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TRUSTEE REPORT
GLOBAL ENVIRONMENT FACILITY TRUST FUND
AS OF MARCH 31, 2011

(Prepared by the World Bank as Trustee)

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FINANCIAL STATUS OF THE GEF TRUST FUND AS OF MARCH 31, 2011

INTRODUCTION

This information note provides the latest available month-end financial information for the GEF Trust Fund (as of March 31, 2011).

UPDATE TO THE GEF-5 REPLENISHMENT

1. **GEF-5 Effectiveness:** The GEF-5 Replenishment became effective on March 16, 2011, in accordance with Paragraph 6(a) of the GEF-5 Replenishment Resolution. The latter states that the GEF-5 becomes effective on the date when the Trustee has received Instruments of Commitment (IoCs) or Qualified Instruments of Commitment from Contributing Participants whose contributions aggregate not less than 60 percent (or SDR 1.37 billion) of the total contributions of all Contributing Participants. The effectiveness was triggered by the submission by Japan of its IoC.
2. **Instruments of Commitment (IoCs):** Since the adoption of the GEF-5 Replenishment Resolution, 21 Contributing Participants have deposited their IoCs in the form and substance as agreed under the GEF-5 Replenishment Resolution. **Table 1** shows the details of the status of IoCs received by the Trustee as of March 31, 2011.

Table 1: GEF-5 Instruments of Commitment

Status as of March 31, 2011

(in SDR millions)

<u>Contributing Participant</u>	<u>GEF-5 Pledges</u>	<u>GEF-5 Deposited Instruments of Commitment</u>
Australia	52.9	52.9
Austria	40.2	-
Belgium	77.1	-
Brazil	8.0	-
Canada	135.2	135.2
China	9.8	9.8
Czech Republic	4.6	4.6
Denmark	52.7	52.7
Finland	56.2	56.2
France	194.2	-
Germany	312.6	312.6
Greece	4.4	-
India	6.4	6.4
Ireland	5.6	5.6
Italy	82.9	-
Japan	329.6	329.6
Korea	5.3	5.3
Luxembourg	4.0	4.0
Mexico	6.5	-
Netherlands	74.7	74.7
New Zealand	4.0	4.0
Nigeria	4.0	-
Norway	38.5	38.5
Pakistan	4.0	-
Portugal	4.0	-
Russian Federation	7.1	-
Slovenia	4.3	4.3
South Africa	4.4	4.4
Spain	27.8	27.8
Sweden	85.4	85.4
Switzerland	75.4	-
Turkey	4.0	-
United Kingdom	214.4	214.4
United States	375.2	375.2
Totals	2,315.2	1,803.5

SCHEDULE OF FUNDS AVAILABLE AS OF MARCH 31, 2011 AS COMPARED TO SEPTEMBER 30, 2010

3. **Funds available** to support Council or CEO funding decision represent the amount of Funds held in Trust by the Trustee, including the restricted contributions from Contributing Participants after taking into account the amount of approved programs pending cash transfers to Agencies. As of March 31, 2011, USD 332 million was available to support Council or CEO funding decision representing a net increase of USDeq. 131 million since September 30, 2010. **Table 2** shows the funding position as of March 31, 2011.

Table 2: GEF Trust Fund – Schedule of Funds Available			
Updated as of March 31, 2011 (in USD millions)			
	<u>As of March 31, 2011</u>	<u>As of September 30, 2010</u>	
	<u>USD eq. a/</u>	<u>USD eq. b/</u>	
<u>1. Funds held in Trust</u>	4,200	3,923	
a. Cash and investments	3,128	3,028	
b. Unencashed Promissory notes c/	1,072	895	
<u>2. Restricted Funds</u>	446	306	
a. Deferred contributions in respect to the pro rata right d/	401	261	
b. Reserve to cover foreign exchange rate fluctuations	45	45	
<u>3. Funds held in Trust with no restrictions (3 = 1 - 2)</u>	3,755	3,616	
<u>4. Approved amounts pending disbursement</u>	3,423	3,415	
a. Trustee Committed	2,427	2,291	
b. Approved by Council but not yet CEO Endorsed	988	1,120	
c. Requested amounts for financing pending Council Decision e/	7	4	
<u>5. Funds available to support Council or CEO funding decisions (5 = 3 - 4)</u>	332	201	

a/ Valued on the basis of exchange rates of March 31, 2011
b/ Valued on the basis of exchange rates of September 30, 2011
c/ Installment payment in form of a promissory note from Japan made on March 31, 2011 was recorded on April 1, 2011 and will appear in the April-end report
d/ Includes GEF-5 contributions pre-paid and not yet released
e/ Represents either semiannual work program presented to Council or Intersessional work program.

