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Agenda Item 7

RETROSPECTIVE OF THE GEF-3 COMMITMENT AUTHORITY

(Prepared by the Trustee)

I. INTRODUCTION

1. Donors to the third replenishment of the GEF Trust Fund (“GEF-3”) agreed to provide resources to the GEF Trust Fund for grant and other financing to GEF recipient countries between July 1, 2002 and June 30, 2006. The total grant envelope agreed for the GEF-3 period was SDR 2.4 billion¹ (USD 3.0 billion).
2. Contributing Participants completed the GEF-3 negotiations on August 7, 2002. On October 15, 2002, 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-3. The World Bank adopted the GEF-3 resolution on December 19, 2002.
3. The Advance Contribution Scheme became effective on February 4, 2003, thereby helping to avoid an interruption in the GEF's ability to make financing commitments pending the effectiveness of the GEF-3. Seventeen Contributing Participants provided advance contributions amounting to 25 percent of their total contributions. The GEF-3 replenishment became effective on March 24, 2003.

II. GEF-3 REPLENISHMENT LEVEL

4. The expected resources to be available to the GEF Trust Fund during the GEF-3 commitment period totaled SDR 2.4 billion (USD 3.0 billion) comprising (i) new pledges from Contributing Participants totaling SDR 1.8 billion (USD 2.3 billion); (ii) a carryover from the GEF-2 replenishment² totaling SDR 450 million (USD 570.0 million); and (iii) projected investment income of SDR 105 million (USD 130.0 million). Resources were to become available on an annual basis throughout the four year replenishment period.
5. Thirty-two Contributing Participants fully authorized their commitments to the GEF-3 replenishment. Of that amount, 98% has been paid. The remaining amount, representing 2% of the total authorized commitments, remains unpaid. The Trustee is in correspondence with each of the donors that have outstanding payments to the GEF Trust Fund.

¹ This includes a conditional pledge of SDR 55.2 million by the United States.

² The carryover from the GEF-2 comprised (i) paid contributions that were unallocated at the end of the GEF-2 commitment period (June 30, 2002), (ii) unpaid GEF-2 contributions, and (iii) GEF-2 contributions deferred from commitment.

III. COMMITMENT AUTHORITY DURING THE GEF-3 REPLENISHMENT PERIOD

6. The operating currency of the GEF is the US dollar, which means that the programming and allocation of GEF resources are measured in US dollars. Correspondingly, the Commitment Authority of the GEF is monitored and reported in US dollars.

7. The cumulative resources made available to the GEF Trust Fund as of June 30, 2006 amounted to USD 7.3 billion. This amount includes promissory notes, cash, note encashments, investment income earned on the liquid asset portfolio of the Trust Fund³, and both investment income and exchange rate gains and losses from the Pilot Phase, GEF-1, GEF-2, and GEF-3. It does not include, however, arrears or contributions deferred from commitment.

8. The cumulative amount approved by the Council and the CEO of the GEF Trust Fund as of June 30, 2006 amounted to USD 6.7 billion, or 92% of the total funds available. This amount includes project allocations, cancellations, corporate budget allocations, special initiatives, Implementing and Executing Agency fees, and a one-time Implementing Agency fee provision. Consequently, as of June 30, 2006, resources available for allocation amount to USD 537.7 million.

³ As agreed in the GEF-3 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.