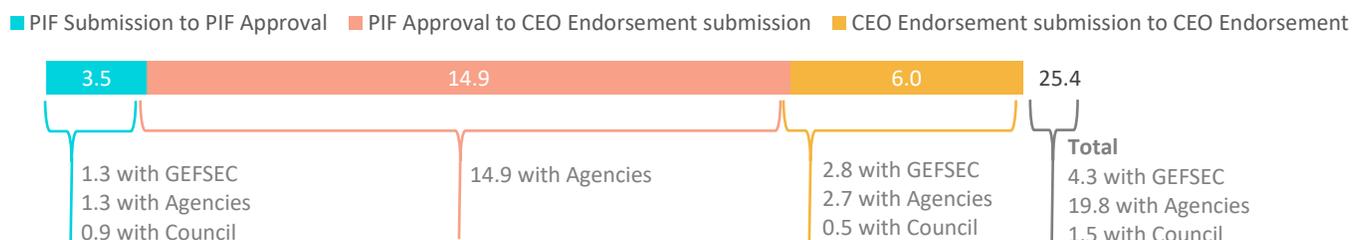
13. Combined, these five policy areas can help make the replenishment an important step in strengthening how the GEF delivers impact. By enhancing speed, mobilizing additional resources, streamlining implementation, expanding access, and empowering countries, these reforms can drive greater impact and responsiveness. An enhanced architecture will further ensure transparency and effectiveness, positioning the GEF to meet global environmental challenges with agility and scale. The following sub-sections outline the options identified under each of the five priority policy areas, linking them to key findings and priorities from assessments and international forums. It highlights the critical issues the GEF must address and the rationale behind each action.

## Accelerated and Streamlined Delivery

14. **Context.** The GEF has faced increasing scrutiny from Conferences of Parties and external assessments regarding its ability to deliver timely support. Recent reviews of the GEF, including the IEO’s preliminary findings of OPS8, and guidance from the CBD, Stockholm Convention, UNFCCC and UNCCD have called for greater streamlining and flexibility in project cycles, particularly to enhance timely access for LDCs, SIDS, and environmentally vulnerable countries. The G20 Sustainable Finance Working Group (SFWG) has highlighted that accessing funds remains challenging for beneficiary countries and some GEF Agencies, with project approval processes contributing to delays and high transaction costs. Similarly, MOPAN has noted perceptions among stakeholders that GEF’s project management procedures are cumbersome, leading to prolonged project cycles. Additionally, the G20 has stressed the need to strengthen upstream support for pipeline development and early-stage feedback. Rigid approval requirements that do not account for entity type, project size, or risk profile further exacerbate inefficiencies, as noted in both the G20 and MOPAN assessments. Addressing these concerns is critical to improving GEF’s effectiveness and maximizing its impact.

15. **Progress to date.** The implementation of the streamlining agenda in GEF-8 provided early, important responses in this direction, culminating in simplified project templates and the development of policy measures by a working group composed of Council Members and GEF Secretariat. Notably, raising the ceiling of Medium-Sized Projects (MSPs) from USD 2 to USD 5 million provides easier access to financing, by effectively expanding the use of a one-step approval process. As the GEF Secretariat has been able to address some of the bottlenecks under its control, further progress on the side of Agencies in streamlining their own internal processes has the potential to significantly reduce preparation time. This comes in a context where the GEF Secretariat is responsible for a very small fraction of the time spent in the review and approval process (See Figure 1).

**Figure 1. PIF Submission to CEO Endorsement for GEF-7 and GEF-8 FSPs by contributor (months)**



16. **Actions.** The GEF will continue and amplify its focus on simplifying and accelerating the project approval and disbursement process. Ambition and urgency is needed to make a meaningful impact in the face of urgent and escalating environmental challenges. By improving speed and efficiency, the GEF can better support countries in meeting their environmental goals. To this end, the GEF will strengthen the reform of its internal procedures to streamline project development

and approval, while ensuring that Agencies also streamline their processes for faster approval and funding release. Taken together, the actions listed here and presented will facilitate prompt access to GEF finance:

- a. **Facilitate access to finance across funds with fewer modalities** — To establish a more unified approach for accessing funding and processing projects across all GEF-administered funds, the GEF could mainstream the use of a single modality for standalone projects, adapted from the one-step approach introduced by the GBFF and building on the experience with one-step MSPs. This will enhance efficiency by reducing preparation times, enabling countries and Agencies to focus on the preparation phase after PPG approval and facilitate access to GEF funding. Importantly, it will increase multi-trust fund proposals (i.e. proposals drawing funding from more than one GEF trust fund) with aligned project timelines across funds. The benefits include streamlined processes, reduced resource investment in initial project design, and improved stakeholder engagement. However, this requires amendments to several policies and guidelines, consultation with agencies, engagement with the Trustee, and adjustments to internal workflows and portals, which come with associated costs. It will also change the process to develop the Work Program for each Council.
- b. **Streamlining Agencies' internal processes** — To accelerate project preparation, Agencies will be incentivized to streamline internal processes, reducing delays in reaching CEO Endorsement, which accounts for 78% of the timeline. Many Agencies apply the same approval pathways and cost structure to small GEF grants as they do for larger projects, while sequential approvals, baseline project dependencies, and late-stage grant negotiations add further delays. To address this, Agencies could simplify procedures for smaller grants, run internal approvals in parallel with CEO Endorsement, and start grant negotiations earlier. In addition, greater collaboration pre-submission of the CEO endorsement request with the GEF Secretariat would ensure alignment with GEF priorities and standards, hereby minimizing the subsequent review time. The cost of implementation (Agency Fees) and execution (Project Management Costs) would be reviewed to optimize efficiency and incentives. The GEF Secretariat could incentivize adoption, including through greater performance visibility, as well as adapt its requirements to Agencies' own internal modalities. Success depends on Agencies' scope to adapt, with supporting amendments to policy elements related to the project and program cycle, agency fee and cancellation. Risks include misalignment if approvals run in parallel, negotiation challenges, and reluctance to adjust broader portfolio frameworks, but streamlining is crucial to accelerating disbursement.
- c. **Better tracking early project ideas** — Incorporating upstream project initiation in the GEF Portal to capture the first project idea discussions would fill a gap in the project cycle. Currently, the project cycle begins with the submission of a concept (PIF/PFD)

by an implementing Agency, but this does not account for the earlier stages of project development. By allowing Operational Focal Points (OFPs) or Agency Coordinators to record when project discussions start, the GEF can gain a more comprehensive understanding of the project preparation timeline. This optional step would require updating the Project and Program Cycle Policy and associated user guide to enter the information in the GEF Portal at this early stage. Consultations with the World Bank IT team will be necessary to assess the implications and feasibility of this change. While this addition could provide valuable data, it may also extend project timelines, complicate the project cycle, and face resistance from stakeholders due to the lack of incentives and potential confidentiality concerns.

- d. **Introducing time standards for Agencies** — To improve project timeliness and accountability, a maximum time standard could be established for Agencies to submit revised projects after receiving GEFSEC comments. Currently, while GEFSEC reviews projects within 10 days, Agencies can take months or even years to undertake the necessary design, preparation and other actions before resubmitting, creating unpredictability and delaying implementation. Setting a clear submission timeframe will align Agency processes with the GEF’s efficiency goals, enhancing pipeline predictability and accelerating fund disbursement. Compliance could be reinforced through periodic progress tracking and escalation procedures. While this change will improve efficiency, challenges include potential rushed resubmissions depending on the adopted timeline, difficulties for Agencies with complex approval processes, and risks for projects in capacity-constrained countries. Ensuring a balance between timeliness and flexibility will be key to maintaining project quality and strong partnerships.
- e. **Harmonize Agency fees and commitment schedule** — To streamline processes and ensure level playing field, the GEF could harmonize Agency fees and tranching by setting a uniform 9% fee across all Agencies and standardizing fee tranching across modalities. Currently, older Agencies receive higher fees than those accredited later, despite providing the same services. Moreover, the Agency fee structure may not fully reflect variations in administrative costs due to differences in project size. Tranching structures also vary by funding type, increasing processing complexity. An alternative approach to release Agencies fees—e.g. 20% at CEO endorsement/approval, 50% at first disbursement, and 30% at mid-term review or terminal evaluation—would align with broader project cycle streamlining efforts. Implementing this change requires amendments to the Agency Fee Policy and Project Cycle Policy, alongside consultations with Agencies and the Trustee.
- f. **Upgrade and align the GEF Information Technology (IT) systems for higher efficiency** — To enhance efficiency across the project cycle and make current systems fit-for-purpose, the GEF Secretariat aims to upgrade the GEF Portal to better support the GEF

Partnership through strengthened user-centric design, automation, facilitated access to data, flexibility and use of Artificial Intelligence. This option will not only rationalize internal workflows by allowing direct exchanges across the GEF, Agencies and countries but also by increasing agility and transforming data into timely, actionable intelligence. Simultaneously, upgrading systems with a more intuitive and user-friendly interface will improve data entry, workflow visibility, and system performance, ensuring faster processing and scalability. Successful implementation depends on Participants' support for this modernization initiative, as a prerequisite to securing Council approval for IT upgrades in the administrative budget.

