



# Global Environment Facility

GEF/C.33/Inf.3

March 25, 2008

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GEF Council Meeting  
April 22-25, 2008

## TRUSTEE REPORT

(Prepared by the Trustee)



## **TRUSTEE REPORT**

### **I. Introduction**

1. This report of the Trustee to the Council describes financial management aspects of the GEF Trust Fund for the period since the last Council meeting. The paper is divided into four sections. Following this Section I of Introduction, Section II reports on the Status of GEF replenishments, including donor commitments and donor contribution payments. Section III presents the funding availability of the Trust Fund. Section IV provides an update on relevant issues of financial management. Section V provides an update on other work in progress. Unless otherwise noted, all currency valuations are based on exchange rates in effect as at March 5, 2008.

### **II. Status of Replenishments**

2. As previously notified, the Fourth Replenishment of the GEF (GEF-4) became effective on February 8, 2007 when the Trustee received Instruments of Commitment and Qualified Instruments of Commitment totaling SDR 929 million.<sup>1</sup>

#### *Instruments of Commitment*

3. In the last report to the Council, the Trustee reported that a total of 28 contributing participants had deposited an Instrument of Commitment (IoC) or Qualified Instrument of Commitment with the Trustee. Since then, the Trustee has received an IoC from Switzerland, bringing the total number of donor commitments to the GEF-4 to 29: Australia, Austria, Belgium, Canada, China, Czech Republic, Denmark, Finland, France, Germany, Greece, India, Ireland, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Portugal, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom, and the United States. Three contributing participants have not yet submitted IoCs to the Trustee: Italy, Nigeria, and Pakistan.<sup>2</sup> It should also be noted that Germany, who

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<sup>1</sup> The Advance Contribution Scheme became effective on November 30, 2006. The Instrument provides the “in order to avoid an interruption in the GEF’s ability to make financing commitments pending the effectiveness of the Fourth Replenishment, and if the Trustee shall have received Instruments of Commitment or Qualified Instruments of Commitment from Contributing Participants whose contributions aggregate not less than SDR 310.0 million, the Trustee may deem, prior to the Effective Date, one quarter of the total amount of each contribution for which an Instrument of Commitment or Qualified Instrument of Commitment has been deposited with the Trustee as an advance contribution, unless the Contributing Participant specifies otherwise in its Instrument of Commitment or Qualified Instrument of Commitment”.

<sup>2</sup> In February 2008, the Trustee communicated with each of these donors reminding them of their obligation to submit an Instrument of Commitment to the Trustee as soon as the pledge is approved by their respective Parliament.

pledged USD 295.0 million to the GEF-4 but deposited an IoC for USD 277.5 million on December 22, 2006, obtained the approval of Parliament for the remaining amount of USD 17.5 million, and has now deposited an additional IoC for the USD 17.5 million.

### *Contribution Payments*

4. GEF-4: The second installment of an additional 25% of the committed contribution was due for payment by November 30, 2007, bringing total amounts payable to the Trust Fund to 50% of the commitment contributions. Upon written notice, a contributing participant may request the Trustee to grant an extension of the payment date up to June 30, 2008. Seven donors have availed themselves of this option: Canada, France, Greece, Mexico, Slovenia, South Africa and the United Kingdom.

5. As of the date of this report, contributing participants were to have unqualified and paid at least 50% of their committed contributions. Those contributing participants that have not done so, and have not requested an extension to pay, are considered to be in arrears. Based on these criteria, Belgium and the United States are in arrears to the GEF-4. (See Annex 2: Arrears and Deferred Contributions.)

6. In accordance with sub-paragraph 4(a) of the GEF-4 resolution,<sup>3</sup> the United States submitted written notification to the Chief Executive Officer/Chairperson of the GEF in a letter dated June 4, 2007 stating the reason for the delayed payment from the 1<sup>st</sup> installment of the GEF-4 and the measures being taken to address it.

7. GEF-3: All contributing participants have satisfied the financial obligations to the GEF Trust Fund with the exception of Nigeria and the United States. In February 2008 the United States deposited a Letter of Credit in the amount of USD 1.1 million for partial payment towards its GEF-3 arrears. As of the date of this report, the total amount of arrears is USD 32.9 million, comprising USD eq. 4.8 million from Nigeria and USD 28.1 million from the United States. (See Annex 2: Arrears and Deferred Contributions.)