Funds Held in Trust. Changes from month to month in Funds Held in Trust reflect financial activities related to new donor payments (cash and promissory notes), encashment of promissory notes, investment income, cash transfers, and the revaluation of the balance of promissory notes at month-end. Funds Held in Trust as of March 31, 2011 amounted to USDeq. 4.2 billion, of which 26 percent represented unencashed promissory notes. Compared with the balance on September 30, 2010, there was a net increase of USDeq. 277 million mainly due to the receipt of the first installment of GEF-5 donor contributions.

Highlights between September 30, 2010 and March 31, 2011:

- New donor payments: 17 Contributing Participants paid their 1st installment to the GEF-5¹, one donor² paid a portion towards its GEF-3 arrears and one donor³ paid-off its GEF-1 arrears.
- Investment Income: Investment income earned over this period amounted to USD 3.88 million.
- Cash Transfers: Total cash transfers amounted to USD 250 million between September 30, 2010 and March 31, 2011. Of this amount, USD 232 million was transferred to the Agencies for projects, project preparation grants, and fees.

4. **Restricted resources** represented 11 percent of Funds Held in Trust. **Table 2a** (Restricted Resources) shows deferred contributions, comprising the following: France USDeq. 59 million, Germany USDeq. 19 million and Japan USDeq. 186 million. The 'Other' category represents pre-paid GEF-5 contributions which have not yet been released by donors. The foreign exchange reserve of USD 45 million provides a buffer in the event that the GEF Trust Fund may not have sufficient funds to disburse against commitments already made by the Trustee, as a result of foreign exchange movements.

	<u>USDeq.</u>	<u>Percentage</u>
Deferred Contribution		
France a/	59	13.3%
Germany b/	19	4.3%
Japan a/	186	41.6%
Other c/	136	30.6%
Reserve to cover FX fluctuations	<u>45</u>	<u>10.1%</u>
Total Restricted Resources	<u>446</u>	<u>100%</u>

a/ Represents deferred contributions from the GEF-2 and GEF-3.
b/ Represents deferred contributions from the GEF-3.
c/ Represents GEF-5 contributions pre-paid and not yet released

¹ Of which six have paid more than the first installment due (i.e. more than 25 percent of their total pledged contribution) to the GEF-5.

² Nigeria paid SDR 2.3 million towards their GEF-3 arrears.

³ Argentina paid the remaining USD 2.3 million from their GEF-1 arrears.

5. **Approved amounts pending Cash Transfers to Agencies.** There was a net increase of USD 8 million from September 30, 2010 to March 31, 2011, which mainly reflects the increase in amounts approved by Council and committed by the Trustee coupled with the cash transfers made by the Trustee to the Agencies between September 30, 2010 and March 31, 2011.

Highlights between September 30, 2010 and March 31, 2011:

- **New Funding Decisions:** New funding decisions arising from Council or CEO approvals amounted to USDeq. 253 million. Amounts pending disbursement in committed status increased during this period by USD 136 million.⁴

GEF-5 ENVELOPE – PROJECTED VALUE THROUGH THE END OF GEF-5 PERIOD

6. **Table 3** depicts the GEF-5 Envelope projected value through the end of the GEF-5 Replenishment period, using March 31, 2011 exchange rates. It may be noted that the projected envelope amount for the full GEF-5 period is now valued at USDeq. 4,051 million. This amount is lower by USDeq. 289 million than the agreed Target Replenishment Funding of USDeq. 4,340 million due to exchange rate fluctuations, and the fact that some arrears and deferred contributions have not yet been projected to be available. As of March 31, 2011, the total arrears from previous replenishments amounted to USDeq. 168 million. Of this, USDeq. 3 million represents installments under the GEF-4 that are expected to become available in the GEF-5 period.⁵

⁴ The Trustee commits funds to Agencies upon CEO endorsement of full size projects or enabling activities, or in the case of medium size projects, expedited enabling activities, and project preparation grants, CEO approval. In the case of administrative budget, the Trustee commits upon Council approval.

