

# Danish Organisation Strategy for the Global Environment Facility & Least Developed Countries Fund (2022-2026)

## Introduction:

The Global Environment Facility was established in 1992 with a mandate to safeguard the global environment. The GEF provides support to developing countries to address the world's most pressing environmental issues and in meeting their commitments to the Multilateral Environmental Agreements. The GEF also administers the Least Developed Countries Fund, a dedicated adaptation fund that exclusively targets the special needs of the world's 46 LDCs that are especially vulnerable to the impacts of climate change.

## GEF & LDCF key results (to date):

- GEF: \$20 billion in grants for more than 5000 projects in 170 countries and over \$1 billion allocated for integrated approach programming in 56 countries.
- LDCF: US\$1.7 billion for 360 projects, strengthening the climate resilience of more than 50 million people and 6 million hectares of land.

## Justification for support:

- Fully aligned with the government's strategy for development cooperation "The World We Share".
- GEF is the largest and most experienced multilateral fund dedicated to addressing environmental threats and has a crucial role in serving multiple MEAs as catalysing integrator.
- LDCF is the only adaptation fund exclusively available to LDCs and a strong engagement with LDCF serves as a critical element for Denmark's ambition to take a lead on global climate action.

## How will we ensure results and monitor progress:

- Active engagement in Council meetings, monitor Danish priority areas and support the implementation of the GEF-8 programming Directions.
- Undertake a mid-term review of this Organisation Strategy.

File No.	2022-4683 & 2022-6379					
Responsible Unit	GDK					
	<i>Mill.</i>	2023	2024	2025	2026	total
Commitment		200	200	200	200	800
Projected ann. Disb.		200	200	200	200	800
Duration of strategy	2022-2026					
Finance Act code.	XXX					
Desk officer	Emilie Wieben					
Financial officer	Katja Thøgersen Staun					

## SDGs relevant for Programme



## Risks and Challenges

- Insufficient impact of integrated programmes, insufficient engagement of private sector and gender integration.
- Lack of credible reporting of results from GEF and LDCF funding.

## Strategic objective

The aim of Denmark's support to the GEF is to prioritize environmental action that delivers global environmental benefits. For the LDCF, the aim is to prioritize LDCs in accessing climate finance to support their adaptation needs. The GEF and LDCF provide strong platforms for supporting priorities related to biodiversity, nature-based solutions and food systems, along with adaptation in the most vulnerable countries. The GEF and LDCF therefore serve as critical elements of Denmark's ambition to increase mobilization of climate finance and take a lead on environmental and climate action internationally.

## Strategic priorities

- Gender equality
- Private sector engagement
- Results-based management

## Core information

Established	GEF established in 1992, LDCF established in 2001
Headquarter	Washington DC, USA
Executive Director	Carlos Manuel Rodriguez (since 2020)
Partner Countries	184
Human Resources	75 staff
Danish involvement in governance structure	Shares a seat in the GEF Council Norway, Latvia and Lithuania Holds a seat at the LDCF Council
Funding amount by target (November 2020)	GEF-8: 36% biodiversity, 16% Climate Change Mitigation, 11.6% Land Degradation, Chemicals & Waste 15% International Water. LDCF: 100% Adaptation



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for the Global Environment Facility  
and the Least Developed Countries Fund  
2022 - 2026**

March 2022

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## **1. Objective**

This Organization Strategy (OS) provides the strategic considerations for the cooperation between Denmark and the Global Environment Facility (GEF) including the Least Developed Countries Fund (LDCF), which is administered by the GEF. The OS forms the basis for the Danish contribution to the GEF, and it is the central platform for Denmark's dialogue and partnership with the GEF, including the GEF Secretariat. It sets up the Danish priorities for the GEF's performance within the overall framework established by the GEF's 8<sup>th</sup> replenishment (2022-2026). In addition, it outlines specific goals and results vis-à-vis the GEF that Denmark will pursue in its cooperation with the organization. Denmark will work closely with like-minded countries, especially Norway in the joint GEF council seat, towards the achievement of results through its efforts to pursue specific goals and priorities.

## **2. The Organization**

The GEF is the largest multilateral fund dedicated to address environmental threats and pressures to the planet by investing in Global Environmental Benefits (GEBs). Established at the Rio Earth Summit in 1992, the GEF serves as the financial mechanism for several Multilateral Environmental Agreements (MEAs) including the Convention on Biological Diversity (CBD), the United Nations Framework Convention on Climate Change (UNFCCC) and the United Nations Convention to Combat Desertification (UNCCD). With a mandate to preserve global environmental benefits, the GEF's mission is to safeguard the global environment by supporting developing countries in meeting their commitments to the MEAs and by creating and enhancing partnerships at national, regional and global scales. Since its establishment, the GEF has provided nearly \$20 billion in grants and mobilized an additional \$119 billion in co-financing for more than 5000 projects and programmes in 170 countries.

By preserving global environmental benefits, the GEF plays an important role in achieving the aims of several Sustainable Development Goals (SDGs), in particular SDG 13 on climate action, SDG 14 regarding life below water, and SDG 15 regarding life on land. With a strong focus on gender through the promotion of gender equality and the empowerment of women and girls in support of the GEF's mandate to achieve global environmental benefits, the GEF also directly contributes to SDG5 on gender equality. Through GEF's investments aimed at transforming key economic systems, the GEF also contributes to the achievement of SDG 2 on zero hunger, SDG 7 on access to energy, as well as SDG 12 on sustainable production and consumption. In addition to this, with primary objectives of fighting land degradation, mitigating the effects from climate change and rebuilding natural resource-based livelihoods, the GEF also contributes to reduce some of the underlining causes of fragility and conflict.