8. In February 2008, in accordance with paragraph 4 (a) of the GEF-3 replenishment resolution, the Trustee issued a follow-up letter to Nigeria reminding the Government of its obligation to pay and of the requirement to advise the CEO/Chairperson of the delay in their payment.<sup>4</sup> The United States submitted its notification to the Chief Executive Officer/Chairperson in its letter dated November 4, 2005.

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<sup>3</sup> According to Sub-paragraph 4 (a) of the GEF-4 replenishment, the Trustee shall remind the Contributing Participant of the obligations it will incur if a delay persists. If payment has not been made 30 days before the date of the next council meeting following the date on which the delay incurred, the responsible Minister of the Contributing Participant concerned shall provide the Chief Executive Officer/Chairperson with a written communication stating the reasons for the delay and the measures taken to address it.

<sup>4</sup> Similar provision contained in GEF-3 replenishment resolution paragraph 4(a).

9. Since the commitment of the United States in the GEF-3 under its Qualified IoC represents more than 20% of the total resources to be contributed to the GEF-3, the pro rata provision under the GEF-3 replenishment resolution came into effect. France, Germany and Japan exercised their pro rata<sup>5</sup> right under the resolution in proportion to the U.S. shortfall.

10. In the last report to the Council, the Trustee reported that the GEF-3 arrears of the United States represented 6.78% of its total contribution. With the recent payment of USD 1.1 million applied to the United States' GEF-3 arrears, the outstanding contribution of the United States now represents 6.53% of its committed contribution of USD 430 million. Accordingly, the equivalent amount of the deferred contributions, USD eq. 2.4 million, has been released for Council allocation or CEO approval. Accordingly, USD eq. 63.6 million remains deferred and not available for Council allocation or CEO approval.

11. GEF-2: The Trustee reported in November 2007 that the United States was in arrears to the GEF-2. The total amount remaining unqualified and unpaid by the United States has remained unchanged since the November 2007 report: USD 140.7 million.

12. Since the commitment of the United States under its Qualified IoC represents more than 20% of the total amount of resources to be contributed to the GEF-2, the pro rata provision under the GEF-2 resolution came into effect. The outstanding contribution of the United States to the GEF-2 represents 32.7% of its committed contribution of USD 430 million. Austria, France, and Japan have exercised the pro rata right under the Resolution for the fourth tranche only and deferred commitment of 25% of their respective paid-in contributions to the GEF-2. As a result, a total of USD eq. 174.75 million is deferred and not available for Council allocation or CEO approval.

13. GEF-1: Since last reported, there have been no changes in the arrears status of the GEF-1. Argentina continues to be in arrears in the amount of USD 2.5 million while Egypt carries an arrears balance in the amount of USD eq. 0.86 million. Argentina has paid only 50% of its contribution and has not yet agreed to a new payment schedule with the Trustee. The Trustee will continue to follow up with these two contributing participants.

14. Annex 1 shows the summary of payments on committed contributions to all replenishments including the Pilot Phase to the GEF as well as the grant equivalent of co-financing and parallel financing made under the Pilot Phase. This table also provides the voting share of each of the contributing participants based on their paid-in contributions as of March 5, 2008.

15. The summary of arrears and deferred contribution payments is shown in Annex 2. Total arrears for each of the contributing participants are as follows: Argentina –

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<sup>5</sup> According to Sub paragraph 8(b) of the GEF-3 Resolution, the Trustee shall promptly inform all Contributing Participants if a Contributing Participant who has deposited a Qualified Instrument of Commitment and whose contribution represents more than 20 percent of the total amount of the resources to be contributed pursuant to the Third Replenishment has not unqualified the total amount thereof by November 30, 2005, or 30 days after the Effective Date, whichever is later.

USD 2.5 million; Belgium – USD eq. 17.54 million; Egypt – USD eq. 0.86 million; Nigeria – USD eq. 4.84 million and the United States – USD 169.53 million. Total arrears to the GEF Trust Fund amount to USD eq. 195.26 million.