⁵ The amount of USDeq. 3 million represents GEF-4 installments that were due from Brazil. These amounts were received and fully processed in April 2011.

Table 3: GEF-5 Specific Funding Decisions
 Status as of March 31, 2011
 (in USDeq. millions)

1. Target Replenishment Funding a/			4,340
2. Projected Available Resources during the GEF-5 Period			3,791
<u>Estimated Funds available to support Council or CEO Financing Decisions</u>			332
	Potential Amount Available	of which Projected to be Available	
<u>Receivables</u>			2,431
- Arrears	168	3 b/	
- Due in FY11 c/ d/	386	386	
- Due in FY12 c/	555	555	
- Due in FY13 c/	689	689	
- Due in FY14 c/	797	797	
<u>Release of Deferred Contributions</u>			136
- Deferred Contributions	401	136 e/	
<u>IoCs not yet Deposited with the Trustee f/</u>	939	808	808
<u>Projected Investment Income</u>	84	84	84
<u>Total</u>	4,019	3,459	
3. GEF-5 Specific Funding Decisions			260
<u>Approvals by Council</u>			249
- Projects + Fees		243	
- Admin. Budget		-	
- Special Initiatives		-	
- Programmatic Initiatives		6	
<u>Approvals by CEO</u>			4
- Projects + Fees (MSPs, EEAs)		3	
- Project Preparation Activities + Fees		1	
<u>Net Changes to Initial Approvals g/</u>			0
<u>Pending decisions on Intersessionals and Council meetings</u>			7
- Projects, Fees, Admin Budget, Spcl Initiatives, Programmatic Initiatives		7	
4. GEF-5 "Envelope" as of March 31, 2011 (4 = 2 + 3)			4,051
5. Excess or (Shortfall) as Measured Against the Target in Line 1 (5 = 4 - 1)			(289)
<p>a/ Represents the target replenishment level as agreed, including new resources from Donors, projected investment income, and carryover of amounts from previous replenishments.</p> <p>b/ Represents remaining GEF-4 installments.</p> <p>c/ Represents a projected installment receivables amount for the GEF-5 based on Instruments of Commitment (IoCs) received up to March 31, 2011. This projection does not include Donors who did not deposit IoCs by March 31, 2011.</p> <p>d/ Includes Japan's installment payment made on March 31, 2011. It was recorded in GEF ledger in April and will be reflected as paid in April-end Envelope Report</p> <p>e/ Represents GEF-5 contributions pre-paid and not yet released</p> <p>f/ Represents GEF-5 IoCs not received by the Trustee as of March 31, 2011 and GEF-4 IoCs not received from Italy (EUR 88 million) and Nigeria (SDR 4 million).</p> <p>g/ To fit the GEF Secretariat's RAF model, pre-GEF-5 project net changes were excluded from the calculation.</p>			

7. **Table 3a** shows the current projected USD value of the GEF-5 envelope based on the most recent information provided by Contributing Participants (Scenario A). It also shows the projected USD value of the GEF-5 envelope under a “best case scenario” (Scenario B).

8. Under Scenario A, the projected USD value of the GEF-5 envelope is USDeq. 4,051 million, based on the following assumptions:

- USD 3 million representing installments arrears under GEF-4 are paid;
- All GEF-5 pledges are committed and paid in full during the GEF-5 period;
- All GEF-5 Contributions not yet released for commitment are released; and
- Investment income amounting to USD 84 million is earned between March 31, 2011 and the end of GEF-5 period.

