



GEF/A.2/6
September 5, 2002

Second GEF Assembly
Beijing, China
October 16-18, 2002

Agenda Item 15

RETROSPECTIVE OF THE GEF-2 COMMITMENT AUTHORITY

I. INTRODUCTION

1. Donors to the second replenishment of the GEF Trust Fund (“GEF-2”) agreed to provide resources to the GEF Trust Fund for grant and other financing to GEF recipient countries between July 1, 1998 and June 30, 2002. The total grant envelope agreed for the GEF-2 period was US\$ 2,750.0 million.

2. Contributing Participants completed the GEF-2 negotiations on February 10, 1998. On March 31, 1998, the Council endorsed the replenishment document and requested the CEO/Chairman of the Facility to transmit the document to the World Bank with a request that the Executive Directors of the World Bank be invited to authorize the World Bank, as Trustee of the GEF Trust Fund, to manage the resources made available under the GEF-2. The World Bank adopted the GEF-2 resolution on July 14, 1998.

3. The Advance Contribution Scheme became effective on October 16, 1998, thereby helping to avoid an interruption in the GEF's ability to make financing commitments pending the effectiveness of the GEF-2. Twenty-eight Contributing Participants provided advance contributions amounting to 25 percent of their total contributions. The GEF-2 replenishment became effective on March 24, 2000.

II. TARGET REPLENISHMENT SIZE FOR THE GEF-2

4. The resources to be available to the GEF Trust Fund during the GEF-2 commitment period totaled US\$ 2,750.0 million which comprised : (i) new pledges from Contributing Participants totaling US\$ 1,991.3 million; (ii) a carryover from the GEF-1 replenishment¹ totaling US\$ 687.0 million; and (iii) a funding gap of US\$ 71.7 million. Resources were to become available at scheduled times throughout the four year replenishment period.

5. Thirty-two Contributing Participants, whose pledges totaled US\$ 1,969.3 million, fully authorized their commitments to the GEF-2 replenishment². Of that amount, 86.9 percent has been paid. The remaining amount, representing 13.1 percent of the total authorized commitments, remains unpaid and will be carried over into the GEF-3 commitment period.

6. The funding gap represents the difference between the agreed size of the replenishment and the sum of new donor contributions and carryover from the previous replenishment. For the GEF-2, Contributing Participants had agreed to a funding gap of US\$ 71.7 million, in the hope that supplementary contributions would be made and additional Contributing Participants would contribute during the course of the replenishment. This gap was *partially filled* by a transfer of

¹ The carryover from the GEF-1 was comprised of *paid contributions that were unallocated* at the end of the GEF-1 commitment period (June 30, 1998) and *unpaid GEF-1 contributions*.

² Four Contributing Participants to the GEF-2 negotiations, whose anticipated pledges amounted to US\$ 22.0 million, did not authorize their commitments to the GEF-2 replenishment. Thus, this amount did not become available to the GEF Trust Fund during the GEF-2 commitment period.

CAD 19.6 million (eq. US\$ 13.4 million) from a trust fund established by Canada during the pilot phase of the GEF.

III. COMMITMENT AUTHORITY DURING THE GEF-2 REPLENISHMENT PERIOD

7. The *cumulative resources available* to the GEF Trust Fund at the end of GEF-2 amounted to US\$ 4,444.0 million. This amount includes promissory notes, cash, note encashments, investment income earned on the liquid asset portfolio of the Trust Fund³, and exchange rate gains and losses from the Pilot Phase, GEF-1, and GEF-2. It does not include, however, arrears or deferred contributions.

8. The *cumulative amount approved by the Council* at the end of GEF-2 amounted to US\$ 4,320.0 million. This amount includes project allocations, cancellations, corporate budget allocations, Implementing Agency fees, and a one-time Implementing Agency fee provision. Consequently, at the end of the GEF-2 commitment period, *available resources* amounting to US\$ 124.0 million remain unallocated, and therefore, will be carried over into the GEF-3 commitment period.

9. When determining the *total carryover of GEF-2 resources* into the GEF-3 commitment period, *authorized commitments that did not become available as scheduled* are also taken into account. Therefore, the total carryover of GEF-2 resources into the GEF-3 commitment period amounts to US\$ 575.7 million which comprised (i) unallocated paid resources at the end of the GEF-2 commitment period of US\$ 124.0 million; (ii) unpaid GEF-1 contributions of US\$ 10.6 million; (iii) unpaid GEF-2 contributions of US\$ 249.2 million; and (iv) paid GEF-2 contributions that are deferred from commitment of US\$ 191.9 million. The carryover is expected to be released at various scheduled times during the GEF-3 commitment period (FY03-FY06).

III. RESOURCE ALLOCATION FOR GEF OPERATIONS THROUGH THE GEF-2

10. Cumulative approved grants and other financing since the inception of the GEF Trust Fund, through June 30, 2002, amounted to US\$ 4,320 million. Of this amount, 90% was allocated to projects for the work program, 9% to Implementing Agency fees and Corporate Budget, and 1% for ongoing PDF projects. Charts 1 and 2 depict the usage of the total available GEF Trust Fund resources through June 30, 2002.

³ As agreed in the GEF-2 replenishment resolution, commitment authority is increased by income earned on the investment of resources held in the GEF Trust Fund pending disbursement or transfer of such resources by the Trustee.

Chart 1. Overall Use of Resources

Amounts in USD Million

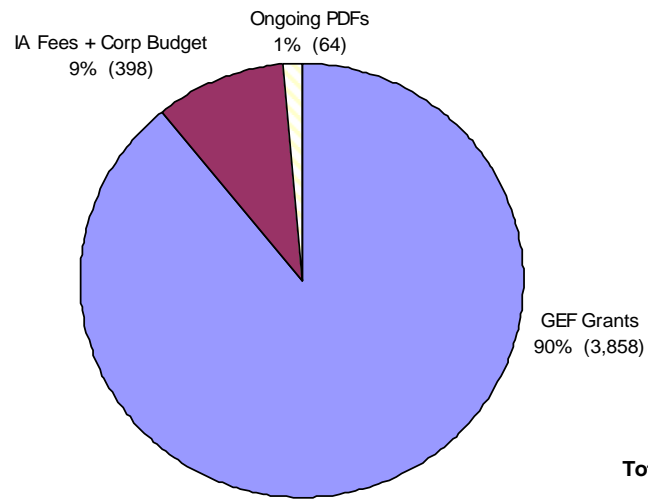


Chart 2. Allocations by Focal Area

Amounts in USD Million