### *Status of Promissory Note Encashment*

16. Many contributing participants pay their GEF contributions by way of promissory notes or letters of credit. These promissory notes and letters of credit are encashed on a quarterly basis using an encashment schedule agreed with each of the contributing participants;<sup>6</sup> or as otherwise agreed with the Trustee. As of March 5, 2008, one country, Cote d'Ivoire, was in arrears with respect to their encashments for GEF-1, GEF-2 and GEF-3. The Trustee periodically follows up with this contributing participant to remind them of the obligations under the relevant replenishment.<sup>7</sup>

## **III. Funds Available for Council Allocation or CEO Approval**

17. As at March 5, 2008, the total GEF Trust Fund assets held in trust amounted to USD eq. 3.99 billion, of which USD eq. 2.57 billion represents cash and USD eq. 1.42 billion is in the form of promissory notes and letters of credit. Of the total assets, the following amounts have been set aside: USD 3.05 billion for projects or activities allocated by the Council or approved by the CEO but not yet disbursed; USD eq. 238.3 million representing the deferred contributions in respect to the pro rata right; and a USD 40.0 million reserve to cover foreign exchange rate fluctuations of non-US dollar assets. As a result, net funds available for allocation by the Council or approval by the CEO amount to USD eq. 666.1 million. The schedule of funds available for the GEF Trust Fund is shown in Annex 3.

## **IV. Financial Management**

### *Foreign Exchange Rate Movements and Interest Rate Risk*

18. In an effort to manage the Trust Fund's exposure to exchange rate variations, the Trustee initiated a reserve policy just under two years ago to guard against the possibility that exchange rates move in such a way that the Trust Fund may not have sufficient funds to disburse against commitments made to GEF agencies. The exchange rate risk arises from the holding of promissory notes which are denominated in foreign currencies. These notes are encashed and converted to US dollars – the operating currency of the GEF Trust Fund - over a period of time ranging anywhere from 1 year to 10 years. The establishment of this risk

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<sup>6</sup> According to sub-paragraph 3(a) of the GEF-3 Resolution, donors shall pay their contributions in "four equal installments" by November 30, of each year starting 2002. A similar provision is contained in paragraph 3(c) of the GEF-4 resolution.

<sup>7</sup> According to sub-paragraph 4(b) of the GEF-1 Resolution, sub-paragraph 4(b) of the GEF-2 Resolution, and sub-paragraph 3(c)(ii) of the GEF-3 Resolution, recipient contributing participants are permitted postponement of two years on encashments. Côte d'Ivoire is overdue beyond the two-year limit for the GEF-1, GEF-2 and GEF-3

mitigation measure is considered necessary because the GEF Trust Fund does not have access to market instruments for hedging. To fund the potential losses that could occur from the currency misalignment between assets and obligations, the trust fund has set aside a reserve of USD 40 million (up from USD 35 million for the last 12 months). The reserve is not normally made available for Council allocation or CEO approval. In view of the recent exchange rate movements against the US dollar, the Trustee re-evaluated the model at the close of 2007 and recommended the increase. The reserve is now equivalent to less than 1% of funds held in trust (USD eq. 3.99 billion) as of March 5, 2008; the reserve will be reassessed again annually hereafter.

19. As noted in earlier reports to Council, the Trustee has also explored the use of a second reserve of approximately USD 100 million as a mitigation measure against adverse interest rate risk. However, given the current amount of available resources and the relatively strong demand, implementing this risk mitigation measure at this time could unnecessarily restrict the work program of the GEF. The Trustee will periodically review this possibility and work with the Secretariat on whether it should be implemented.

## **V: Work in Progress**

### *Systems Development*

20. In the last report to Council, the Trustee updated Council on the Trustee's major system overhaul of the World Bank's customized module for the GEF Trust Fund. The system overhaul was designed to (a) adjust for recent changes to the project cycle and enable better tracking of programmatic approaches and joint projects; (b) provide the ability to re-allocate resources across agencies, when necessary; (c) keep track of projected reflows to facilitate the return of such funds to the GEF Trust Fund; (d) provide the ability to report more transparently on non-grant instruments used by agencies; and (e) enable electronic sharing of data between the Secretariat and the Trustee and between the Agencies and the Trustee. The first phase of the project, consisting of technical enhancements to the financial transactions to match the revised project cycle and reporting modules for GEF approved projects, was completed on January 8, 2008. Phase II, which will concentrate on reallocations across Agencies, management of non-grant instruments, and electronic sharing of data between the Trustee and the Agencies, was begun in February 2008. It is expected to be completed by June 2009.