### **Affordability and Scaled Finance**

17. **Context.** Over the years, the GEF has remained almost exclusively a provider of grant resources, along with a blended finance window which is seen as underutilized by LDCs and SIDS. This, in turn limits access to concessional loans, guarantees, equity, as well as local currency products for these countries that need it the most. Developing countries, often the most vulnerable to environmental degradation, face significant barriers in accessing affordable financing due to high borrowing costs and limited creditworthiness. Additionally, traditional public funding is insufficient to meet the scale of investment required for transformative environmental action. The GEF has increased the impact of its resources by leveraging significant co-financing. Yet, the quality and durability of co-financing has been questioned in a recent IEO evaluation (GEF/C.67/10) and the early OPS8 findings. Meanwhile, the share of GEF investments implemented by MDBs stands at about a fifth of approval volumes in GEF-8, a share considered low by many GEF partners, considering MDBs' co-financing ability, policy influence, institutional expertise and leverage and co-finance potential. The GEF also surpassed its target of channeling 10 percent of GEF-8 financing through regional MDBs, including IFAD. Limited financial offerings hinder adapting grants, equity, and loans in full to diverse recipient needs and risk profiles, while a constrained risk ecosystem is yet to fully encourage innovation and careful risk-taking. These concerns align with assessments from the G20 Sustainable Finance Working Group (SFWG), which calls for maximizing concessional finance impact, increasing adaptation finance, mobilizing private capital, and expanding flexible financial instruments. Reviews and guidance from the Rio Conventions echo these challenges, urging greater flexibility in co-financing and stronger engagement with financial institutions. MOPAN further emphasizes the need to streamline co-financing, strengthen the efficiency of GEF's model, and address recipient country reluctance toward loan finance and private-sector engagement.

18. **Progress to date.** The GEF is recognized as effective in deploying grants as its primary financing mechanism while effectively leveraging blended finance to expand available resources and attract private sector investments. It has exceeded co-financing targets, mobilizing additional funding from both public and private sources to enhance project impact. Predictable resource

allocation through the STAR system has ensured transparency and efficiency in programming, while efforts to diversify financing options have led to an expanded use of non-grant instruments, such as equity, loans and risk mitigation instruments in frontier markets. Private sector engagement has been strengthened through blended finance and integrated programs, fostering greater collaboration and investment in environmental initiatives, and underpinned by the GEF's Private Sector Engagement Strategy. Additionally, the GEF has sustained financial support for Indigenous Peoples and Local Communities, empowering grassroots efforts in environmental sustainability. Moving forward, these achievements need to be further enhanced by aligning resource mobilization with the objectives of multilateral environmental agreements (MEAs) to drive long-term, transformative investments.

19. **Actions.** The environmental finance gap to meet global commitments calls for mobilizing substantial financial resources. The GEF is not just a source for finance; it needs to be a catalyst for wider environmental processes. This requires enhancing the GEF's ability to mobilize and channel resources more effectively. To achieve this, key actions include deepening the use of innovative financial instruments, such as outcomes-based financing and investments in blended finance structures through non-grant instruments. Scaling finance in countries also involves facilitating the development of projects pursuing similar objectives across GEF phases. Additionally, targeted attention to co-financing will not only improve the quality, but also the scale of financing brought by external partners. These actions aim to increase the catalytic impact of GEF funding while ensuring equitable access for the most vulnerable countries. Key actions include:

- g. **Mainstreaming blended finance to increase private sector mobilization, efficiency and reach** — Streamlining blended finance processing in the project cycle is essential to making non-grant instruments (NGIs) more efficient and scalable within GEF operations. A key challenge is the complexity of aligning project processing requirements across multiple funding sources. To overcome this, a more flexible approach could be adopted for GEF-9, allowing blended finance projects to use resources from the Blended Finance Global Program (NGI Window) and other financing windows from the GEF Trust Fund, including focal and non-focal area allocations, as well as facilitating multi-trust fund (MTF) arrangements across the family of funds. In order to strengthen and facilitate blended finance in line with recipient country priorities, the GEF aims to integrate NGI/blended finance into the broader shift to a one-step project cycle. While these measures would encourage greater private sector participation, they also introduce tradeoffs related to financial integrity and compliance which will emerge from mixing different funding sources, reconciling varied project processing requirements, and different treatment of reflows depending on the source of funds. As a result, GEF-9 would require amending the NGI, Project and Program Cycle, and Access to Information policies, as well as to update Minimum Fiduciary Standards,

Environmental and Social Safeguards to ensure project-specific needs related to compliance and confidentiality. Finally, mainstreaming blended finance could also involve evaluating the introduction of upfront financing (through project-specific cash withdrawals), and new assessment on liquidity management for funded guarantees or other financial instruments that require up-front financing. Consultations with the Trustee and other stakeholders will be critical in refining the options.

- h. **Introducing the Multiphase Programmatic Approach** — Traditional project structures can face challenges to adapt to evolving national priorities, limiting continuity, flexibility, and learning in complex, long-term engagements. The Multiphase Programmatic Approach (MPA) addresses this by enabling countries to structure initiatives as a series of linked phases across GEF cycles, ensuring strategic alignment, adaptive learning, and efficient resource allocation. Under the MPA, the Council approves an overall financing envelope, program objectives, and anticipated scope upfront, while funding is committed phase by phase based on performance, available resources and continuous alignment with GEF strategic priorities. This approach enhances coherence, accelerates project processing, and facilitates greater learning while leveraging broader financing partnerships. However, policy adjustments would be required, including amendments to the Project Cycle Policy and related guidelines, as well as potential updates to the GEF Instrument. Key risks include uncertainty in future funding availability, locking in Agencies, potential inefficiencies if repeat approvals are needed, and the challenge of adapting to shifting government priorities. Further consultation with partner agencies and the Trustee will be essential to refine the approach and assess its feasibility within GEF’s operational framework.
- i. **Outcomes-based financing for greater impact** — Traditional grants often focus on inputs and activities rather than measurable outcomes, limiting their effectiveness and alignment with funders’ goals. To address this, an outcomes-based financing model would link project disbursements to the achievement of pre-agreed outcomes, ensuring that funding drives tangible environmental benefits. Under this approach, implementing agencies define clear performance indicators, establish verification mechanisms in coordination with country partners. This structure, grounded on the achievement of results achieved, incentivizes efficiency, strengthens local capacity, and enhances accountability, while reducing the risk of misaligned spending. Implementing this model would require amendments to the Project Cycle Policy and related guidelines. However, key challenges include the need for upfront financing in countries with limited resources, the complexity and cost of setting up robust monitoring systems, and potential biases toward short-term, easily verifiable outcomes over innovative or high-risk approaches. Further consultation with multilateral development banks, implementing agencies, and the Trustee will be necessary to refine the approach and assess feasibility

within the GEF's operational framework, and whether it would be managed with GEF Secretariat support.

- j. **Enhancing co-financing transparency and effectiveness** — Revisions to the GEF Co-Financing Policy could clarify distinctions between joint and parallel co-financing, improving consistency in measurement and reporting, with better recognition of long-term leveraging of resources outside project and program budgets, as recommended by an IEO evaluation (GEF/E/C.67/01). This will enhance transparency, strengthen partnerships, and better reflect the respective roles of co-financiers in achieving environmental outcomes. The update will also provide revised guidance for blended finance, ensuring GEF's concessional funding effectively mobilizes private investment. While no changes to the GEF Instrument are needed, updates to definitions, reporting frameworks, and guidelines will be required. These refinements will require sensitization of key parties to minimize a perceived increase in administrative complexity, particularly for countries with limited capacity. To mitigate this, a phased implementation, stakeholder consultations, and capacity-building efforts will support a smooth transition while maintaining flexibility.