The GEF has 184 member countries, which are represented in the GEF Council by 32 constituencies. The GEF is governed by an Assembly held every fourth year, and the Council that meets twice a year. In the Council, Denmark is in a constituency with Latvia, Lithuania and Norway, and shares the seat as Council Member and Alternate Council Member with Norway. The GEF Council is the main governing body of the GEF comprising 18 constituencies from recipient countries (16 from developing countries and 2 from economies in transition) and 14 constituencies from developed countries. The decision on the council are made by consensus. In absence of consensus decision are made by a double weighted majority. Affirmative vote representing both a 60% majority of the number of participants and a 60% majority of the contributions. The World Bank acts a trustee for the fund. The Trustee helps mobilize GEF resources; disburses funds to GEF Agencies; prepares financial reports on investments and use of

resources; and monitors application of budgetary and project funds. The Trustee creates periodic reports that contain an array of fund-specific financial information.

The GEF secretariat is located in the World Bank in Washington, D.C. The Secretariat, which coordinates overall implementation of GEF activities, is led by a Chief Executive Officer (CEO)-Chairperson, who is appointed for a four-year term by the Council. The Secretariat consist of around 75 staff and implements decisions of the Assembly and the Council, coordinates and oversees programs and ensures policies are implemented. GEF projects and programmes are implemented by 18 Implementing Agencies (IAs) consisting of mainly UN agencies and multilateral development banks (MDB) and a few NGOs such as WWF and Conservation International (see annex I for a full list of IAs). Projects and programmes are generated by the IAs in cooperation with developing countries, which are provided with an envelope of funding according to the System for Transparent Allocation of Resources (STAR). STAR aims to allocate resources to countries in a transparent and consistent manner based on global environmental priorities and country capacity, policies and practices relevant to successful implementation of GEF projects and programs. The STAR indices consist of a global benefit index, country performance index, and gross domestic product index.

## **LDCF**

The GEF administers several trust funds, including the **Least Developed Countries Fund (LDCF)** where Denmark has been supporting since its establishment in 2001 under the UNFCCC. The LDCF is the only dedicated adaptation fund that exclusively targets the special needs of the world's 46 Least Developed Countries (LDCs) that are especially vulnerable to the adverse impacts of climate change. The LDCF aims to reduce the vulnerability of sectors and resources that are central to development and livelihoods, such as water, agriculture and food security, health, disaster risk management and prevention, infrastructure, and fragile ecosystems. The LDCF also supports the preparation and implementation of National Adaptation Programs of Action (NAPAs) and the National Adaptation Plan (NAP). The LDCF plays an important role in the climate finance architecture by: a) piloting and demonstrating technologies, techniques, and business models for adaptation; b) supporting policy and strategy frameworks that enable and enhance adaptation and resilience mainstreaming; and c) identifying opportunities for scale-up through other sources of climate and development finance. Since 2001, the LDCF has provided around US\$1.7 billion for 360 projects and programs that have reduced the climate vulnerability of more than 50 million people and strengthened the climate resilient management of 6 million hectares of land.

The GEF is the managing body of the LDCF. As such, the GEF's operational policies (e.g. fiduciary, gender and safeguards), procedures and governance structure are applied to the LDCF. The LDCF Council is the main governing body of the LDCF and takes specific decisions on e.g. LDCF Programming Strategy and funding proposals. The LDCF Council meets two times a year in the margins of the GEF Council and functions as an independent board of directors, with primary responsibility for developing, adopting, and evaluating LDCF policies and programs. Members in the GEF Council and the LDCF Council are almost identical. However, Denmark is a single seat member of the LDCF Council and Norway does not support LDCF (instead Norway contributes to the Adaptation Fund).

In 2018, the LDCF updated its approval procedures for full alignment with the GEF work program cycle and introduced country allocations to ensure equitable access to the Fund by all LDCs. To ensure sound

financial management, the LDCF follows the GEF's fiduciary standards, result-based frameworks, and monitoring and evaluation practices. The LDCF follows GEF operational policies only with a few exceptions.

### **3. Key strategic challenges and opportunities**

Ahead of the 8<sup>th</sup> GEF replenishment, the seventh comprehensive evaluation of the GEF (OPS7) was conducted by the GEF's Independent Evaluation Office (IEO), The OPS7, which was framed within the context of a greener global recovery, provided the foundation for the GEF-8 Programming Directions. The evaluation concludes that the GEF continues to occupy a unique niche in the finance landscape with its formalized multifaceted environmental mandate, enabling integrated solutions to the challenges at hand. With a strong record of performance, the GEF also continues to play a critical role in convening different stakeholders and has made important improvements with regards private sector engagement. Furthermore, while GEF resources are relatively modest compared to other climate funds, the GEF is the only financing mechanism to serve five global conventions and multilateral environmental agreements, providing the GEF with an important competitive advantage in enabling programmatic approaches across complex systems. Through its' System for Transparent Allocation of Resources (STAR), the GEF provides predictable and equitable distribution of funds to countries in their quest to address environmental issues of national priority and meeting their obligations under the various conventions. In GEF-8, 45.7 percent of total funding envelope will be programmed for country activities through the STAR. As part of the adjustments to the STAR in GEF-8, the support to LDCs will increase and minimum allocations to both SIDS and LDCs have been raised while also recognizing the support to Middle Income Countries (MIC's) remains critical in relation to the environmental challenges they face.