9. Based on these assumptions, the total projected envelope amount represents a shortfall of about USD 289 million when compared with the Target Replenishment Funding⁶ *as agreed* value of the replenishment (USD 4,340 million). When comparing the current value of the envelope with the Target Replenishment Funding, it is important to note that the current value of the envelope is reduced by the reserve for foreign exchange movements (USD 45 million). The foreign exchange reserve was not taken into account in the Target Replenishment Funding.

10. Scenario B (“Best Case Scenario”) shows that if all the potential resources were to become available during the GEF-5 period (i.e. arrears from GEF-1 to GEF-4 and deferred contributions from GEF-2 and GEF-3), the total projected envelope amount would be USDeq. 4,611 million, an excess of USD 271 million (or about 6.2 percent) over the Target Replenishment Level.

11. Scenario B is based on the following assumptions with respect to the period between March 31, 2011 and the end of GEF-5 period:

- All arrears are paid during the GEF-5 period (USDeq. 168 million; Table 3b shows a detailed breakdown);
- All deferred contributions and contributions not yet released for commitment are released (USDeq. 401 million); and
- All outstanding IoCs under GEF-4 and GEF-5 are deposited with the Trustee and corresponding payments are received (USDeq. 939 million).

⁶ Represents the target replenishment level as agreed including new resources from Contributing Participants, projected investment income, and carryover of amounts from previous replenishments.

Table 3a: GEF-5 Specific Funding Decisions (Scenario Analysis)

Status as of March 31, 2011

(in US\$eq. millions)

			Scenario A Trustee Expectations	Scenario B Best Case Scenario
1. Target Replenishment Funding a/			4,340	4,340
2. Projected Available Resources during the GEF-5 Period			3,791	4,351
<u>Estimated Funds available to support Council or CEO Financing Decisions</u>			332	332
	Potential Amount Available	of which Projected to be Available		Potential Amount Available
<u>Receivables</u>			2,431	2,596
- Arrears	168	3 b/		168
- Due in FY11 c/ d/	386	386		386
- Due in FY12 c/	555	555		555
- Due in FY13 c/	689	689		689
- Due in FY14 c/	797	797		797
<u>Release of Deferred Contributions</u>			136	401
- Deferred Contributions	401	136 e/		401
<u>IoCs not yet Deposited with the Trustee f/</u>	939	808	808	939
<u>Projected Investment Income</u>	84	84	84	84
<u>Total</u>	4,019	3,459		4,019
3. GEF-5 Specific Funding Decisions			260	260
<u>Approvals by Council</u>			249	249
- Projects + Fees		243		243
- Admin. Budget		-		-
- Special Initiatives		-		-
- Programmatic Initiatives		6		6
<u>Approvals by CEO</u>			4	4
- Projects + Fees (MSPs, EEAs)		3		3
- Project Preparation Activities + Fees		1		1
<u>Net Changes to Initial Approvals g/</u>			0	0
<u>Pending decisions on Intersessionals and Council meetings</u>			7	7
- Projects, Fees, Admin Budget, Spcl Initiatives, Programmatic Initiatives		7		7
4. GEF-5 "Envelope" as of March 31, 2011 (4 = 2 + 3)			4,051	4,611
5. Excess or (Shortfall) as Measured Against the Target in Line 1 (5 = 4 - 1)			(289)	271

a/ Represents the target replenishment level as agreed, including new resources from Donors, projected investment income, and carryover of amounts from previous replenishments.

b/ Represents remaining GEF-4 installments.

c/ Represents a projected installment receivables amount for the GEF-5 based on Instruments of Commitment (IoCs) received up to March 31, 2011. This projection does not include Donors who did not deposit IoCs by March 31, 2011.

d/ Includes Japan's installment payment made on March 31, 2011. It was recorded in GEF ledger in April and will be reflected as paid in April-end Envelope Report.

e/ Represents GEF-5 contributions pre-paid and not yet released

f/ Represents GEF-5 IoCs not received by the Trustee as of March 31, 2011 and GEF-4 IoCs not received from Italy (EUR 88 million) and Nigeria (SDR 4 million).

g/ To fit the GEF Secretariat's RAF model, pre-GEF-5 project net changes were excluded from the calculation.