## **Agile and Effective Implementation**

20. **Context.** The GEF faces growing pressure to enhance its adaptability and effectiveness amid heightened expectations for impact. Agencies and countries cite delays in project execution, perceived rigid operational frameworks, and limited responsiveness to evolving recipient needs, with cost-efficiency flagged as a concern (MOPAN). These challenges can be particularly acute in fragile and conflict-affected situations (IEO). Procedural bottlenecks slow fund disbursement, while weak monitoring and reporting systems hinder transparency, agility, and real-time tracking. MOPAN, the G20 and IEO also highlight fragmented and insufficient capacity-building for executing entities, further delaying implementation. In response, stakeholders, including MOPAN, call for leveraging ICT (e.g., the GEF Portal) to enhance reporting, strengthening governance to support capacity-building, and improving mechanisms to replicate successful innovations. The G20 recommends expanding differentiated project modalities based on size and risk rating to improve efficiency and fostering early engagement with Indigenous Peoples, Local Communities, and regional MDBs to strengthen project origination. Addressing these challenges is key to making GEF financing more agile, transparent, and impactful.

21. **Progress to date.** Efforts to improve the timeliness of disbursements and related monitoring are leading to sustained efficiency in execution, with ongoing policy revisions aimed at further acceleration. Incentives are being introduced to expedite first disbursements by heightening the focus on project readiness, ensuring swift fund availability for project initiation. The introduction of the Proactivity Index in the GEF-8 Results Measurement Framework and related tracking of

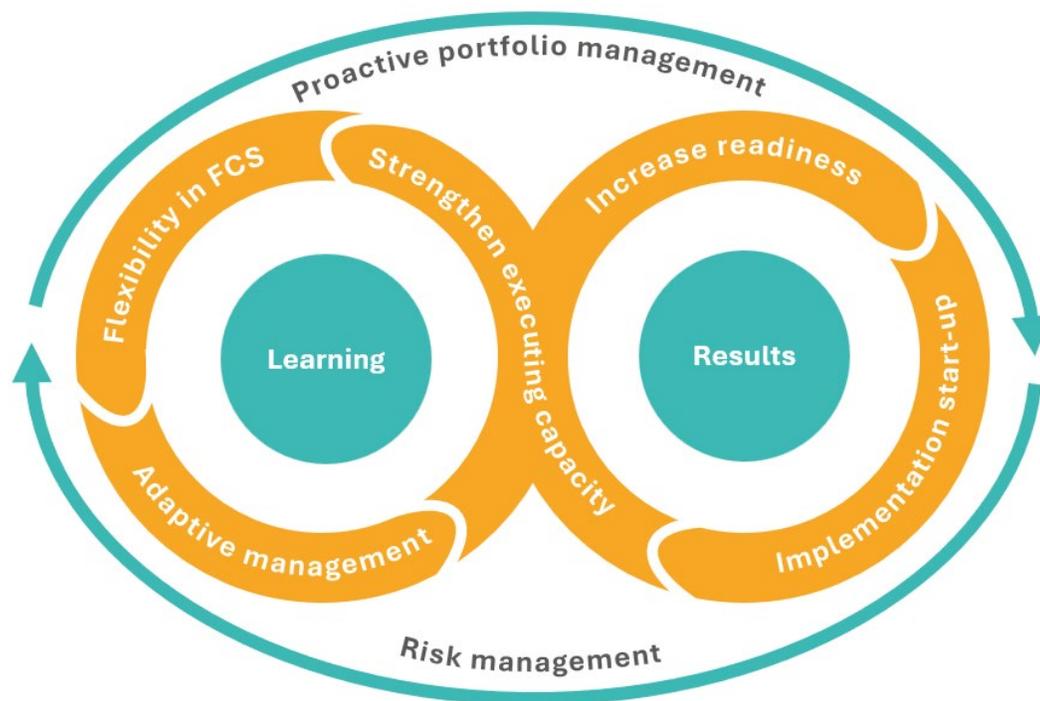
project amendments allows to gauge adaptive management during implementation. Related to this, the GEF Risk Appetite also allows to assess progress in implementing mitigation measures during implementation. This is supported by regular touchpoints and annual bilateral exchanges on portfolio progress with Agencies initiated in GEF-8. Strengthening national execution remains a priority, with a focus on building local capacity for effective project delivery. This is why exceptions to the dual role of implementing and executing Agency roles are to be clarified. Looking ahead, enhancing support for local systems will be essential to equipping national stakeholders with the tools needed for sustainable project management.

22. **Actions.** Adapting to changing circumstances and being continuously more effective on the ground are not merely operational goals; they are fundamental to driving transformative environmental outcomes in an increasingly complex and dynamic global landscape. The GEF must focus on enhancing the flexibility and responsiveness in the operations it finances. This includes allowing for quicker course correction and greater agility in adapting to the evolving needs of recipient countries. Strengthening monitoring and supervision mechanisms within the Mid-Term Review milestone will be critical to ensure timely identification of issues, enabling rapid corrective action. Additionally, developing tailored support strategies for fragile and conflict-affected situations will be vital to ensure that their unique challenges are met with appropriate and targeted interventions; in instances where no project preparation and implementation support can be provided due to security reasons, re-allocation of resources should be enabled. Lastly, adopting a more proactive and risk-based approach to portfolio management will allow for a more dynamic allocation of resources, ensuring that projects can respond effectively to emerging needs and opportunities while maintaining cost-efficiency. Figure 2 presents how these elements are interconnected. Key actions would be:

- k. **Increase project readiness** — Strengthening the requirements and assessment of project implementation arrangements during project preparation leading to CEO Endorsement/Approval is vital to minimize start-up delays. This includes not only ensuring that the designated executing entity is well identified before CEO endorsement and that its capacity is assessed, but also to lay out a clear timeline for establishing project governance and a disbursement schedule. This will require amendments to the Project Cycle Policy and Guidelines. Challenges include balancing the need for a reasonable timeline to accelerate startup without compromising quality and ensuring that new requirements are effective.
- l. **Accelerating the implementation start of pending projects** — Ensuring timely project implementation is critical to maximizing the impact of GEF resources and ensuring continuous relevance with country priorities. To address the residual number of persistent delays observed in reaching first disbursement—24 projects had yet to start implementation 30 months after CEO endorsement as of the end of fiscal 2024—, stricter timelines to promote prompt fund utilization and prevent projects from

remaining inactive after CEO Endorsement could be introduced. Projects that fail to disburse within eighteen months could receive a cancellation notice, with formal cancellation at thirty months if no progress is made. This builds on the operating processes of the GBFF and similar measure at the GCF. It is supported by the tranching of Agency fees linked to implementation progress. To maintain implementation prospects, GEF policy allows for project transfers to another Agencies and resubmissions within one year of actual cancellation. Amendments to the Project Cycle Policy and operational guidelines would be required, with consultations to assess feasibility and potential challenges. Enhanced monitoring and early interventions will help mitigate unintended disruptions.

**Figure 2. Adaptive Cycle: Project and Portfolio Management**



- m. **Strengthening executing entity capacity for faster implementation** — Building the capacity of executing agencies is essential for accelerating project implementation and improving overall effectiveness. Ensuring that each project includes a dedicated capacity-building activity would strengthen the skills and systems needed for efficient fund management by executing entities. This effort will align with the Country Engagement Strategy (CES). A budget line for capacity building would be introduced in project budgets, with further consultations needed to refine implementation. Ensuring the right support reaches executing agencies will enhance long-term efficiency and project success.