Overall, the GEF's project and programme performance is good and eighty percent of completed projects have satisfactory implementation and execution ratings. The quality of monitoring and evaluation design and implementation has also improved over time, with more than two-thirds of projects rated in the satisfactory range. Furthermore, the evaluation found that 68 percent of projects approved from GEF-4 onward are more likely to be sustainable at completion, an improvement over earlier GEF periods. Not surprisingly however, the COVID-19 pandemic has affected the implementation and performance of 88 percent of GEF projects, according to a recent review conducted by the IEO. The evaluation concludes that the GEF continues to be a relevant financing mechanism to multiple MEAs and in advancing integrated programming on priority environmental issues and systemic transformation. Nevertheless, it has yet to address fragmentation in the delivery of its integrated approach programs and to demonstrate the additionality of integration. Focal area and impact program-related integration in GEF programming and project development has not been robustly translated into country-level action across ministries and sectors and there is scope for the programs to be more inclusive. There is also room for improving on the ability and effectiveness in promoting policy coherence and institutional synergy, which will require substantial efforts by the GEF at country-level, together with complementary efforts in enforcement within countries. In addition, The GEF still has an unrealized potential for mobilizing additional resources in strategic and complementary ways. Possibilities include partnering with financing institutions—such as the Green Climate Fund, multilateral development banks, bilateral donors, foundations with complementary visions, and the private sector—to pursue synergies.

Reflecting on these areas where further improvements are needed while building on successful approaches from GEF-7, the GEF-8 Programming Directions intend to encourage countries to move more of their programming through eleven Integrated Programs (IPs) that address the major environmental needs of the planet for which the GEF has a mandate.

Since the last OS was published, The Multilateral Organisation Performance Network (MOPAN) undertook an evaluation of the GEF, which was published in 2019. The results of the assessment highlights similar recommendations as the OPS7 and the MOPAN assessment concludes that overall, GEF is a relevant, capably managed and effective facility. The report notes that the GEF has strong operational management processes and financial controls that benefit from the underlying World Bank infrastructure. At the same time, areas for improvement remain. Particularly with regards to the resources available to the GEF, which do not correspond to the scale of the global environmental challenges. As responses, the GEF is attempting to maximize the impact of its resources to influence transformational change by engaging better with the private sector, and shifting its programming towards addressing the drivers of environmental degradation in addition to responding to environmental pressures. This ambitious and complex agenda does not come without risks and will require appropriate management and skills to succeed. Nonetheless, this trajectory is supported by recent findings of the IEO, which indicate that projects involving the private sector tend to deliver greater value added and are also most likely to lead to transformational change.

This is even more critical following the recovery from the COVID-19 pandemic as it has been emphasized in the GEF-8 Strategic Positioning Framework. It is increasingly recognized that global funds to the environment will likely remain insufficient to close the Nature Funding Gap. Beyond traditional ODA assistance, there are several private and public sources of funds that must be further mobilized, including national governments, private sector, conservation NGOs, and philanthropic organizations. Particularly, engagement with the private sector will need to be further scaled up in GEF-8 such as through expansion of the non-grant instruments (NGI) window, designed to unlock and scale-up private financing. This area of work will be guided by the Private Sector Engagement Strategy (PSES), approved by the GEF Council in December 2020.

While private sector engagement has progressed during GEF-7, the full potential for mobilisation of private sector (finance) has not been fully utilized and the GEF will need to further improve private sector involvement. The GEF has progressed in terms on integration of gender and equality and results-based management, though there is still room for improvement in the operations. GEF-8 will use and build upon the 11 integrated Core Indicators set out in GEF-7, with updated targets to reflect the high level of ambition required for the next four years toward a nature positive, carbon neutral and pollution free future. This has been in line with Danish interventions at the biannual council meetings. The GEF-8 Results Measurement Framework maintains the set of Core Indicators introduced in GEF-7, as minor changes are introduced. The specific GEF-8 core indicators and sub-indicators are presented in annex II. Comparison of GEF-7 and GEF-8 Targets is included in annex III.

During the replenishment negotiations the main issues included resource allocation and optimization, increased funding for vulnerable countries such as LDCs and SIDS, introduction of a competitive window for the 5 largest recipient countries, distribution of funds across the focal areas, and the level of

flexibility. As an outcome of the GEF-8 replenishment negotiations, biodiversity will receive the largest share of the GEF allocation of focal areas with 36% of total allocation (compared to 31.9% in GEF-7) whereas climate changes will receive 16% of the total allocation (compared to 19,8% in GEF-7).

## LDCF

Lack of LDCF resources available for new projects in GEF-6, partly due to the operationalization of the GCF and donor diversion of funds, resulted in a pipeline of projects and reduced the efficiency of the approval process for the Fund. However, operational improvements, sharpened strategic prioritization and a renewed donor interest in the LDCF during 2018-2022 contributed to important progress and more predictability, and a clearance of the GEF-6 pipeline projects. By the end of GEF-7, the LDCF had provided support to all LDCs during the four-year period, living up to its commitment to leave no LDC behind. In 2020, the IEO conducted the Program Evaluation of the LDCF noting the Fund's catalytic effects in introducing new technologies or approaches and in building foundations for larger-scale projects. The evaluation also found that while the overall gender performance has improved across the LDCF portfolio, information regarding gender-related results are generally lacking and recommends building on the progress made on mainstreaming gender while further decreasing the knowledge gap on gender-focused assessments.