Table 3b details the arrears to the GEF Trust Fund by Contributing Participant as of March 31, 2011.⁷ During April 2011, the Trustee received USD 3.19 million from Brazil representing full clearance of its arrears under the GEF-4.

Contributing Participant	Amount Paid as a % of Total Contribution			Arrears Amount	Arrears as a % of Total Contribution	
	Repl.	Currency	USD eq. a/			
Brazil b/	49.6%	GF04	SDR	2.02	50.4%	3.19
Egypt, Arab Republic of	86.7%	GF01	SDR	0.53	13.3%	0.84
Nigeria	83.3%	GF03	SDR	0.67	16.7%	1.06
United States	68.6%	GF02	USD	134.97	31.4%	134.97
United States	93.5%	GF03	USD	28.06	6.5%	28.06
Total						168.1

a/ Valued at March 31, 2011 exchange rates.
b/ The Trustee received Brazil's payment in April 2011.

INVESTMENT PORTFOLIO AND INCOME

12. Assets held in trust by the World Bank (as the Trustee), including the GEF Trust Fund, are maintained in a commingled investment portfolio (the “Pool”) for all trust funds administered by the World Bank. The assets in the Pool are managed in accordance with the investment strategy established for all trust funds administered by the World Bank. The Pool is actively managed so that the probability of incurring negative returns is no more than 1 percent over the applicable investment horizon. Table 4 shows the GEF Trust Fund asset mix.

⁷ According to Sub-paragraph 4(a) of the GEF-4 Replenishment Resolution, No. 2006-0008, “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.” A similar provision is provided for in paragraph 4(a) in the GEF-3 Replenishment Resolution.

Table 4: GEF Trust Fund Asset Mix

As of March 31, 2011 (in USD millions)

<u>Asset Class</u>	<u>Percentage</u>
Domestic Govt	24%
Mortgage Backed Sec	29%
Asset Backed Sec	2%
Agency	4%
Sovereign/Govt Gtd	18%
Money Market	23%
Corporate	0%
	<hr/>
	100%

13. **Table 4a** (Investment Returns on GEF Trust Fund) outlines the investment returns on GEF Trust Fund for the calendar year to date, the fiscal year to date, the previous calendar year, and the previous fiscal year. The rate of return for the first three months of the calendar year was 0.2 percent.

14. Returns in 2011 remain modest due to the prevailing low level of government bonds yields as well as the prospect of rising yields, which is a negative development for bonds. There is more optimism about the recovery of the US economy, which is translating into increased risk appetite by investors. As a result, assets such as equities are outperforming fixed income assets.

Table 4a: Investment Returns on GEF Trust Fund

As of March 31, 2011 (in USD millions)

<u>Fund Balance</u>	<u>Mar-11</u>	<u>CY 2011</u>	<u>FY11 to date</u>	<u>CY 2010</u>	<u>FY10</u>
3,128	0.03%	0.20%	0.93%	2.90%	3.55%

* The figures presented above are based on accounting records available as of March 31, 2011.

15. As of March 31, 2011, the total amount of investment income earned on the GEF Trust Fund balance since the beginning of GEF-1 (July 1, 1994) is USD 991 million. Since the beginning of the GEF-5 replenishment period, USD 28 million has been accrued to the GEF Trust Fund.

CUMULATIVE RESOURCES OF THE GEF-4 SINCE INCEPTION

16. **Table 5** (Cumulative Resources and Funding Decisions) shows the total Cumulative Resources of the GEF Trust Fund and the cumulative funding decisions made since inception of the GEF. The Cumulative Resources of USDeq. 14.5 billion include resources not yet received (which comprise IoCs not yet deposited with the Trustee) and Installment Receivables. Cumulative Resources exceed the Target Programming Level by USDeq. 824 million.