- n. **Formalizing portfolio review for stronger oversight** — Enhancing GEF portfolio management requires structured and routine portfolio review meetings with countries and Agencies to ensure timely identification of implementation challenges, risks, and delays. While such meetings currently take place under GEF-8, their informal nature limits their impact. The GEF could instead establish clear guidance on meeting frequency, participation, and agenda, while also strengthening proactive engagement through joining ad-hoc learning and project mid-term review missions. Investments in digital tools—such as interactive dashboards and enhanced GEF Portal functionalities—would further streamline performance tracking. Minor revisions to the Monitoring Policy may be required, alongside consultations with Agencies to ensure alignment. Careful coordination of efforts will minimize duplication and enhance portfolio oversight.
- o. **Enhance flexibility and incentives for projects in FCS countries** — To improve the relevance, effectiveness, and sustainability of projects in Fragile and Conflict-Affected Situations (FCS), the GEF could increase flexibility and incentives, such as extended project timelines, budget flexibility, engagement with the civil society, and possibly adapting the Letter of Endorsement (LoE) to the realities of FCS settings. The challenges of implementing conflict-sensitive approaches in FCS settings often require more time and resources. Thus, allowing flexibility in the project cycle—based on conflict assessments and adaptive management—would enhance project design, implementation, and monitoring. In addition, budgetary incentives like set-asides and PMC may also support these efforts. The introduction of policy standards aligned with Agency practices in their dealings with de facto governments in extreme conflict settings, with safeguards for safety and compliance, could expand operational flexibility, as might the reliance on local entities to execute projects. In addition, when significant changes in an implementing country—such as security challenges—impede planned implementation, support could be redirected to other projects or programmes through a mid-cycle assessment, rather than waiting until the final six months of the cycle. Consultations with Agencies and other key stakeholders will help refine this approach. While the proposed measures address crucial needs, risks include the inability to guarantee outcomes and potential safety concerns in high-risk areas.
- p. **Risk-based approach to fast-tracking project management** — Introducing risk-based elements to accelerate project timelines would support more proactive portfolio oversight. Currently, all projects undergo the same review process, regardless of risk level, leading to unnecessary delays for low-risk projects. A more tailored approach would fast-track low- to moderate-risk projects through simplified documentation, expedited reviews, and fewer approval steps. This would allow complex, high-risk projects to receive the necessary scrutiny while reducing bottlenecks for simpler initiatives. While this system may increase efficiency, challenges include the risk of

misclassifying projects, weakened oversight, and potential resistance from partners who prefer uniform procedures across all projects.

### **Augmented Access and Empowered Countries**

23. **Context.** Access to finance and enhanced institutional country governance are essential for a whole-of-government, whole-of-society approach, but challenges persist. The G20's SFWG highlighted that accessing funding is difficult for beneficiary countries, especially in LDCs and SIDS. A smaller pool of GEF Agencies and slow implementation support provided through Enabling Activities impede progress, as does the absence of a harmonized accreditation process across funds. Guidance from global environmental conventions stressed the need for stronger country ownership, faster access to resources from Enabling Activities and importance of working with Agencies with experience with IPLCs. Different GEF requirements and MDB procedures increase transaction costs. Additionally, Indigenous Peoples, local communities, women, and youth face barriers to funding. Strengthening national investment platforms and developing country investment plans are crucial for improving coordination. Expanding accreditation will help ensure more equitable access to environmental finance, and role for the private sector.

24. The G20 SFWG highlighted the importance of supporting country-driven strategies over individual projects to overcome the fragmentation and inefficiencies in current climate funding mechanisms. Discussions at COP29 around the Global Financial Architecture Reform emphasized the urgent need to develop pipelines of green investments grounded on country leadership. This will build on successful examples that integrate climate funds into cohesive country platforms to ensure that financing mechanisms are efficient, scalable, and aligned with national priorities, offering a roadmap for other countries. The Center for Global Development and others highlighted the need to provide grants to support countries in building integrated investments and country platforms. Meanwhile, MOPAN pointed out that weak coordination between ministries hinders effective implementation.

25. **Progress to date.** Direct, demand-driven support for capacity building, programming, and participation in governance, which strengthens country ownership and engagement, ensures that countries drive their own priorities. By fostering whole-of-government and whole-of-society approaches, the GEF promotes cross-sector coordination and ensures that environmental priorities are integrated across national efforts. In this regard, the implementation of Integrated Programs has highlighted the primacy of these approaches to making environmental progress. Continued monitoring of the GEF Partnership helps maintain strong, effective collaborations, while enhanced support for Indigenous Peoples and Local Communities ensures that these groups are actively involved and their rights are protected. In particular, the GEF-financed Inclusive Conservation Initiative (ICI) works in partnership with Indigenous Peoples and local communities in their continuing efforts to safeguard natural ecosystems, recognizing the historical roles they have

played in nature conservation. Within the GEF family of funds, different modalities have been successfully implemented to support the LDCs and SIDS. In particular, the LDCF is a fund dedicated to supporting adaptation priorities of the 44 LDCs and is a major source of GEF support for LDCs. In the GEF-8 period, more than 90 percent of the LDCs received more grant support from the LDCF than from their combined STAR allocations. The SIDS also have a dedicated window in the SCCF, which enables them to have predictable support to address their priorities. Additionally, the growing role of OFPs in convening stakeholders and integrating environmental priorities across government enhances coordination and ensures that GEF-supported initiatives align with broader national development goals. Indeed, the GEF has engaged with Country Platforms in different countries as an effective way to mainstream environment objectives under a whole-of-government country-owned approach. These efforts together create a cohesive, inclusive, and sustainable approach to environmental governance.

26. **Actions.** As the world's leading international institution dedicated to investing in the joint management, care, and restoration of the planet, the GEF will strengthen accessibility to its funding and enable countries to mobilize further financing. It will focus on expanding the cohort of implementing Agencies and specific modalities for specific instances, enhancing support for country platforms and national steering committees, and improving collaboration across national institutions. This will involve identifying appropriate accreditation mechanisms, scaling up capacity-building initiatives and deepening country engagement further. Additionally, the potential actions will explore mechanisms to better align GEF financing with national priorities. These efforts aim to further empower countries to take ownership of their environmental agendas while ensuring equitable and rapid access to GEF resources. The potential actions include:

- q. **Expanding Agency cohort through open, cross-fund and targeted accreditation** — Opening the Partnership to a select few new Agencies could enhance the GEF's ability to expand strategically based on regional priorities and thematic expertise. Currently, the lack of a mechanism to work through entities other than GEF Agencies limits the Partnership's reach, particularly in specialized areas like Enabling Activities and underrepresented geographies such as SIDS and LDCs. Consultations with the Trustee will be needed to address financial and legal considerations, and considerations on cost-effectiveness and oversight addressed. Policy actions could include:
  - A cross-fund fast-track process for agencies already accredited by the GCF or AF could improve access to GEF resources while strengthening complementarity across climate funds. Currently, entities seeking accreditation must navigate separate, resource-intensive processes. By establishing a streamlined approach with clear criteria, GEF can reduce duplication and delays while ensuring adherence to fiduciary, ESS and other minimum standards.

- A time-bound project/program-based implementation approach would enable more organizations—including CSOs, NGOs, private sector entities, and national institutions—that are already accredited by the GCF or AF to access GEF funding without full accreditation. Currently, GEF’s model limits engagement with specialized entities that could add value to projects but lack the capacity or need for full accreditation. For Enabling Activities, this could allow countries meeting criteria to receive funds directly, under certain established conditions. Similar arrangements could be made for private sector entities, building on GCF’s pilot. Engagement with the Trustee is required to assess the feasibility of this, given that existing funds transfer arrangements are governed exclusively by dedicated Financial Procedures Agreements with the Agencies.
- r. **Enhancing access to financing to vulnerable groups** — In a bid to empower Indigenous Peoples and Local Communities (IPLCs), the GEF is exploring innovative ways to enhance funding access for these groups, along with women and youth. Currently, GEF’s funding model is country-driven, requiring a *Letter of Endorsement* from countries for project approvals. However, with emerging funding mechanisms like the Cali Fund, which includes diverse representation from IPLCs and other stakeholders, there is a growing need for GEF to reconsider its governance model. By exploring options for the Letter of Endorsement and amending guidelines and policies, GEF could enhance access to financing, thereby supporting as an example the rights and knowledge systems of IPLCs. This shift would align GEF’s operations with the evolving expectations of international conventions and ensure that the voices of indigenous communities are integral to decision-making processes. Consultations with the Trustee on assessing the feasibility of this exercise will be needed.
- s. **Promoting Country Platforms to boost private and public investments** — In an effort to strengthen the strategic engagement of countries with Multilateral Development Banks (MDBs) and other key financiers, the GEF is exploring options to support country platforms—coordinated national frameworks for collaboration and investment—as a family of funds. Considerations include relying on specific provisions to support Country Platforms under the Country Engagement Strategy for GEF-9 and as a family of funds, providing dedicated STARS. This would help engage with the key players whom are part of Country Platforms, such as MDBs and increasingly the private sector. Importantly, it would also enable whole-of-government-owned policy reforms and large-scale financing from multiple actors. In turn, the GEF family of funds would become in a position to support the implementation of key national priorities. This approach requires careful design to ensure equity, transparency, and minimal administrative burden on participating countries, particularly those in LDCs, SIDS, and fragile contexts.