Building on this, the 2022-2026 GEF Programming Strategy on Adaptation and Operational Improvements for the LDCF aims to facilitate transformational adaptation in LDCs, towards achieving the Paris Agreement's global goal on adaptation. The Strategy identifies four thematic areas that are fully aligned with Danish priorities for adaptation support: i) Agriculture, Food Security, and Health; ii) Water; iii) Nature based solutions; and iv) Early Warning and Climate Information Systems. As with the GEF-8 programming directions, the strategy promotes integrated, systems approaches, through spatial and value chain interventions. Responding to COP guidance, the strategy outlines three priority areas with entry points: 1) Scaling up finance for adaptation; 2) Strengthening innovation and private sector engagement; and 3) Fostering partnership for inclusion and whole-of society approach. Gender equality and youth employment are integrated as cross-cutting considerations. The strategy also emphasizes collaboration with the GCF to ensure enhanced complementary of efforts as laid out and guided by the GEF-GCF Long Term Vision published in 2021.

In order to ensure more predictably funding to the LDCF and thereby more efficiency, the Fund is introducing a move to multi-year pledging with built-in flexibility for voluntary contributions. This is aligned with the Glasgow Climate Pact and will also allow for a doubling of country allocations in GEF-8 capped at USD 20 million per LDC. Danish financial support will have a substantial and significant importance for the LDCF operations and in raising the ambitions for adaptation finance, in line with the commitments under the Glasgow Climate Pact to double finance for adaptation actions by 2025, compared to 2019 levels.

#### **4. Priority areas and results to be achieved**

The GEF and LDCF Organization Strategy remains in line with the Danish key priorities from earlier GEF organization strategies as well as those set forth in Danish Government's Strategy for Development Cooperation, 'The World We Share'. These priority areas are likewise aligned with the priorities in the



formal Danish mandate for the GEF-8 replenishment negotiations, where Denmark succeeded in influencing the GEF-8 package, including the GEF-8 strategy and its Programming Directions as well as for the new Strategic Directions for the LDCF. Denmark will actively participate in the biannually GEF and LDCF Council meetings towards the delivery of the priority areas. Prior to the GEF Council meetings, the Danish council member will work closely with the Norwegian counterpart to decide on meeting objectives and priorities, and prepare instructions. Main outcomes from council meetings including technical and financial reporting and progress made on GEF-8 results framework will be subsequently circulated to relevant units in MFA. Denmark will follow closely the implementation of the GEF Private Sector Engagement Strategy and will also engage with informal private sector advisory network, to be established in GEF-8. In order to draw from Danish experience on private sector engagement and attracting private investments, the Danish representative in the Council will coordinate closely with relevant units in the Danish Ministry of Foreign Affairs (MFA) along with relevant embassies. Denmark will also closely follow the implementation of the GEF gender equality action plan as well as follow the design and implementation of relevant IPs such as the Food System IP. The priorities are presented below and the toolbox in annex IV contains more information on priorities, objectives and indicators.

<b>Priority</b>	<b>Rationale</b>	<b>Results to be achieved</b>	<b>Relevance</b>	<b>Monitoring</b>
Gender Equality	Women do not have the same control over natural resources as men and tend to be more vulnerable to the effects of climate change. Women also commonly face more barriers in accessing markets, capital, training, and technologies, and remain unrepresented in natural resource governance and decision-making at all levels. GEF interventions need to integrate gender equality and gender responsive approaches in order to deliver better outcomes.	Implementation of the gender strategy and action plan, building on progress and lessons learnt in GEF-7. Further improvements can be made in terms of the percentage of projects that have conducted a gender analysis or equivalent socio-economic assessment as well as better gender data collection. For the LDCF, gender-focused assessments (discussions of gender impacts and gender action plans) should be further included in terminal assessments	Significant progress on gender has been made over the course of GEF-7, including more frequent use of a gender analysis methodology and formulation of a gender action plan as well as higher utilization of gender disaggregated and gender specific indicators. Nonetheless there is still room for further integration of gender in GEF programming. Gender mainstreaming ratings have also improved across the LDCF portfolio, however, the knowledge gap on gender-related results should be addressed.	Through GEF score card and through IEO's evaluations (of completed projects) as well as terminal evaluations.
Private Sector Engagement	Private sector entities are considered as essential agents of systemic transformation. The need to effectively engage with the private sector is therefore of high priority, as this will help accelerate and scale up actions that deliver lasting global	Implementation of the strategy on private sector engagement. Expansion of the use of non-grant instruments and increase emphasis on multi-stakeholder platforms as well as expand and streamline blended finance to support innovation and attract private sector	Recent findings of the IEO indicate that projects involving the private sector tend to deliver greater value added and are also most likely to lead to transformational change. As the GEF has shifted into more integrated approaches, it has also	Through financial reports and IEO's evaluations (of completed projects) A core indicator on private sector engagement

	environmental benefits and climate action.	investment at scale. Increased engagement of private sector (from multinationals down to MSMEs) in scaling up adaptation finance and actions.	increasingly engaged the private sector not only as a source of financing or innovative technologies, but more important as a critical partner in scaling up the generation of global environmental benefits. While private sector engagement has improved in GEF-7, this is an area that need to be further expanded. Despite increased focus in GEF-7 LDCF projects, private sector engagement remains less clear. Recent findings of IEO indicate that the distinguishing characteristics of the LDCF—a focus on adaptation and on LDCs—pose challenges for private sector engagement.	has been introduced for the LDCF.
Results Based Management	The GEF/LDCF effectiveness in fulfilling its mandate is ultimately determined by the global environmental and adaptation benefits delivered through the activities it funds	Improvements in GEF's ability to in a timely and accurate manner capture and report on specific results at the project, program and portfolio levels	The GEFs M&E system should be further strengthened to enable the GEF to demonstrate its results and serve as input to the council's decisions	Through GEF score card and through IEO's evaluations (of completed projects)