1. Target Programming Level a/		13,657
2. Cumulative Resources b/		14,481
<u>Resources not yet received</u>		<u>3,535</u>
GEF-5 IoCs not yet Deposited with the Trustee	808	
GEF-4 and pre-GEF-4 IoCs not yet Deposited with the Trustee	131	
Installment Receivables c/	2,596	
<u>Resources received d/</u>		<u>10,946</u>
Cash receipts from Installments and Encashments	8,968	
Unenchashed Promissory Notes	951	
Investment Income Earned on Undisbursed Balances of GEF Funds e/	1,026	
3. Cumulative Funding Decisions		10,294
Approvals by Council and CEO	11,061	
Cancellations	(774)	
Pending decisions on Intersessionals and Council meetings	7	
4. Cumulative Resources Net of Funding Decisions (4 = 2 - 3)		4,187
5. Excess (shortfall) as Measured Against the Target in Line 1 (5 = 2 - 1)		824
<p>a/ This amount represents the <u>targeted new resources</u> as agreed by Donors during replenishment discussions; it excludes the agreed carryover of arrears, deferred contributions, and paid-in funds not yet set aside.</p> <p>b/ This amount represents the actual USD value of resources to the GEF Trust Fund since the Pilot Phase of the GEF.</p> <p>c/ Represents IoCs deposited with the Trustee but not yet converted into cash or notes.</p> <p>d/ Includes restricted contributions that are not yet available to support GEF operations.</p> <p>e/ Includes realized investment income from Pilot Phase to March 31, 2011.</p> <p>* The figures presented above are based on accounting records available as of March 31, 2011.</p>		

17. In **Table 5a**, **GEF-4** IoCs not yet deposited with the Trustee are in respect of pledges from Italy (USDeq. 125 million) and Nigeria (USDeq. 6 million). Until received in cash, these resources are subject to fluctuations in exchange rates.

Table 5a: GEF-4 IoCs Not Yet Deposited with the Trustee a/
 Status as of March 31, 2011
 (in USDeq. millions) b/

<u>Contributing Participant b/</u>	<u>Currency of Obligation</u>	<u>USDeq.</u>	<u>Percentage</u>
Italy	EUR	125	95.2%
Nigeria	SDR	<u>6</u>	4.8%
Total IoCs Not Yet Deposited		131	

a/ Represents pledges made during the GEF-4 discussions.

b/ Valued at March 31, 2011 exchange rates

* The figures presented above are based on accounting records available as of March 31, 2011.

18. Installment Receivables as of March 31, 2011 is estimated to be USDeq. 2,596 million. Of these installment receivables, 93.5 percent represents GEF-5 installments, based on the Instrument of Commitments received by the Trustee as of March 31, 2011. The majority of the remaining 6.5 percent of installment receivables represent the arrears of the United States.

Table 5b: Installment Receivables
 Status as of March 31, 2011 (in USDeq. millions)

<u>Replenishment</u>	<u>USDeq.</u>	<u>Percentage</u>
GEF-1 a/	1	0.0%
GEF-2 b/	135	5.2%
GEF-3 c/	29	1.1%
GEF-4 d/	3	0.1%
GEF-5 e/	<u>2,428</u>	93.5%
Total Installments	2,596	

a/ Represents the arrears of Egypt.

b/ Represents the arrears of the United States.

c/ Represents the arrears of Nigeria and the United States.

d/ Represents outstanding installments from the GEF-4.

e/ Represents a projected installment receivables amount for the GEF-5 based on Instruments of Commitment (IoCs) received up to March 31, 2011. This projection does not include Donors who did not deposit IoCs by March 31, 2011.

* The figures presented above are based on accounting records available as of March 31, 2011.

FUNDING DECISIONS SINCE INCEPTION

19. **Table 6** (Funding Decisions against Total Cumulative Resources – Inception to March 31, 2011) shows initial funding decisions made by the Council and the CEO. Total funding decisions represent about 76.4 percent of cumulative GEF resources.

- This amount has been offset by cumulative cancellations totaling USD 774 million, or about 7 percent of approvals.
- Total net cumulative funding decisions (including pending decisions) amount to USD 10.3 billion, about 71 percent of cumulative GEF resources.

	Funding Decisions	Percentage against Total Cumulative Resources
Project and Project Preparation a/	9,913	68.5%
Project Fees	607	4.2%
Administrative Budget	541	3.7%
Total	11,061	76.4%
Total Cumulative Resources	14,481	

a/ Includes Programmatic Initiatives.