21. The new system is expected to minimize data inconsistencies, increase efficiency, ease the burden on Agencies, and maximize monitoring and reporting capabilities. Further, the system is built with flexibility; it is fully configurable so that it may adapt quickly to any changes in the project cycle, process flows, and new initiatives in the future.

### *Financial Consultation with GEF Agencies and GEF Secretariat*

22. In January 2008, the Trustee organized and convened a financial consultation ("Consultation") with GEF Agencies, the GEF Secretariat, and the GEF Evaluation Office. As the GEF makes changes to existing operational practices and policies or implements new

policies, it is important that the Trustee and the Agencies collaborate to develop and implement a harmonized set of procedures and processes for recording and reporting on financial transactions. Since 2003, when the last Consultation was convened, the Council has agreed on minimum fiduciary standards for the GEF Agencies, approved a new project cycle, and expanded the use of programmatic approaches in the GEF work program. More recently (January 2008), the Trustee implemented Phase I of its new system and the GEF Secretariat started the re-development of the GEF project management system. All of these events obliged the Trustee and the Agencies to revise the existing Financial Procedures Agreement (“Agreement”) as well as the reporting protocols between the Trustee and the Agencies.

23. During the Consultation, the Trustee and the Agencies agreed on the Trustee’s process flows for managing and recording Council and CEO funding decisions from the time a funding request is submitted for approval to the transfer of cash from the Trustee to the Agencies. A more simplified and streamlined reporting structure was also developed and agreed upon.

24. The outcome of the discussions formed the basis for revising the Agreement. The proposed Agreement, which will have to be approved by each Agency, reflects new Trustee procedures and Council decisions. It is meant to be consistent, to the extent possible, across all Agencies. Participants also agreed in principal on the protocols and timeline for developing capabilities for sharing data electronically between the Trustee and the Agencies, which will be developed during Phase II of the Trustee’s system project for the GEF.

#### *Non-Grant Instruments*

25. During the Consultation, the Trustee took the opportunity to solicit feedback from GEF Agencies on their experience with the use of non-grants instruments in GEF-funded activities. Much of this Consultation was aimed at helping the Trustee formulate procedures that can be used going forward and to ascertain the systems enhancement to support the reporting of non-grant activity between Agencies and the Trustee and subsequently to the Council. The Trustee also consulted with experts within the World Bank involved in the concept of “billable” trust funds as these mirror the type of transactions anticipated with non-grant instruments for the GEF Trust Fund. The discussions served as input into the paper on the use of non-grants in the GEF Trust Fund that is being submitted to the April Council meeting.

#### *Reporting of Investment Income*

26. The Trustee has been collaborating with Implementing and Executing Agencies to ensure timely reporting on investment income – that is income earned from the investment of GEF funds pending their disbursement (except for income earned on the investment of GEF funds transferred as fees). At the Consultations, it was agreed that Agencies would report these figures back to the Trustee twice yearly instead of annually. The more frequent reporting is now necessary since these figures have now grown in value given the size of the GEF portfolio. Their large value makes it an important component in the GEF Trustee

financial statements that needs to be validated as part of the GEF fiscal year-end reporting requirements under IFRS.

27. As of the date of this report, two Agencies have not completed transfers of investment income due for the period ended June 30, 2007: UNDP for the period covering FY07 pending completion of their audit; and EBRD for FY05 and FY06. The Trustee has issued reminders to these Agencies and will provide an updated status at the time of issuing the next Trustee Report.

*Conversion of Audited Financial Statements from Special Purpose Reporting to International Financial Reporting Standards (IFRS)*

28. The preparation of the GEF Trust Fund financial statements for the fiscal year ending June 30, 2007 is underway and nearing completion. As noted in previous Trustee reports, for the first time since the inception of the GEF, the financial statements will be prepared on the basis of International Financial Reporting Standards (“IFRS”). The main reason for converting the financial statements to IFRS is so that the audited financial statements can be distributed to the public at large; the previous special purpose statements could only be distributed to a limited audience. Preparation of the statements in accordance with IFRS represents best practice.

29. The auditors and the Trustee are working towards the goal of finalizing the FY07 audit in time for the April 2008 Council meeting. In its report to Council in November 2007, the Trustee indicated that the estimated completion date for the IFRS conversion and external audit was December 31, 2007. However, the Trustee also cautioned that the timing of completion was highly dependent upon factors beyond the control of the Trustee. First-time adoption of IFRS presents many challenges. The transition requires not only that the current year’s results be presented on the basis of IFRS, but that the accounting policies be applied retrospectively as if the financial statements had always been prepared in accordance with IFRS. This entails a careful examination of IFRS standards and applying them to the Trust Fund’s situation, which involves significant professional judgment and consultation. In addition, the external auditors must also re-audit the periods ended June 30, 2005 and 2006 (comparative information), in addition to carrying out the audit for the year ended June 30, 2007.