A review of the GEF/LDCF organization strategy, including a review of results achieved for the four priority areas, will be conducted half way through the period of implementation. Decision on the specific format (purely Danish or joint review) will be decided at a later stage but will include findings from progress reports, annual monitoring reviews as well as GEF Corporate Scorecards.

## 5. Budget

The total global budget for the GEF-8 package is \$5.25 billion compared to \$4.1 billion for GEF-7. This historic replenishment represents a significant increase of nearly 30 percent and signals an important commitment from the international community, following the COVID-19 pandemic as well as the 2022 war in Ukraine. The Danish pledge to the GEF-8 replenishment is DKK 800 million (1.89 % of the total contribution to GEF). See annex V for a table of contributions among contributing partners to GEF-8. The Danish contribution and timing of the appropriations are shown in the table below. Please note, that the disbursement plan may be changed before submission to the Council for Development Policy. The contribution is given in the form of core support. During the GEF-7 replenishment (2018-2022) Denmark's contribution amounted to DKK 450 million. With GEF-8, Denmark has contributed with a total of USD 465 million since GEF was established.

Denmark also plans to make a multi-year contribution of DKK 150 million to the LDCF in both 2022 and 2023 along with additional pledges during the GEF-8 period. The total Danish contribution from 2001 and up to now (excluding planned contributions) amounts to DKK 780 million making Denmark the 6<sup>th</sup> biggest financial contributor to LDCF since its establishment.

Year of appropriation	2023	2024	2025	2026	Total
Core contribution to GEF-8	200 mill DKK	200 mill DKK	200 mill DKK	200 mill DKK	800 mill DKK
Timing of Appropriation	200 mill DKK	200 mill DKK	200 mill DKK	200 mill DKK	800 mill DKK

The MFA will communicate GEF and LDCF results through relevant media and use of SoMe. GDK will likewise communicate with and inform relevant Danish embassies about the GEF and LDCF projects and programmes in their respective countries, both before they are approved (with invitation to comment), and when implementation commence. This will enable communication in-countries about GEF, LDCF and Danish contributions. For programmes and projects particularly relevant to Danish bilateral support targeted engagement with relevant Danish embassies will be done with a view to identify potential overlaps and synergies.

## 6. Risks and assumptions

Risk identification and management are delegated to the project or program level where the responsibility lies with the implementing agencies (IA). Each IA that implements GEF/LDCF projects must have sufficient systems and capabilities in place to ensure robust efforts to combat fraud and corruption. The IAs have to meet GEF minimum fiduciary standards, as well as the minimum standards on environmental and social safeguards, in terms of their ability to systematically identify, monitor, and manage risks. IAs compliance with those standards is assessed every four years, or at any time the standards are raised. Risks and their management are documented at all stages of the project cycle: concept (PIF stage), CEO Endorsement/Approval of a fully developed project, annual project implementation reports, mid-term reviews, and terminal evaluations. The Secretariat reviews the information provided at concept stage and CEO Endorsement/Approval, and seeks clarification where needed.

The World Bank's Multilateral Trusteeship and Innovative Financing (DFPIF) department is at the forefront of the World Bank's engagement in global funds and innovative financing initiatives. The World Bank is currently Trustee for 22 Financial Intermediary Funds (FIFs), including the GEF. The World Bank, as trustee to the GEF, provides a set of agreed financial services for the GEF that involve receiving, holding and investing contributed funds, and transferring them when instructed by the GEF. The following matrix provides an overview of the most significant risks identified.

Type of risk	Context	Ways to mitigate	Impact
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Institutional	With the aim of increased private sector engagement this can lead to reputational risk	Through its board seat and member of the Private Sector Advisory Group, Denmark will seek to provide advice to the Secretariat on how to best engage the private sector in the implementation of the GEF-8 strategy	<b>Low</b>
Programmatic	Too little focus on impacts and IA performance in the GEF results-based management system and inadequate sustainability of project and program outcomes	Implementation of an updated policy on M&E and continued focus on sustainability of results after project closure (e.g. in IEO evaluation). Denmark will through its board seat keep the Secretariat accountable to improve on these issues	<b>Medium</b>
Contextual	Increased competition from other finance mechanisms including the Green Climate Fund (GCF)	Since GEF-7, funding allocated to the climate change focal area has been reduced. Through its board seat Denmark will seek to ensure that the comparative advantage of the GEF and LDCF is fully utilized in project/programs	<b>Medium</b>