* The figures presented above are based on accounting records available as of March 31, 2011.

20. **Table 6a** (Funding Decisions by Agency – Projects and Fees – Inception to March 31, 2011) shows the total funding decisions by Implementing Agencies since inception of the GEF Trust Fund, including the Pilot Phase.

- 83 percent of the funding decisions for projects and fees were approved for IBRD and UNDP.
- The share approved for UNEP amounts to about 9.2 percent; the remaining 7.8 percent was approved funding to the other seven Agencies.

**Table 6a: Funding Decisions by Agency –
Projects and Fees a/**
Inception to March 31, 2011 (in USD millions)

	<u>Funding Decisions</u>	<u>Percentage of Total Funding Decisions</u>
ADB	151	1.4%
AfDB	16	0.2%
EBRD	52	0.5%
FAO	98	0.9%
IADB	131	1.3%
IBRD	4,882	46.5%
IFAD	109	1.0%
UNDP	3,832	36.5%
UNEP	962	9.2%
UNIDO	256	2.4%
Total	10,490	100%

a/ Includes stand alone projects, projects attached to Programmatic Initiatives, fees and project preparation activities.

* The figures presented above are based on accounting records available as of March 31, 2011.

21. **Table 6b** (Project Funding Decisions by Focal Area) shows the breakdown of Council and CEO cumulative funding decisions by focal area, taking into account only the amounts approved for projects (i.e. excluding fees). Projects in the areas of biodiversity and climate change represent approximately 64 percent of the cumulative funding approved to date.

Table 6b: Project Funding Decisions by Focal Area

Inception to March 31, 2011 (in USD millions)

<u>Focal Area</u>	<u>Funding Decisions a/</u>	<u>Percentage</u>
Biodiversity	3,110	31.8%
Climate Change	3,142	32.2%
International Waters	1,138	11.6%
Land Degradation	372	3.8%
Multi-focal Areas	1,373	14.1%
Ozone Depletion	183	1.9%
Persistent Organic Pollutants	449	4.6%
Total	9,768	

a/ Includes Funding Decisions for Projects attached to Programmatic Initiatives.

* The figures presented above are based on accounting records available as of March 31, 2011.

22. **Table 6c** (Funding Decisions by Replenishment) shows the cumulative funding decisions by Replenishments including related cancellations.

	<u>GEF-Pilot</u>	<u>GEF-1</u>	<u>GEF-2</u>	<u>GEF-3</u>	<u>GEF-4</u>	<u>GEF-5</u>
Programmatic Initiatives Approved Projects, Project Preparation and Administrative Budget Approvals	-	-	119	312	1,028	6
	<u>782</u>	<u>1,518</u>	<u>2,361</u>	<u>2,704</u>	<u>1,984</u>	<u>246</u>
Total Funding Decisions	782	1,518	2,481	3,016	3,012	253
Minus Cancellations a/ b/	<u>(93)</u>	<u>(268)</u>	<u>(169)</u>	<u>(197)</u>	<u>(47)</u>	<u>-</u>
Net Total Funding Decisions	689	1,250	2,312	2,819	2,965	253

a/ Cancellations include unused amounts from closed projects, dropped projects, reductions from endorsements.
b/ Cancellation amounts by replenishment relate to projects approved during the respective replenishment period.
* The figures presented above are based on accounting records available as of March 31, 2011.

23. **Table 6d** (Funding Decisions – Trustee Commitments and Cash Transfers to Agencies) shows the cumulative commitments and cash transfers to the GEF Agencies from inception to March 31, 2011.

	<u>Council/CEO</u>	<u>Trustee</u>	
	<u>Funding Decisions</u>	<u>Commitments b/</u>	<u>Cash Transfers</u>
ADB	151	134	50
AfDB	16	6	5
EBRD	52	34	18
FAO	98	72	26
IADB	131	99	44
IBRD	4,882	4,029	2,839
IFAD	109	82	53
UNDP	3,832	3,284	2,593
UNEP	962	850	625
UNIDO	<u>256</u>	<u>181</u>	<u>107</u>
Total	10,490	8,769	6,361

a/ Includes stand alone projects, projects attached to Programmatic Initiatives, fees and project preparation activities.
b/ Reflects initial Trustee commitments less cancellations and unused amounts from financially closed projects.
* The figures presented above are based on accounting records available as of March 31, 2011.