- t. **Ensuring an active and diverse GEF Partnership** — To ensure a more active and accountable partnership, the GEF could introduce a performance-based measure where Agencies must: i) meet a minimum threshold of projects approved or effectively and efficiently implemented per financing phase to retain their active status, and ii) account for no more than a maximum share of the overall portfolio (e.g. 25%). This could address the issue of some GEF Agencies remaining largely inactive, raising concerns about portfolio efficiency and effectiveness. By setting a minimum threshold, GEF aims to prioritize actively contributing Agencies while encouraging increased engagement from those with low participation, with potential exemptions for specialized or regional Agencies. Meanwhile, the current ceiling of 30 percent per Agency in the GEF portfolio can be revisited and related enforcement measures developed. While this policy action aims to drive active participation, it also acknowledges the risks of Agencies focusing on volume over quality and the challenges for smaller or specialized Agencies to meet uniform thresholds, as well as the potential of reducing the choice of Agencies in countries.
- u. **Promoting National Steering Committees** — The GEF aims to move to a whole-of-society approach through GEF-9, starting with more cross-ministerial work to enhance impact. Political and Operational Focal Points would increasingly lead coordination and policy coherence through National Steering Committees (NSCs), facilitating consultation, information sharing, and coherent decision-making. The GEF proposes transitioning to GEF National Steering Committees (NSCs) that include main line ministries, established at the beginning of each GEF Cycle through the National Dialogue exercise, with the involvement of convention focal points and negotiators. By bringing all relevant ministries — including those working with civil society, Indigenous Peoples, and Local Communities — around the same table, National Steering Committees will not only promote a whole-of-government approach and policy coherence, but also foster a more whole-of-society approach. NSCs could include national focal points from other climate funds for harmonization and complementarity. Guidelines for OFPs to establish NSCs need development, and the project cycle policy updated. Political Focal Points should be included in all project communications to build capacity in other ministries. Further engagement with countries is needed to weigh pros and cons of this shift, including around cost-efficiency. Consultations with GEF Agencies in countries already implementing this modality can provide lessons learned.
- v. **Enhancing OFP capacity and supporting engagement in projects** — Building on GEF-8 progress, the GEF would enhance the capacity of OFPs by providing dedicated capacity-building and technical assistance. This may include training, resources, financial support for national coordination, international event participation, and South-South twinning opportunities. Many OFPs lack resources and capacity, relying on GEF Agencies for information, and frequent turnover challenges continuity. The GEF-9 proposal through

the Country Engagement Strategy would support countries through seminars, dialogues, meetings, training, and event participation, with a dedicated website and newsletter. This support may enable OFPs to join supervision missions, organize field visits, and contribute to project performance reports. GEF Agencies will collaborate with OFPs to identify oversight touchpoints, ensuring active engagement. Limits to this approach may lie in the lack of continuity and active participation of OFPs. There will be a focus on strategic communication at the project level, in recognition of the important role this plays in both focusing attention and publicizing effective approaches for further development, replication and scaling-up. Ensuring that the full breadth and impact of GEF-funded activities will be visible and understood is critically important to delivering on an ambitious GEF-9 replenishment.

### **Appropriate Architecture and Representation**

*Context.* As the GEF evolves to address complex global challenges, there is recognition of the need for a robust and inclusive governance structure. Some of the guidance from recent COPs have called on the GEF to look closer at governance structures, such as differentiation in Council arrangements across the GEF family. Countries with no or limited representation in the GEF Trust Fund governance may not see a clear path to influence, potentially limiting resources and participation.

27. *Progress to date.* The Global Environment Facility (GEF) has undertaken significant efforts to enhance its governance, particularly with the establishment of the Global Biodiversity Framework Fund (GBFF) with its own governing arrangements during the GEF-8 period and continuous advances in the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF), thereby growing the family of GEF-managed funds. This led to tailor the architecture of the GBFF to specific needs, including through the establishment of an Advisory Group and Auxiliary Body allowing for a larger representation of experts and stakeholders whom are key to conservation progress, such as women, Indigenous Peoples and Local Communities, and the private sector. In addition, Councils serving the LDCF/SCCF and the GBFF act under governance modifications based on guidance from Conferences of Parties. The experiences with these governing bodies and recent COP guidance, reflecting evolving Party views could provide lessons for the GEF overall, going forward. Separately, in 2022, the ad-hoc Working Group established to address findings from the Sixth Comprehensive Evaluation of the GEF (OPS6) made advances in ensuring an effective co-chairing arrangement at Council. This group was tasked with reviewing governance aspects related to the efficiency of decision-making, accountability, and transparency in programming decisions. They also examined the roles and interactions between the GEF Assembly, Council, Secretariat, and Agencies. These efforts reflect GEF's commitment to improving efficiency, accountability, and transparency within its governance framework, while upholding ongoing governance mechanisms.

28. *Actions.* The GEF's governance structure could evolve beyond ensuring effective procedural functions to heighten inclusive decision-making and foster enhanced environmental stewardship. This would require pursuing concrete actions to strengthen the GEF's governance architecture and oversight mechanisms, while carefully weighing the implications of evolving current arrangements. Options to explore could include assessing whether arrangements established for other more recent facilities (such as GBFF) could provide useful lessons for enhancing governance across the GEF family of funds. Investigating the practicality, cost-efficiency and value of options with Replenishment Participants could be developed by the Secretariat, however past experience suggests this may also require engagement of Council Members to develop options further for consideration at future GEF-9 Replenishment meetings.

### III. SYSTEM FOR TRANSPARENT ALLOCATION OF RESOURCES

29. The GEF-9 programming directions sets high ambitions and accelerated actions for GEF-9 and beyond as countries strive towards reversing environmental degradation and achieving 2030 goals and targets.<sup>9</sup> The System for Transparent Allocation of Resources (STAR) serves as a core instrument for allocating GEF financing, across three focal areas – Biodiversity, Climate Change, and Land Degradation.

30. Since its introduction in GEF-4 as the Resource Allocation Framework (RAF)<sup>10</sup>, the GEF has had considerable learning from the application of this performance-based allocation system. Each replenishment process has provided the Partnership with the opportunity to review and refine the system to reflect the evolving global context, programming priorities, evaluative evidence, learnings from other performance -based allocation systems<sup>11</sup>, and operational experience.

31. The proposed programming and policy directions for GEF-9 highlight the increasing scale of environmental threats and their underlying drivers, emphasizing the need to enhance the effectiveness, efficiency, and impact of GEF resources. Consequently, the GEF-9 STAR formulation will be revisited with an aim to (i) prioritize key environmental challenges, (ii) strengthen support for countries with special needs, (iii) integrate policy considerations, (iv) maintain full flexibility, and (v) improve efficiency.

32. Within this context, this discussion sets the scene for the potential evolution of the GEF-9 STAR system and suggests preliminary directions on indices and methodologies that can be explored during the GEF-9 replenishment negotiations. As a routine practice in every GEF cycle, the GEF-9 STAR model is also undergoing rigorous data updates for all STAR indices and sub-indices, ensuring alignment with the most recent and accurate data sources.

#### Overview of the existing GEF-8 STAR system

33. Building upon the previous models, the existing GEF-8 STAR model<sup>12</sup> reflected modifications along several key dimensions, as outlined below<sup>13</sup>:

- full flexibility for recipient countries in the use of their GEF-8 STAR allocations across three STAR focal areas;

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<sup>9</sup> GEF/R.09/05, Draft GEF-9 Strategic Positioning and Programming Directions (GEFSEC), April 22, 2025

<sup>10</sup> GEF/C.27/Inf.8/Rev.1, [The GEF Resource Allocation Framework](#), October 17, 2005

<sup>11</sup> See Annex A for an overview of the formulas used in existing performance-based allocation systems.

<sup>12</sup> Annex B provides an overview of GEF-8 STAR indices and sub-indices, and the full model is detailed in the Annex I of the Council document: GEF/C.62/04, [Updating the System for Transparent Allocation of Resources \(STAR\)](#), May 19, 2022

<sup>13</sup> GEF/C.62/04, [Updating the System for Transparent Allocation of Resources \(STAR\)](#), May 19, 2022

- a harmonization of the floors for Small Island Developing States (SIDS) with that of the Least Developed Countries (LDCs), and a raising of these aggregate floors to US\$ 8 million, as well as a raising of the floors for non-SIDS and non-LDCs to US\$ 5 million;
- a lowering of the focal area ceilings to 6 percent;
- an increase in the weight of the GDP per capita index to -0.16;
- the creation of a competitive window in STAR, amounting to 8 percent of the STAR Allocation of the 5 top STAR recipient countries, excluding SIDS and LDCs, with a thematic focus to encourage country-driven investments that enhance domestic policy coherence.