### ***Annex I – List of GEF Implementing Agencies***

1. Asian Development Bank (ADB)
2. African Development Bank (AfDB)
3. European Bank for Reconstruction and Development (EBRD)
4. Food and Agriculture Organization of the United Nations (FAO)
5. Inter-American Development Bank (IADB)
6. International Fund for Agricultural Development (IFAD)
7. United Nations Development Programme (UNDP)
8. United Nations Environment Programme (UNEP)
9. United Nations Industrial Development Organization (UNIDO)
10. The World Bank Group (WBG)
11. Conservation International (CI)
12. Development Bank of Latin America (CAF)
13. Development Bank of Southern Africa (DBSA)
14. Foreign Economic Cooperation Office, Ministry of Environmental Protection of China (FECO)
15. Brazilian Biodiversity Fund (FUNBIO)
16. International Union for Conservation of Nature (IUCN)
17. West African Development Bank (BOAD)
18. World Wildlife Fund (WWF-US)

*Annex II - GEF-8 core indicators and sub-indicators*

Indicator	GEF-7 Indicator Number <sup>28</sup>	New or retired	Sex disaggregation
<b>CONSERVING &amp; SUSTAINABLY USING BIODIVERSITY</b>			
Terrestrial protected areas created or under improved management for conservation and sustainable use (hectares)	1		
– of which terrestrial protected areas newly created (hectares)	1.1		
– of which terrestrial protected areas under improved management effectiveness (hectares)	1.2		
Marine protected areas created or under improved management for conservation and sustainable use (hectares)	2		
– of which marine protected areas newly created (hectares)	2.1		
– of which marine protected areas under improved management effectiveness (hectares)	2.2		
Area of landscapes under improved practices (hectares; excluding protected areas)	4		
– of which area of landscapes under improved management to benefit biodiversity (qualitative assessment, non-certified)	4.1		
– of which area of landscapes that meet national or international third-party certification and that incorporates biodiversity considerations (hectares)	4.2		
– of which area of High Conservation Value forest loss avoided (hectares)	4.4		
Area of marine habitat under improved practices to benefit biodiversity (excluding protected areas) (million hectares)	5		
Number of fisheries that meet national or international third-party certification that incorporates biodiversity considerations	5.1		
People benefitting from the conservation, sustainable use, and/or restoration of biodiversity (hectares)	Subset of 11	✓	✓

Indicator	GEF-7 Indicator Number <sup>28</sup>	New or retired	Sex disaggregation
– of which solid and liquid Persistent Organic Pollutants (POPs) removed or disposed (POPs type) (metric tons)	9.1		
– of which quantity of mercury reduced (metric tons)	9.2		
– of which hydrochlorofluorocarbons reduced/phased out (metric tons)	9.3		
– of which Highly Hazardous Pesticides eliminated (metric tons)		✓	
Number of countries with legislation and policy implemented to control chemicals and waste (number)	9.4		
Number of low-chemical/non-chemical systems implemented, particularly in food production, manufacturing, and cities (number)	9.5		
Quantity of products/materials containing POPs/Mercury directly avoided (metric tons)	9.6		
Reduction, avoidance of emissions of POPS to air from point and non-point sources (grams of toxic equivalent gTEQ)	10		
Number of countries with legislation and policies implemented to control emissions of POPs to air (number)	10.1		
Number of emission control technologies/practices implemented (number)	10.2		
Amount of avoided plastic entering the non-recycled waste stream (metric tons) [Replacing 5.3 Amount of marine litter avoided (metric tons)]	5.3	✓	
People benefiting from reduced exposure to hazardous chemicals (number)	Subset of 11	✓	✓

Indicator	GEF-7 Indicator Number <sup>28</sup>	New or retired	Sex disaggregation
<b>SUSTAINABLY MANAGING AND RESTORING LAND</b>			
Area of land under restoration (hectares)	3		
– of which area of degraded agricultural lands under restoration (hectares)	3.1		
– of which area of forest and forest land under restoration (hectares)	3.2		
– of which area of natural grass and shrublands restored (hectares)	3.3		
– of which area of degraded ecosystem types under restoration for global biodiversity benefits	3.4		
Area of landscapes under sustainable land management in production systems (hectares)	4.3		
People benefiting from sustainable land management and restoration investments (number)	Subset of 11	✓	✓
<b>REDUCING GHG EMISSIONS</b>			
Greenhouse gas emissions mitigated (metric tons of carbon dioxide equivalent)	6		
– of which carbon sequestered, or emissions avoided in the sector of Agriculture, Forestry and Other Land Use (AFOLU) (metric tons of carbon dioxide equivalent)	6.1		
– of which emissions avoided outside Agriculture, Forestry and Other Land Use (AFOLU) sector (metric tons of carbon dioxide equivalent)	6.2		
Energy saved (megajoules)	6.3		
Increase in installed renewable energy capacity per technology (megawatt)	6.4		
People benefiting from climate change mitigation support (number)	Subset of 11	✓	✓
<b>STRENGTHENING TRANSBOUNDARY WATER MANAGEMENT</b>			
Number of fisheries that meet national or international third-party certification that incorporates biodiversity considerations	5.1		
Number of Large Marine Ecosystems with reduced pollution and hypoxia	5.2		
Number of shared water ecosystems (fresh or marine) under new or improved cooperative management (number)	7		
Level of Transboundary Diagnostic Analysis and Strategic Action Program formulation and implementation (rating)	7.1		
Level of regional legal agreements and regional management institution(s) to support its implementation (rating)	7.2		
Level of national/local reforms and active participation of Inter-Ministerial Committees (rating)	7.3		
Level of engagement in IW:LEARN through participation and delivery of key products (rating)	7.4		
Globally over-exploited fisheries moved to more sustainable levels (metric tons)	8		
People benefiting from transboundary water management (number)	Subset of 11	✓	✓
<b>REDUCING CHEMICALS AND WASTE</b>			
Reduction, disposal/destruction, phase out, elimination and avoidance of chemicals of global concern and their waste in the environment and in processes, materials, and products (metric tons)	9		