**Global Environment Facility Trust Fund**  
 Commitments and Payments for the Purpose of Calculating Voting Rights  
 (Includes payments on contribution plus the grant equivalent of co-financing and parallel financing made under the GEF pilot program)  
 as of March 12, 2008  
*(expressed in SDR millions as agreed)*

| Contributing Participants | Pilot Phase       |                       | GEF-1          |                |        | GEF-2          |                |          | GEF-3          |                    |          | GEF-4          |                    |        | Total Contributions Paid |                                      |
|---------------------------|-------------------|-----------------------|----------------|----------------|--------|----------------|----------------|----------|----------------|--------------------|----------|----------------|--------------------|--------|--------------------------|--------------------------------------|
|                           | Core Contribution | Co-Parallel Financing | Commitment     | Contributions  |        | Commitment     | Contributions  |          | Commitment     | Contributions paid |          | Commitment     | Contributions paid |        | Total Contributions Paid | As % of total GEF Contributions Paid |
|                           |                   |                       |                | Paid           | % Paid |                | Paid           | % Paid   |                | % Paid             | % Paid   |                | % Paid             | % Paid |                          |                                      |
| 1 Argentina               | 0.0               | 0.0                   | 3.6            | 1.8            | 50.0%  | a/             |                |          | a/             |                    |          | a/             |                    |        | 1.8                      | 0.03%                                |
| 2 Australia               | 9.7               | 7.4                   | 20.8           | 20.8           | 100.0% | 23.5           | 23.5           | 100.0%   | 27.6           | 27.6               | 100.0%   | 31.0           | 15.5               | 50.0%  | 104.5                    | 1.74%                                |
| 3 Austria                 | 26.0              | 0.0                   | 14.3           | 14.3           | 100.0% | 14.7           | 14.7           | 100.0%   | 17.7           | 17.7               | 100.0%   | 21.8           | 10.9               | 50.0%  | 83.6                     | 1.40%                                |
| 4 Bangladesh              | 0.0               | 0.0                   | 2.0            | 2.0            | 100.0% | a/             |                |          | a/             |                    |          | a/             |                    |        | 2.0                      | 0.03%                                |
| 5 Belgium                 | 5.0               | 5.3                   | 22.9           | 22.9           | 100.0% | 24.9           | 24.9           | 100.0%   | 33.0           | 33.0               | 100.0%   | 42.3           | 10.6               | 25.0%  | 101.7                    | 1.70%                                |
| 6 Brazil                  | 4.0               | 0.0                   | 4.0            | 4.0            | 100.0% | a/             |                |          | a/             |                    |          | a/             |                    |        | 8.0                      | 0.13%                                |
| 7 Canada                  | 6.3               | 0.0                   | 61.8           | 61.8           | 100.0% | 74.6           | 74.6           | 100.0%   | 80.9           | 80.9               | 100.0%   | 89.2           | 22.3               | 25.0%  | 245.9                    | 4.10%                                |
| 8 China                   | 4.0               | 0.0                   | 4.0            | 4.0            | 100.0% | 6.0            | 6.0            | 100.0%   | 8.4            | 8.4                | 100.0%   | 7.1            | 3.6                | 50.0%  | 26.0                     | 0.43%                                |
| 9 Cote d'Ivoire           | 2.0               | 0.0                   | 4.0            | 4.0            | 100.0% | 4.0            | 4.0            | 100.0%   | 4.0            | 4.0                | 100.0%   | a/             |                    |        | 14.0                     | 0.23%                                |
| 10 Czech Republic         | 0.0               | 0.0                   | 4.0            | 4.0            | 100.0% | 4.0            | 4.0            | 100.0%   | 4.5            | 4.5                | 100.0%   | 4.7            | 4.7                | 100.0% | 17.2                     | 0.29%                                |