### **Enhancing methodologies on Global Benefits Indices to address key environmental priorities**

34. Alongside routine data updates, key enhancements proposed for GEF-9 are methodological and data refinements of the Global Benefit Indices (GBI) for (i) Biodiversity and (ii) Land Degradation.

35. The Global Benefits Index for Biodiversity was developed by the GEF Secretariat as part of the foundation of the initial allocation system (the RAF) in 2005.<sup>14</sup> In 2017, as part of the GEF-7 STAR model, the GEF, in collaboration with the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), updated both the methodologies and data of the Index and its component sub-indices.<sup>15</sup> This Index was carried over to the GEF-8 STAR system.<sup>16</sup> For the GEF-9 STAR, the GEF will collaborate with UNEP-WCMC to enhance the methodologies and data. This update will, once again, integrate the most recent scientific knowledge and ensure comprehensive coverage of publicly available datasets, including the consideration of potential additional data sources.

36. The Global Benefits Index for Land Degradation was developed in 2010 for the GEF-5 allocation model, when the Land Degradation focal area was incorporated into the STAR system.<sup>17</sup> The existing indicator has a strong focus on the proportion of dryland (60% weight), initially derived by Bai et al. (2008)<sup>18</sup>. It has since been updated using data generated through a GEF-funded project<sup>19</sup>, implemented by Conservation International. The GEF-9 Land Degradation Focal

<sup>14</sup> GEF/C.27/Inf.8/Rev.1, [The GEF Resource Allocation Framework](#), October 17, 2005

<sup>15</sup> GEF/C.54/03/[Rev.01 Updating the System for Transparent Allocation of Resources \(STAR\)](#), June 26, 2018

<sup>16</sup> GEF/C.62/04, [Updating the System for Transparent Allocation of Resources \(STAR\)](#), May 19, 2022

<sup>17</sup> GEF/G.36/6.Rev.1, [System for a Transparent Allocation of Resources \(STAR\)](#), October 9, 2009

<sup>18</sup> GEF/C.62/04, [Updating the System for Transparent Allocation of Resources \(STAR\)](#), May 19, 2022

<sup>19</sup> The global statistics on land degradation were produced by the Global Environment Facility (GEF)-funded project “Enabling the use of global data sources to assess and monitor land degradation at multiple scales” a partnership of Conservation International, Lund University, and the National Aeronautics and Space Administration (NASA). This project aimed to provide guidance on robust methods and a toolbox for assessing and monitoring indicators of land degradation using remote sensing technology. The Trends.Earth tool was built as a multi-level decisions support system which can be used for analyzing land condition from the

Area Strategy will place an enhanced emphasis on supporting proactive drought management, addressing drought-prone ecosystems and vulnerable populations.<sup>20</sup> To support this goal, the GEF Secretariat will collaborate with Conservation International to conduct a scoping exercise on the potential to further strengthen drought considerations into the STAR system. This effort will build on extensive institutional deliberations and draw from international literature and databases, such as the Aqueduct Water Stress Projections<sup>21</sup>, the Drought Vulnerability data<sup>22</sup>, Aridity Index<sup>23</sup>, and MODIS Net Evapotranspiration<sup>24</sup>.

## Supporting countries with special needs

37. As part of its ongoing efforts to address the key drivers of environmental degradation to achieve systems change, one of the objectives of GEF-9 programming is to continue supporting countries with special needs, such as SIDS and LDCs. The importance of distributing resources to LDCs and SIDS has been an ongoing theme of GEF programming since the development of the RAF in GEF-4. Since GEF-5, the shares of STAR resources to SIDS and LDCs have been steadily increasing in each GEF-cycle; in GEF-8, 38% of the total GEF-8 STAR resources were allocated to countries classified as either SIDS or LDCs, marking a historic high.<sup>25</sup>

38. It is important to note that STAR is only one of several mechanisms through which countries with special needs are addressed within GEF programming. The two non-STAR focal areas—International Waters and Chemicals and Waste—feature substantial programming and/or dedicated funding windows targeting many of these countries. The GEF-8 integrated programs (IP) have also significantly broadened SIDS and LDCs’ participation. LDCs are represented across all 11 GEF-8 IPs and SIDS are included in all but one.<sup>26</sup> The GEF-8 Blue and Green Islands IP builds on the well-established framework to address specific needs of SIDS for advancing integrated approach to tackle multiple drivers. Additionally, the GEF’s Family of Funds continues to play a crucial role in supporting these countries. Specifically, GEF-9 will offer a clear entry

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effects of specific interventions to national level reporting of Sustainable Development Goal 15.3.1 on land degradation neutrality. Trends.Earth is a free and open-source tool which brings the power of earth observations and cloud computing to the assessment of land condition produced to support tracking of changes in primary productivity, land cover and soil organic carbon. For this analysis, Trends.Earth was used to compute the proportion of land degraded globally for the period 2005-2019 using 250m resolution data reporting summaries at the country scale. <http://trends.earth/docs/en/>

<sup>20</sup> GEF/R.09/05, Draft GEF-9 Strategic Positioning and Programming Directions (GEFSEC), April 22, 2025

<sup>21</sup> <https://www.wri.org/applications/aqueduct/water-risk-atlas/>

<sup>22</sup> This study by Carrão et al. (2016) provides the methodology used by the Joint Research Centre to assess drought vulnerability, which was utilized in the last UNCCD reporting period. Carrão, H., Naumann, G., & Barbosa, P. (2016). Mapping global patterns of drought risk: An empirical framework based on sub-national estimates of hazard, exposure, and vulnerability. *Global Environmental Change*, 39, 108–124. <https://doi.org/10.1016/j.gloenvcha.2016.04.012>

<sup>23</sup> Funk, C.C., Peterson, P.J., Landsfeld, M.F., Pedreros, D.H., Verdin, J.P., Rowland, J.D., Romero, B.E., Husak, G.J., Michaelsen, J.C., and Verdin, A.P. (2014). *A quasi-global precipitation time series for drought monitoring: U.S. Geological Survey Data Series 832*. DOI:10.3133/ds832

<sup>24</sup> Mu, Q., Zhao, M., & Running, S.W. (2011). Improvements to a MODIS global terrestrial evapotranspiration algorithm. *Remote Sensing of Environment*, 115(8), 1781–1800. DOI:10.1016/j.rse.2011.02.019

<sup>25</sup> GEF/C.63/Inf.05, [Initial GEF-8 STAR Country Allocations](#), July 1, 2022

<sup>26</sup> GEF/C.68/Inf.05, [GEF Corporate Scorecard December 2024](#), December 17, 2024

point through the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF)<sup>27</sup>, which will remain key sources of financial support in this regard. The newly established Global Biodiversity Framework Fund (GBFF) also prioritizes support for SIDS or LDCs, with a portfolio-level resource allocation target specifically for these countries.<sup>28</sup>

### ***Further adjusting the existing mechanisms***

39. The current STAR structure addresses countries with special needs mainly through three key factors: (i) the weight of GDP Index, (ii) allocation floors, and (iii) allocation ceilings. Over the intervening replenishment periods, including in GEF-8, these parameters have been successively modified for greater allocation impact on SIDS and LDCs. These factors will remain critical adjustment points throughout the GEF-9 process.

### ***Introducing a Vulnerability Index***

40. The STAR brought vulnerability considerations into its allocation formula with the introduction of the GDP Index in GEF-5<sup>29</sup>. While indices related to economic need can serve as measurements of vulnerability, in recent years several Performance Based Allocation systems have either considered or incorporated additional elements specifically designed to address vulnerability (Annex A). During the GEF-8 negotiations, a vulnerability index comprising of the Human Development Index<sup>30</sup> and the Economic and Environmental Vulnerability Index<sup>31</sup> was discussed. Although not incorporated into the final GEF-8 STAR model, replenishment participants acknowledged the analysis and options to reflect vulnerability, and” *...request[ed] the GEF Secretariat to continue this work for consideration in subsequent replenishments*”<sup>32</sup>.

41. Pursuant to this mandate, a scoping exercise will be conducted in GEF-9 to further assess the incorporation of a vulnerability index into the STAR formula. This exercise will evaluate the feasibility of various available indices in terms of methodologies and coverage, including but not limited to the Multidimensional Vulnerability Index (MVI)<sup>33</sup>, the Economic and Environmental Vulnerability Index (EVI)<sup>34</sup>, and the INFORM Risk Index<sup>35</sup>. The experiences from other Performance Based Allocation systems on this dimension will also be incorporated.