***Annex III – Tool box for Organisation Strategies: priorities, objectives and indicators***

<b>The relevance of the organisation in relation to the development in international framework conditions and new actors</b>			
<b>Present and new challenges</b>	<b>Relevance in relation to the development in global power structures, including new actors</b>	<b>Legitimacy/representation</b>	<b>Overall effectiveness (as a platform and norm entrepreneur, operatively)</b>
<p>The environment-, and specifically climate-, finance landscape has evolved over the last GEF replenishments. The Green Climate Fund (GCF) is now fully established while many other minor funds, facilities, and programmes are in place. However; the GEF remains unique by covering all the Rio conventions and a few more environmental agreements, and as such well-placed to work on integrated approaches and ensure synergies and co-benefits. The LDCF also continues to occupy a niche, being the only fund that exclusively serves the adaptation needs of LDCs. This means that LDCs do not have to compete with other more economically developed countries for climate finance. The GEF and LDCF are likewise well-placed to test approaches in a smaller scale, which can be scaled up through the GCF and other financing mechanisms.</p>	<p>The GEF and GCF has, together with a few other institutions in the landscape, initiated cooperation in GEF-7 with the aim to ensure complementarity and coherence. Further, in 2021 the Long-Term Vision on Complementarity, Coherence and Collaboration between the GCF and GEF was launched. This is in line with the guidance given by the Conventions’ Conferences of the Parties (COP). A number of the larger MIC’s, such as China, are increasing support to GEF. In addition, the changes in the economic power balance fuelled a discussion about optimisation of resources, with a stronger focus on vulnerable countries such as LDCs and SIDS, and less focus and/or higher demands for co-financing in MICs.</p>	<p>The GEF council has more representatives from developing countries than developed countries (16+2 vs 14). The GEF is unique by a number of developing countries both contributing and receiving funding from the GEF.</p>	<p>GEF is the oldest and most experienced fund in the landscape, and as such more mature. The GEF inspires other institutions in terms of how best to design a facility. However, it is not a developmental institution per se, thus gender considerations, engagement with private sector etc. are still areas with room for improvement.</p>
<b>The relevance and effectiveness of the organisation in relation to the international development and humanitarian agenda, and the organisation’s reform process to stay relevant and efficient.</b>			

Objectives for contributions to SDGs and other key development and humanitarian goals	Objectives for the operational effectiveness	Objectives for the organisational efficiency	
<p>The GEF is highly relevant to the Agenda 2030 and SDGs as sustainable development is its raison d'être. Specifically, the GEF is contributing directly to SDG 2 on zero hunger, 6 on water, 7 on energy, 11 on sustainable cities, 12 on sustainable consumption and production, 13 on climate, 14 on oceans, 15 on land (biodiversity etc.), besides an indirect contribution to many more SDGs.</p>	<p>As mentioned above, the GEF cooperate with other funds/facilities. In addition, the GEF works in partnership with 183 countries, and has a large network of civil society organizations, works with the private sector around the world, and receives continuous inputs from an independent evaluation office and a scientific panel. In general, it relies on the IA's operational capacities and their adherence to principles on development effectiveness etc.</p>	<p>The GEF is a mature institution, located in the World Bank. The implementation model with few implementing and very experienced IA's, implies that the secretariat is smaller. The GEF is in general well-managed, according to the independent evaluation. The more underlying challenge of the GEF model is that the secretariat is not implementing itself and emphasise strategy-policy setting and the upstream part of the project cycle, creating pipelines of good projects. However, this implies less attention to the implementation, operationalisation, and follow-through of policies, targets etc. during implementation. One example is the RBM, where the council receives information about expected results (results expressed in targets in approved projects), but not actual results data from the field. It is thus difficult to actually manage based on results. Likewise on gender and other policy issues, where policies are put in place, but the GEF model with IA and the secretariat focus, can lead to deficient operationalisation.</p>	
<b>The relevance of the organisation in relation to Denmark's priorities in development policy and humanitarian action</b>			
The relation between the core mandate of the organisation and the Danish humanitarian priorities and priorities in development policy.	Concrete contributions within the Danish priorities in development policy.	The organisation's effectiveness and relevance.	Opportunities for influence.
Danish humanitarian and development policy underlines environment, climate change and green growth in two contexts: 1) In transition and growth economies, while growth can lift millions of people out of poverty, it may often have adverse effects such as unsustainable consumption patterns that lead to pollution and	See previous box	Yes, the GEF and LDCF are highly relevant, as earlier mentioned. There are likewise opportunities for asserting Danish strategic interests and strongholds within a green and climate resilient development.	Denmark shares a council seat with Norway, and are as such able to influence the direction of the GEF decisions. Denmark was likewise active in the replenishment negotiation, and influenced the wording of the GEF-8 and LDCF programme documents agreed.