WORK IN PROGRESS

24. **The World Bank's Executive Directors have recently stepped up their engagement on Financial Intermediary Funds (FIFs), of which the GEF is the second largest, requesting Bank Management to examine more closely the Bank's trustee role in FIFs, including associated reputational and other risks.** This was prompted by a recent evaluation by the Bank's Independent Evaluation Group (IEG) of the World Bank's trust fund portfolio, which recommends a strengthened management framework for FIFs, as well as by media attention over the reported misuse of grants provided by one of the large FIFs for which the Bank serves as trustee. One element of reputational risk relates to misperceptions that the Bank as trustee has a due diligence or assurance role for FIF-funded projects. While the limited role of the Bank as trustee to FIFs may be clear to contributing donors, it is not to the public at large.

25. **Clarifying the Bank's responsibilities as GEF trustee.** Against this background, the Bank is working to clarify its responsibilities where it acts as trustee to FIFs. In the GEF context, the Bank would like specific language reflecting current practice: that the trustee has no responsibility for the use of funds transferred to GEF Agencies. The appropriate place for this clarification is Annex B of the GEF Instrument, which details the Bank's role as GEF Trustee. Amending Annex B of the GEF Instrument may be effected, with the agreement of the Council and Implementing Agencies, by approval of the Bank's Executive Directors. The Trustee will present a separate document regarding this proposed amendment at the November 2011 Council Meeting.

26. **Minimum Fiduciary Standards.** In June 2007, the GEF Council approved a set of minimum fiduciary standards proposed by the Trustee at Council's request. The GEF Fiduciary Standards were developed with the assistance of a major international public accounting firm and in consultation with the Implementing and Executing Agencies. The standards are based, where possible, on recognized international practice and are founded on a set of core principles: professional standards; independence; transparency; monitoring and response; and value-for-money provisions. They are meant to be dynamic, changing with the evolving needs of the Facility, so that the GEF follows good practice with respect to ensuring appropriate oversight and accountability in the use of funds. Broadening the GEF partnership underlines the need to review and update the GEF minimum fiduciary standards to ensure that the standards, particularly with respect to financial management and control frameworks, encompass the controls that will need to be in place for an expanded number of Agencies. The Trustee and Secretariat recommend that the GEF fiduciary standards be reviewed to ensure proper segregation between implementation (supervision) and execution within agencies that perform both functions. A document will be presented to the Council at its November 2011 meeting seeking such a revision of the GEF Fiduciary Standards.

27. **FX Reserve.** As noted in the document GEF/R.5/Inf.17 "Financial Reserve during the GEF-5 Period", the Trustee will expand the current foreign exchange reserve of the GEF Trust Fund in order to provide the Trust Fund resources with additional

protection against any fluctuations in donor cash flows resulting from foreign exchange volatility. The Trustee has initiated an analysis to establish the expanded FX reserve level based on the changes in market conditions, GEF-5 programming level requirements, and the currency composition and amounts of the final donor pledges given that the majority of the donors have now submitted their GEF-5 IoCs and confirmed payments/encashment schedules with the Trustee. The Trustee will confirm the FX reserve level to the GEF Council by the GEF Council meeting in November 2011.

28. **Investment Management Strategy revisions.** To respond to changes in the investment environment and to achieve stronger diversification benefits, the World Bank has initiated a review of its Trust Fund investment strategy with a view to broaden the range of asset classes included in the trust fund portfolio. The changes to the current investment strategy include a new liquidity tranche, featuring a 5-year investment horizon with a capital preservation constraint over the horizon and including a limited allocation in equities. Any investment of GEF funds in equities would require specific authorization from the GEF Council. Upon completion of the review, the Trustee will present the updated investment strategy to the GEF and seek Council authorization if needed.

Note: Figures presented in the tables may not add up due to rounding.