| 11 Denmark                | 16.3              | 0.0                   | 25.1           | 25.1           | 100.0% | 20.9           | 20.9           | 100.0%   | 28.0           | 28.0               | 100.0%   | 38.1           | 19.0               | 50.0%  | 109.2                    | 1.82%                                |
| 12 Egypt                  | 4.0               | 0.0                   | 4.0            | 3.5            | 86.7%  | a/             |                |          | a/             |                    |          | a/             |                    |        | 7.5                      | 0.12%                                |
| 13 Finland                | 20.4              | 0.0                   | 15.5           | 15.5           | 100.0% | 16.1           | 16.1           | 100.0%   | 20.9           | 20.9               | 100.0%   | 28.5           | 14.3               | 50.0%  | 87.2                     | 1.45%                                |
| 14 France                 | 110.1             | 0.0                   | 102.3          | 102.3          | 100.0% | 105.5          | 105.5          | 100.0%   | 128.8          | 128.8              | 100.0%   | 128.7          | 32.2               | 25.0%  | 478.9                    | 7.99%                                |
| 15 Germany                | 110.0             | 0.0                   | 171.3          | 171.3          | 100.0% | 160.3          | 160.3          | 100.0%   | 231.6          | 231.6              | 100.0%   | 201.1          | 106.6              | 53.0%  | 779.8                    | 13.02%                               |
| 16 Greece                 | 0.0               | 0.0                   | 3.6            | 3.6            | 100.0% | 4.0            | 4.0            | 100.0%   | 4.5            | 4.5                | 100.0%   | 5.3            | 1.3                | 25.0%  | 13.4                     | 0.22%                                |
| 17 India                  | 4.0               | 0.0                   | 6.0            | 6.0            | 100.0% | 6.6            | 6.6            | 100.0%   | 8.0            | 8.0                | 100.0%   | 6.7            | 3.4                | 50.0%  | 27.9                     | 0.47%                                |
| 18 Indonesia              | 4.0               | 0.0                   | a/             |                |        | a/             |                |          | a/             |                    |          | a/             |                    |        | 4.0                      | 0.07%                                |
| 19 Ireland                | 0.0               | 0.0                   | 1.7            | 1.7            | 100.0% | 4.0            | 4.0            | 100.0%   | 4.5            | 4.5                | 100.0%   | 5.3            | 2.7                | 50.4%  | 12.9                     | 0.21%                                |
| 20 Italy                  | 65.1              | 0.0                   | 75.7           | 75.7           | 100.0% | 66.0           | 66.0           | 100.0%   | 83.0           | 83.0               | 100.0%   | b/             |                    |        | 289.8                    | 4.84%                                |
| 21 Japan                  | 27.4              | 19.1                  | 296.0          | 296.0          | 100.0% | 300.7          | 300.7          | 100.0%   | 333.4          | 333.4              | 100.0%   | 208.0          | 104.0              | 50.0%  | 1080.4                   | 18.04%                               |
| 22 Korea                  | 0.0               | 0.0                   | 4.0            | 4.0            | 100.0% | 4.0            | 4.0            | 100.0%   | 4.4            | 4.4                | 100.0%   | 4.5            | 2.1                | 46.7%  | 14.4                     | 0.24%                                |
| 23 Luxembourg             | 0.0               | 0.0                   | 4.0            | 4.0            | 100.0% | 4.0            | 4.0            | 100.0%   | 4.0            | 4.0                | 100.0%   | 4.0            | 2.0                | 50.0%  | 14.0                     | 0.23%                                |
| 24 Mexico                 | 4.0               | 0.0                   | 4.0            | 4.0            | 100.0% | 4.0            | 4.0            | 100.0%   | 4.0            | 4.0                | 100.0%   | 4.0            | 1.0                | 25.0%  | 17.0                     | 0.28%                                |
| 25 Netherlands            | 37.7              | 0.0                   | 51.0           | 51.0           | 100.0% | 53.1           | 53.1           | 100.0%   | 64.8           | 64.8               | 100.0%   | 74.7           | 74.7               | 100.0% | 281.2                    | 4.69%                                |