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<sup>27</sup> GEF/R.09/05, Draft GEF-9 Strategic Positioning and Programming Directions (GEFSEC), April 22, 2025

<sup>28</sup> GEF/GBFF.01/03/Rev.03, *Policy on Allocation of Resources for the Global Biodiversity Framework Fund (GBFF)*, February 12, 2024

<sup>29</sup> It was described as “a premium to take into account country capacity and vulnerability” GEF/C.36/6, *System for a Transparent Allocation of Resources (STAR): Options and Scenarios*, October 9, 2009

<sup>30</sup> <https://hdr.undp.org/data-center/human-development-index#/indicies/HDI>

<sup>31</sup> <https://www.un.org/development/desa/dpad/least-developed-country-category/evi-indicators-ldc.html>

<sup>32</sup> GEF/C.62/03, *Summary of Negotiations of the 8th Replenishment of the GEF Trust Fund*, June 15, 2022

<sup>33</sup> <https://www.un.org/ohrlls/mvi>

<sup>34</sup> <https://www.un.org/development/desa/dpad/least-developed-country-category/evi-indicators-ldc.html>

<sup>35</sup> <https://drmke.jrc.ec.europa.eu/inform-index>

## **Enhancing incentives for policy coherence**

42. In recognition of the importance of the growing international agenda on policy coherence, an essential dimension of resource mobilization towards closing the environmental financing gap and in maximizing impact, the GEF Secretariat has been working on this thematic area throughout GEF-8. Building upon the GEF-8 experience, the GEF-9 programming strategy will integrate policy coherence as a cross-cutting theme through specific entry points.<sup>36</sup>

43. During the GEF-8 replenishment negotiations, the GEF Secretariat investigated the possibility of bringing a policy coherence dimension into the STAR allocation system. However, due to the absence of adequate methodologies, indices, and underlying datasets of sufficient coverage, no such index was ultimately incorporated.<sup>37</sup> As part of the ongoing development of the GEF-9 STAR Model, the GEF Secretariat will reassess the feasibility of incorporating a policy coherence dimension into the allocation system and present the findings for consideration during the GEF-9 replenishment negotiations.<sup>38</sup>

## **Maintaining full flexibility to support integrated programming principles**

44. Since its introduction in GEF-5, the flexibility of STAR resources - the ability of countries to move their allocated resources across their focal area lines - has been a core feature of the allocation system, with an increasing magnitude across every successive GEF cycle. In GEF-8, with integration as a core principle of the programming strategy, recipient countries were given full flexibility to program resources across the three STAR focal areas.

45. As per the request by GEF-8 Replenishment participants,<sup>39</sup> the GEF Secretariat conducted a Mid-term review to assess portfolio performance under full flexibility<sup>40</sup>. This review confirms that at the mid-point of GEF-8 (June 2024) the full flexibility feature has been used by countries but has had a very limited impact at the portfolio level. The net impact of flexibility on the notional focal area funding targets is also minimal. However, the full flexibility feature has proven particularly beneficial for SIDS, LDCs, and countries with smaller STAR allocations. Additionally, the use of Rio Markers confirms that focal area-specific resources generate multiple benefits across programming areas, highlighting the effectiveness of the integrated approach that has been embedded in GEF-8 programming.<sup>41</sup>

46. Based on the GEF-8 operational experience thus far, the GEF Secretariat proposes to maintain full flexibility in GEF-9 to support integrated programming principles. Towards the end

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<sup>36</sup> GEF/R.09/05, Draft GEF-9 Strategic Positioning and Programming Directions (GEFSEC), April 22, 2025

<sup>37</sup> GEF/R.8/06, [GEF-8 Policy Directions: The Enabling Environment for Transformation](#), August 30, 2021

<sup>38</sup> GEF/C.65/04, [Enhancing Policy Coherence Through GEF Operations](#), September 10, 2023

<sup>39</sup> GEF/C.62/03, [Summary of Negotiations of the 8th Replenishment of the GEF Trust Fund](#), June 15, 2022

<sup>40</sup> GEF/C.68/11, [GEF-8 Midterm Review on Performance of Full Flexibility](#), November 7, 2024

<sup>41</sup> Ibid.

of GEF-8, the GEF Secretariat will conduct a similar review of portfolio performance under full flexibility to further inform the GEF-9 negotiations on this matter.

### **Increasing country incentives for efficient use of GEF resources**

47. To enhance the effectiveness, efficiency, and impact of GEF resource utilization, the GEF-9 programming and policy architecture offer several potential areas for carefully targeted measures toward this goal. One such avenue is through the structural formulation of the STAR.

#### ***Introducing a Disbursement Index***

48. The GEF-9 STAR system proposes the introduction of a Disbursement Index (a speed-related metric under the Country Performance Index), to complement the existing Portfolio Performance Sub-Index. This initiative is designed to incentivize faster disbursement of funds, thereby encouraging faster project implementation and therefore a more timely use of resources.

49. A few performance-based allocations systems have integrated disbursement metrics into their resource allocation models. For example, the International Fund for Agricultural Development (IFAD)<sup>42</sup> has introduced an explicit Disbursement Index into its allocation formula (Annex A). The Inter-American Development Bank (IADB) has placed great focus on disbursement, embedding this element into its project implementation rating. IADB has reported that this focus has not only improved portfolio performance but has also enhanced dialogue with governments on effective portfolio management, leading to more efficient and impactful project delivery.<sup>43</sup>

50. The GEF-9 STAR system plans to assess the feasibility of incorporating disbursement speed-related indices, including, but not limited to, the Disbursement Index used by IFAD and the Disbursement Ratio reported in the GEF Annual Monitoring Report<sup>44</sup>. Additionally, future considerations will involve determining the appropriate relative weighting of the Disbursement Index and ensuring its alignment with the Portfolio Performance Index within the overall allocation framework. If necessary, adjustments to the weighting of sub-indices under the Country Performance Index may also be explored.

#### ***Maintaining a competitive window for top recipient countries***

51. A key and continued point of discussion in the STAR model is the distribution of resources that flows to countries with higher capacities. With an aim to ensuring countries with higher capacities continued to receive adequate resources based on potential global environmental

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<sup>42</sup> [PBAS Formula Enhancements](#)

<sup>43</sup> [Mid-term Evaluation of IDB-9 Commitments, the Development Effectiveness Framework and Overview.](#)

<sup>44</sup> GEF/C.68/03, [The GEF Monitoring Report 2024](#), November 18, 2024

benefits, whilst simultaneously encouraging efficiency, innovation, and strategic investments in global environmental priorities, the GEF-8 STAR model introduced a competitive element within the allocation model focused on the thematic area of policy coherence. Details on this competitive mechanism can be found in the section *Overview of the Existing GEF-8 STAR Allocation System*.

52. Following the successful practice in GEF-8, a competitive window for top recipient countries is again proposed in the GEF-9 STAR model. This aims to drive greater results in these significant countries across multiple GEF environmental targets and objectives, to generate knowledge that will be transferrable to both other parts of these countries' portfolios as well as GEF recipient countries, and to scale up impact. This window will represent a percentage of the total STAR allocations for top STAR recipient countries excluding SIDS and LDCs, and could again be designed around one key priority. Some potential examples for a thematic focus include:

- **Whole-of-Government approaches**, which, building on the GEF-8 STAR Competitive Window, would emphasize policy coherence and cross-sectoral collaboration to ensure more integrated and coordinated environmental governance.
- **Whole-of-Society approaches**, promoting engagement from civil society organizations (CSOs), Indigenous Peoples and Local Communities (IPLCs), gender-focused initiatives, and youth-led projects.
- **Partnerships with MDBs**, with an aim to leverage blended finance models to catalyze private-sector investments.
- **Country Platforms**, with the objective of piloting holistic approaches to in-country environmental planning, including linkages among (i) multiple multilateral institutions and (ii) bilateral aid.

#### *Conducting a mid-term review of STAR utilization*

53. The GEF Secretariat can conduct a mid-term review of STAR utilization for Council discussion. This would take stock of current STAR programming, highlight any significant under-utilizations, and potentially develop measures to further incentivize timely programming.

#### **IV. TOWARD THE GEF-9 RESULTS MEASUREMENT FRAMEWORK**

54. An updated Results Measurement Framework would be developed based on the outcomes of the First GEF-9 Replenishment Meeting, specifically reflecting Participants' positions and guidance on the Programming Directions and Policy Directions presented at the First meeting. This logical sequencing is consistent with that followed in previous replenishments.