<p>contamination of air, soil and water, increased waste problems, as well as environmental degradation and loss of biodiversity. 2) Living conditions in LDCs deteriorate as a consequence of climate changes and degradation of the environment, which aggravate and accelerate risks such as instability, fragility and migration. The core mandate of the GEF that includes focus on sustainable natural resource management, environmental protection, innovative technological and financial solutions, sustainable energy etc. The LDCE is mandated to serve exclusively to adaptation needs of LDCs. Both mandates contribute directly to fulfilling several priority areas of the Danish government's development strategy "The World We Share".</p>			
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## Annex IV – GEF-8 replenishment of resources

### TABLE OF CONTRIBUTIONS\*\*

Contributing Participants	CONTRIBUTIONS (in millions)						
	GEF-8 Shares and Basic Contributions		Supplemental Contributions	GEF-8 Actual Shares	Total Contributions		
	(%)	SDR	SDR	(%)	SDR	Currency a/	Currency b
1	2	3	4	5	6	7	8
Australia	0.83%	41.41	-	1.26%	41.41	80.00	AUD
Austria	0.99%	48.28	-	1.47%	48.28	58.76	EUR
Belgium	1.63%	79.40	b/ d/	2.42%	79.40	92.50	EUR
Brazil	-	4.00	c/	0.13%	4.25	6.00	b/ USD
Canada	2.65%	128.94	b/	3.93%	128.94	219.00	CAD
China	-	4.00	c/	0.69%	22.57	205.17	CNY
Côte d'Ivoire	-	4.00	c/	0.12%	4.00	5.65	USD
Czech Republic	-	4.00	c/	0.12%	4.00	123.87	CZK
Denmark	1.89%	92.05	b/	2.80%	92.05	800.00	DKK
Finland	0.83%	41.25	b/	1.26%	41.25	48.00	EUR
France	5.23%	254.75	-	7.76%	254.75	310.05	b/ EUR
Germany	11.81%	575.15	-	17.52%	575.15	700.00	EUR
India	-	4.00	c/	0.40%	13.27	18.75	USD
Ireland	0.18%	8.56	b/	0.26%	8.56	10.00	EUR
Italy	1.77%	86.27	-	2.63%	86.27	105.00	EUR
Japan	9.27%	451.46	-	13.75%	451.46	71,377.34	JPY
Korea	0.11%	5.31	-	0.16%	5.31	7.50	USD
Luxembourg	0.08%	4.00	0.26	0.13%	4.26	4.87	EUR
Mexico	-	4.00	c/	0.21%	6.93	199.61	b/ MEXN
Netherlands	2.09%	101.88	-	3.10%	101.88	124.00	b/ EUR
New Zealand	0.12%	5.85	5.75	0.35%	11.60	23.50	NZD
Norway	1.35%	65.74	b/	2.00%	65.74	780.00	NOK
Slovenia	0.10%	5.00	-	0.15%	5.00	6.09	EUR
South Africa	-	4.00	c/	0.14%	4.64	98.40	b/ ZAR
Spain	0.52%	25.31	-	0.77%	25.31	30.81	b/ EUR
Sweden	6.85%	333.77	-	10.17%	333.77	4,128.00	SEK
Switzerland	2.45%	119.50	-	3.64%	119.50	155.40	CHF
United Kingdom	6.53%	318.30	-	9.70%	318.30	330.00	GBP
United States	8.73%	425.09	-	12.95%	425.09	600.80	b/ USD
1 New Funding from Contributing Participants	66.04%	3,245.28	37.66	100.00%	3,282.93		
2 Projected Investment Income					139.26	e/	
3 Projected Carryover of GEF Resources					329.73		
Paid-in Unallocated Resources					230.50	f/	
Unpaid Resources					99.24	g/	
4 Reflows from Non-Grant Instruments					19.28	h/	
5 Total Projected Resources to Cover GEF-8 Work Program					3,771.21	i/	

\*\* All pledges are subject to Parliamentary/Congressional approval.

a/ As agreed by the Contributing Participants at the April 23-24, 2021 GEF-8 replenishment meeting, the reference exchange rates to convert between the SDR amounts and the national currency amounts will be the average daily exchange rates over the period from July 1, 2021 to December 31, 2021 (reference exchange rates)

b/ Contributing Participants have the option of taking a discount or credit for acceleration of encashment and: (i) including such credit as part of their basic share; (ii) counting such credit as a supplemental contribution; or (iii) taking such discount against the national currency contribution. Belgium, Canada, Denmark, Finland, Ireland and Norway have opted to include such credit as part of their basic share. Luxembourg has opted to take the credit for accelerated encashment as a supplemental contribution. Brazil, France, Mexico, the Netherlands, South Africa, Spain, and the United States have opted to take a discount against the contribution currency.

c/ For those Contributing Participants that do not have a basic share, this represents the agreed minimum contribution of SDR 4 million.

d/ The Government of Belgium wish to note that their contribution amounts include EUR 12.5 million to support financing of Climate change activities, projects or programmes.

e/ Investment income is projected using a USD 4.18 billion average cash balance and estimated investment return of 1.14% per annum.

f/ This amount represents paid-in but unallocated resources in the GEF Trust Fund (excluding amounts for which commitment by the Trustee is deferred under any prior replenishment of the GEF Trust Fund) and investment income.

g/ This amount comprises Instruments of Commitments not yet deposited plus arrears (late payments under deposited Instruments of Commitments or Qualified Instruments of Commitments).

h/ This amount represents reflows under the Non Grant Instruments which are expected to be received during the GEF-8 Replenishment period up to June 30, 2026.

i/ This SDR amount is equivalent to USD 5,330 million using the agreed GEF-8 reference exchange rates.