| 26 New Zealand            | 0.0               | 0.0                   | 4.0            | 4.0            | 100.0% | 4.0            | 4.0            | 100.0%   | 4.0            | 4.0                | 100.0%   | 4.0            | 2.0                | 50.0%  | 14.0                     | 0.23%                                |
| 27 Nigeria                | 4.0               | 0.0                   | a/             |                |        | 4.0            | 4.0            | 100.0%   | 4.0            | 1.0                | 25.0%    | b/             |                    |        | 9.0                      | 0.15%                                |
| 28 Norway                 | 19.6              | 3.3                   | 22.3           | 22.3           | 100.0% | 22.8           | 22.8           | 100.0%   | 20.0           | 20.0               | 100.0%   | 24.1           | 12.1               | 50.0%  | 100.0                    | 1.67%                                |
| 29 Pakistan               | 4.0               | 0.0                   | 4.0            | 4.0            | 100.0% | 4.0            | 4.0            | 100.0%   | 4.0            | 4.0                | 100.0%   | b/             |                    |        | 16.0                     | 0.27%                                |
| 30 Portugal               | 4.5               | 0.0                   | 4.0            | 4.0            | 100.0% | 4.0            | 4.0            | 100.0%   | 4.0            | 4.0                | 100.0%   | 4.8            | 2.4                | 50.0%  | 18.9                     | 0.32%                                |
| 31 Slovak Republic        | 0.0               | 0.0                   | 4.0            | 4.0            | 100.0% | a/             |                |          | a/             |                    |          | a/             |                    |        | 4.0                      | 0.07%                                |
| 32 Slovenia               | 0.0               | 0.0                   | a/             |                |        | 1.0            | 1.0            | 100.0%   | 1.1            | 1.1                | 100.0%   | 4.4            | 2.2                | 50.0%  | 4.3                      | 0.07%                                |
| 33 South Africa           |                   |                       | a/             |                |        | a/             |                |          | a/             |                    |          | 4.0            | 1.5                | 36.8%  | 1.5                      | 0.02%                                |
| 34 Spain                  | 10.0              | 0.0                   | 14.0           | 14.0           | 100.0% | 12.0           | 12.0           | 100.0%   | 15.1           | 15.1               | 100.0%   | 18.1           | 18.1               | 100.0% | 69.2                     | 1.16%                                |
| 35 Sweden                 | 24.5              | 0.0                   | 41.6           | 41.6           | 100.0% | 42.1           | 42.1           | 100.0%   | 57.0           | 57.0               | 100.0%   | 76.2           | 76.2               | 100.0% | 241.4                    | 4.03%                                |
| 36 Switzerland            | 30.1              | 10.7                  | 32.0           | 32.0           | 100.0% | 32.0           | 32.0           | 100.0%   | 45.9           | 45.9               | 100.0%   | 47.5           | 23.8               | 50.0%  | 174.4                    | 2.91%                                |
| 37 Turkey                 | 4.0               | 0.0                   | 4.0            | 4.0            | 100.0% | 4.0            | 4.0            | 100.0%   | 4.0            | 4.0                | 100.0%   | 4.0            | 2.0                | 50.0%  | 18.0                     | 0.30%                                |
| 38 United Kingdom         | 54.7              | 0.0                   | 96.0           | 96.0           | 100.0% | 101.2          | 101.2          | 100.0%   | 149.9          | 149.9              | 100.0%   | 171.9          | 43.0               | 25.0%  | 444.9                    | 7.43%                                |
| 39 United States          | 0.0               | 109.7                 | 306.9          | 306.9          | 100.0% | 313.4          | 210.8          | 67.3% c/ | 339.2          | 317.0              | 93.5% c/ | 218.2          | 108.5              | 49.8%  | 1053.0                   | 17.58%                               |
| <b>Total</b>              | <b>615.5</b>      | <b>155.5</b>          | <b>1,438.1</b> | <b>1,435.8</b> |        | <b>1,445.3</b> | <b>1,342.8</b> |          | <b>1,744.2</b> | <b>1,719.0</b>     |          | <b>1,482.0</b> | <b>722.3</b>       |        | <b>5,990.8</b>           | <b>100.00%</b>                       |