## CONCLUSION AND THE WAY FORWARD

55. The replenishment represents a strategic investment to steer a positive course and mobilize finance to address environmental degradation. With its unique mandate and global reach, the GEF is well placed to support countries. The policy actions presented in this paper would enable the GEF to maximize the environmental outcomes of its financing across the GEF-9 Programming Directions.

56. In this document, the GEF recognizes a range of areas where it needs to do better to be fit-for-purpose and maximize its ability to use the additional replenishment resources effectively. Under GEF-9, the GEF will work to implement ‘The Five As’. It will enhance its effectiveness and future readiness by accelerating and streamlining delivery, ensuring faster and more responsive support. It will scale and optimize financing to enhance affordability and impact. Implementation will become more agile and results-driven, improving responsiveness to emerging challenges. Access would be expanded, empowering countries with greater ownership and capacity. Finally, a strengthened architecture and oversight framework could reinforce transparency, accountability, and long-term sustainability.

57. The next iteration of this paper, to be presented at the second replenishment meeting expected in October 2025, will feature a more fully developed and comprehensive set of policy actions shaped by Participants’ guidance and inputs. It will provide further details on objectives, challenges, proposed approaches, associated risks and trade-offs, as well as on consultations conducted and plans to develop each of the individual policy actions further. It will also further develop priorities for the GEF-9 Results Measurement Framework and present anticipated revisions of the GEF risk appetite and framework. The final version will incorporate negotiated outcomes for decision at the Third GEF-9 meeting.

58. Extensive consultations are set to take place and inform the refinement of each policy action up until the second replenishment meeting. In addition to reflecting more advanced policy actions, the next version of the Policy Directions document for GEF-9 will provide a proposed reporting process, progress measures for each policy action and check-in points with Council during GEF-9.

## ANNEX A: OVERVIEW OF FORMULAS OF EXISTING PERFORMANCE-BASED ALLOCATION SYSTEMS<sup>45</sup>

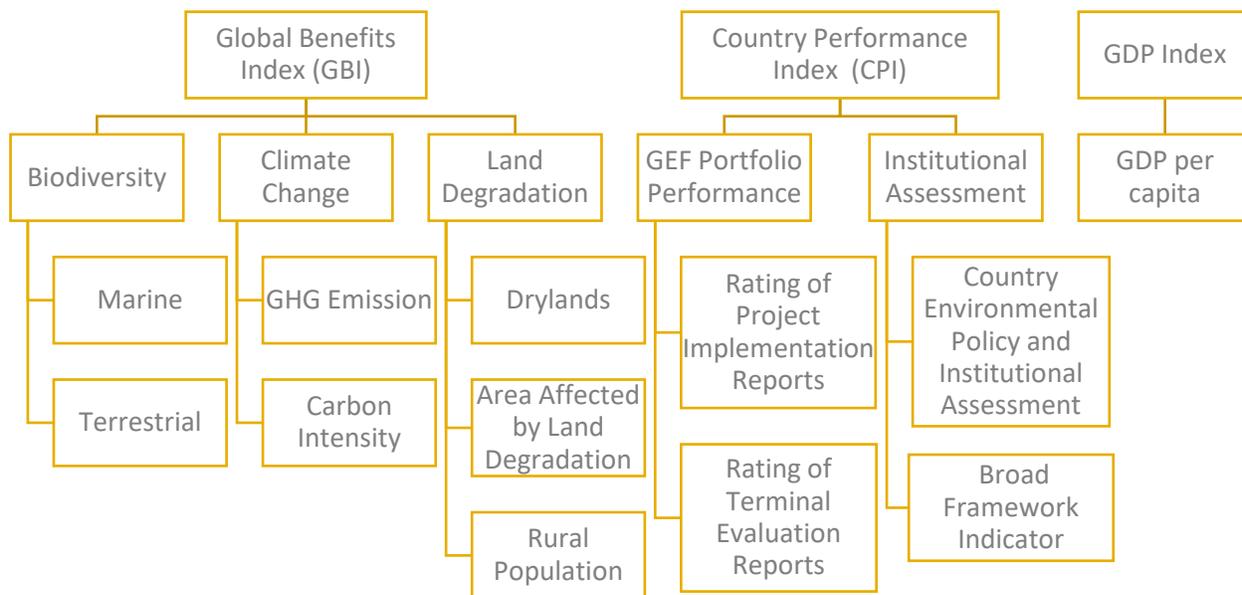
Institution/Fund	Needs Factors						Performance/Governance Factors
	Country Needs		Country income		Vulnerability		
African Development Bank (AfDB)	Pop <sup>1</sup>	x	GNIpc <sup>-0.125</sup>	x	AIDI <sup>-0.75</sup>	x	$0.2AfDB\_CPIA_{(A-C)} + 0.58 * AfDB\_CPIA_D + 0.06AfDB\_CPIA_E + 0.16PP$
Asian Development Bank (ADB)	Pop <sup>0.60</sup>	x	GNIpc <sup>-0.25</sup>			x	$[(ADB\_CPIA_{(A-C)})^{1.4} * (ADB\_CPIA_D)^2 * (PP)^{0.6}]^2$
Caribbean Development Bank (CDB)	logPOP * POOR <sup>0.1</sup>	x	GNIpc <sup>-0.9</sup>	x	MVI <sup>2</sup>	x	$(0.7CDB\_CPIA + 0.3PP)^2$
Global Environment Facility (GEF)	GBI <sup>0.8</sup>	x	GDPpc <sup>-0.16</sup>			x	$0.65CPIA_C + 0.15CPIA_D + 0.2PP$
International Development Association (IDA)	Pop	x	GNIpc <sup>-0.125</sup>			x	$(0.24CPIA_{(A-C)} + 0.68CPIA_D + 0.08PP)^3$
Inter-American Development Bank (IADB)	Pop <sup>0.5</sup>	x	GNIpc <sup>-0.125</sup>			x	$(0.7CIPE + 0.3 * PP)^2$
International Fund for Agriculture (IFAD)	RuralPop <sup>0.405</sup>	x	GNIpc <sup>-0.265</sup>	x	IVI <sup>0.95</sup>	x	$(0.35RSP + 0.65PAD)^1$

ADB\_CPIA = ADB assessment using the CPIA questionnaire and guidelines  
 AfDB\_CPIA = AfDB assessment using the CPIA questionnaire and guidelines  
 AIDI = African Infrastructure Development Index produced by the African Development Bank Group  
 CBD\_CPIA = CBD assessment using the CPIA questionnaire and guidelines  
 CIPE = Country Institutional and Policies Evaluation  
 CPIA = Country Policy and Institutional Assessment from the World Bank  
 GBI = Global Benefits Index  
 CPIA<sub>A</sub> = Rating of CPIA cluster A - Economic Management  
 CPIA<sub>B</sub> = Rating of CPIA cluster B - Structural Policies (In the GEF formula, CPIA<sub>C</sub> represents the criteria 11 in cluster C: Policies and Institutions for Environmental Sustainability)

CPIA<sub>(A-C)</sub> = CPIA<sub>(A-C)</sub> is the average of the ratings of CPIA clusters A to C  
 CPIA<sub>C</sub> = Rating of CPIA cluster C - Policies for Social Inclusion  
 CPIA<sub>D</sub> = Rating of CPIA cluster D - Public Sector Management and Institutions  
 GDPpc = GDP per capita  
 GNIpc = GNI per capita  
 IVI = IFAD Vulnerability Index  
 MVI = Multidimensional Vulnerability Index  
 Pop = Population  
 POOR = Number of "poor" persons in the country  
 PAD = Portfolio Performance and Disbursement  
 RSP = Rural Sector Performance  
 RuralPop = Rural Population

<sup>45</sup> Based on the [GEF-8 Corporate Scorecard - June 2024](#).

## ANNEX B: OVERVIEW OF STAR HIGHER-LEVEL INDICES AND SUB-INDICES



The higher-level indices are weighted as follows:

- a.  $GBI = 0.8$ ;
- b.  $CPI = 1.0$ ; and
- c.  $GDP = -0.16$ .

Based on each country's values for each of the above indices, STAR assigns a Country Score for each country in each STAR Focal Area:

$$\text{Country Score} = CPI^{1.0} * GBI^{0.8} * GDP^{-0.16}$$

The full model is detailed in Annex I of the Council document *Updating the System for Transparent Allocation of Resources (STAR)*<sup>46</sup>

<sup>46</sup> GEF/C.62/04, [Updating the System for Transparent Allocation of Resources \(STAR\)](#), May 19, 2022