a/ Designates a country which is not a Contributing Participant to the replenishment.

b/ Designates Contributing Participants who have not yet submitted an Instrument of Commitment.

c/ The U.S. Administration's FY08 budget request to the Congress included USD 26.8 million to partially pay its arrears. A payment of USD 1,100,720 was received on March 3, 2008 for the GEF-3.

## Global Environment Facility Trust Fund

## Arrears and Deferred Contributions

As of March 5, 2008

(in millions)

## 1. Arrears

*Details of Arrears*

| Contributing Participant | Amount Paid as a % of Total Contribution | Repl. | Currency | Amount       | Arrears as a % of Total Contribution | USD equ.      |
|--------------------------|--|-------|----------|--------------|--------------------------------------|---------------|
| Belgium                  | 25%                                      | GEF-4 | EUR      | 11.55        | 25.00%                               | 17.54         |
| United States            | 24.75%                                   | GEF-4 | USD      | 0.80         | 0.25%                                | 0.80          |
|                          |  |       |          | <b>12.35</b> |                                      | <b>18.34</b>  |
| Nigeria                  | 25.00%                                   | GEF-3 | SDR      | 3.00         | 75.00%                               | 4.84          |
| United States            | 93.47%                                   | GEF-3 | USD      | 28.06        | 6.53%                                | 28.06         |
|                          |  |       |          | <b>31.06</b> |                                      | <b>32.90</b>  |
| United States            | 67.29%                                   | GEF-2 | USD      | 140.67       | 32.71%                               | 140.67        |
| Argentina                | 50.00%                                   | GEF-1 | USD      | 2.50         | 50.00%                               | 2.50          |
| Egypt                    | 86.70%                                   | GEF-1 | SDR      | 0.53         | 13.30%                               | 0.86          |
|                          |  |       |          | <b>3.03</b>  |                                      | <b>3.36</b>   |
|                          |  |       |          |              |                                      | <b>195.26</b> |

## 2. Deferred Contributions

*Details of Deferred Contributions*

| Contributing Participant                        | Repl. | Currency | Amount    | As a % of total contribution | USD equ.      |
|---|-------|----------|-----------|------------------------------|---------------|
| France  | GEF-3 | EUR      | 10.71     | 6.53%                        | 13.46         |
| Germany   | GEF-3 | USD      | 19.18     | 6.53%                        | 19.18         |
| Japan   | GEF-3 | JPY      | 3,184.00  | 6.53%                        | 30.93         |
| <i>Sub-total</i>                                |       |          |           |                              | <b>63.57</b>  |
| Austria   | GEF-2 | EUR      | 4.20      | 25.0%                        | 6.38          |
| France  | GEF-2 | EUR      | 32.88     | 25.0%                        | 49.95         |
| Japan   | GEF-2 | JPY      | 12,188.58 | 25.0%                        | 118.42        |
| <i>Sub-total</i>                                |       |          |           |                              | <b>174.75</b> |
| <b>Total deferred contributions</b>             |       |          |           |                              | <b>238.32</b> |
| <b>Total arrears and deferred contributions</b> |       |          |           |                              | <b>433.58</b> |

1/ The U.S. Administration's FY08 budget request to the Congress included USD 26.8 million. to partially pay its arrears. USD 1.1 million was approved and applied towards GEF-3 arrears.

| <b>Global Environment Facility Trust Fund</b><br>Schedule of Funds Available<br>As of March 5, 2008<br>(in USD) |               |  | <u>USD eq.</u>       |
|---|---------------|--|----------------------|
| <b><u>1. Funds held in Trust</u></b>  |               |  | <b>3,997,061,547</b> |
| Cash and investments  | 2,568,355,457 |  |                      |
| Promissory notes  | 1,428,706,090 |  |                      |
| <b><u>2. Restricted Funds</u></b>   |               |  | <b>278,310,291</b>   |
| Deferred contributions in respect to the pro rata right   | 238,310,291   |  |                      |
| Contributions not released (i.e. pre-payments of installments)  | 0             |  |                      |
| Reserve to cover foreign exchange rate fluctuations   | 40,000,000    |  |                      |
| <b>3. Funds held in Trust with no restrictions ( 3 = 1 - 2 )</b>  |               |  | <b>3,718,751,256</b> |
| <b><u>4. Approved amounts pending disbursement</u></b>  |               |  | <b>3,052,637,128</b> |
| Trustee Committed and approved by Agency  | 1,478,936,373 |  |                      |
| Contingent Commitment but not yet approved by Agency  | 393,007,377   |  |                      |
| Approved by Council but not yet CEO Endorsed  | 1,180,393,378 |  |                      |
| Pending Council decision  | 0             |  |                      |
| Monthly approvals pending confirmation from Agencies  | 300,000       |  |                      |
| <b>5. Funds Available for Council Allocation or CEO Approval ( 5 = 3 - 4 )</b>                                  |               |  | <b>666,114,128</b>   |