



GEF/A.5/06
May 14, 2014

Fifth GEF Assembly
May 28 – 29, 2014
Cancun, Mexico

GEF-5 FUNDING RETROSPECTIVE

(Prepared by the Trustee)

I. GEF-5 REPLENISHMENT SUMMARY

1. Contributing Participants completed the negotiations under the Fifth Replenishment of the GEF Trust Fund ("GEF-5") in March 2010. Contributing Participants to the GEF-5 agreed to provide resources to the GEF Trust Fund for grant and other financing to GEF recipient countries for the period between July 1, 2010 and June 30, 2014. The agreed total envelope for the GEF-5 period was SDR 2.83 billion (USDeq. 4.34 billion). This funding envelope included USDeq 3,542 million from new pledges from donors, USDeq 687 million of resources carried over from previous replenishments, and USD 112 million of projected investment income.
2. On May 24, 2010, 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-5. The World Bank Executive Directors adopted the GEF-5 resolution on July 19, 2010.
3. The GEF Council commenced funding of GEF activities under GEF-5 for the amount of paid in but unallocated resources carried over from GEF-4 (USD 173 million), upon adoption of the GEF-5 Replenishment Resolution by the World Bank Executive Directors, i.e. on July 19, 2010.
4. The Advance Contribution Scheme provision under the GEF-5 replenishment resolution allows the Council to begin programming a portion of the GEF-5 resources when donors deposit Instruments of Commitment (IoC) representing twenty percent of the total contributions to the GEF-5, pending the full effectiveness of GEF-5. The Advance Contribution Scheme became effective on November 2, 2010 when nine Contributing Participants deposited IoCs amounting to SDR 463.9 million representing twenty percent of the total contributions to the GEF-5.
5. The Fifth Replenishment became effective on March 16, 2011 when Contributing Participants, whose contributions aggregated more than sixty percent of the total contributions of all Contributing Participants under GEF-5, had deposited with the Trustee Instruments of Commitment (IoC) or Qualified Instruments of Commitment (QIoC).
6. As of March 31, 2014, 29 out of 33 Contributing Participants had fully authorized their commitments to the GEF-5 replenishment and deposited Instruments of Commitment. Of these commitments, approximately 89% has been paid in cash or promissory notes. The remaining amount, representing 11% of the total authorized commitments, is projected to be paid before the end of the GEF-5 replenishment period.

II. GEF-5 RESOURCE ENVELOPE

7. The original expected resources to be available to the GEF Trust Fund during the GEF-5 period totaled SDR 2.83 billion (USDeq. 4.34 billion) comprising (i) new pledges from Contributing Participants totaling SDR 2.31 billion (USDeq. 3.54 billion); (ii) a carryover from the GEF-4 replenishment totaling SDR 448 million (USDeq. 687 million); and (iii) projected investment income of SDR 73 million (USDeq. 112 million). Resources were to become available on an annual basis throughout the four-year replenishment period.
8. Of the total GEF-5 pledges, SDR 2.3 billion (USDeq. 3.52 billion) have been confirmed by Contributing Participants depositing Instruments of Commitments or Qualified Instruments of Commitment with the Trustee. As of March 31, 2014 the Contributing Participants have paid USDeq. 3.1 billion towards their GEF-5 contributions.
9. It is projected that USD 709 million will become available in the GEF Trust Fund between April 1, 2014 through the end of the GEF-5 period for the Council or CEO decision. This amount includes receipt of anticipated installment payments from Contributing Participants under GEF-5; and release of a portion of deferred contributions from GEF-5. IoCs and Arrears from the GEF-5 replenishment and from previous replenishments are excluded from the above mentioned projected resource availability.
10. Since the beginning of the GEF-5 replenishment period (July 1, 2010) to March 31, 2014, USD 155 million of investment income has been earned in the GEF Trust Fund (representing 1.19% average return). Although the average rate of return was modest, the investment returns have exceeded the income originally projected (USD 112 million) for the GEF-5 replenishment period. This is primarily as a result of higher levels of liquidity balances in the trust fund than originally estimated, as a number of donors decided to pay in cash over four years instead of paying by promissory note.
11. Over the period July 1, 2010 to March 31, 2014, an amount of USD 3.5 billion was approved by the GEF Council and GEF CEO under the GEF-5. Allocations for Programmatic Initiatives amounted USD 529 million or 15% of GEF-5 funding decisions, while Projects not attached to Programmatic Initiatives and Fees amounted USD 2,883 million or 82% of GEF-5 funding decisions.
12. Table 1 shows the current¹ USD value of the GEF-5 resource envelope as of March 31, 2014. Taking into account resources projected to become available during the remainder of the GEF-5 period, the value of GEF-5 envelope is estimated to be USD 4.21 billion, resulting in a shortfall of USD 131 million or 3.11% when measured against the target replenishment level. The estimated

¹ The GEF-5 resource envelope has been revised from the version shown in the Trustee report to the GEF Council as of March 31, 2014. Projected deferred contributions to become available were revised to include only amounts released as a result of the recent payment of USD 143.8 million from the United States. In addition, GEF-5 IoCs not yet deposited with the Trustee were not included as these contributing participants have not expressed their intention to deposit such amounts.

shortfall is primarily due to the unfavorable foreign exchange movements against the USD dollar (the holding and operating currency of the GEF Trust Fund), the exclusion of arrears and IoCs not yet deposited with the Trustee from the amounts projected to become available by the end of the GEF-5 replenishment period, and deferred contributions not projected to become available before the end of the GEF-5 period.

Table 1: GEF 5 Specific Funding Decisions (in USD millions)

1. Target Replenishment Funding			4,340
2. Projected Available Resources during the GEF-5 Period			709
Estimated Funds Available to Support Council or CEO Financing Decisions		242	
	Potential Amount Available	of which Projected to be Available	
Receivables			368
Arrears	274	-	
Past-due	144	144	
Due in FY14	224	224	
Release of Restricted Contributions			94
Deferred Contributions	117	94	
Pre-paid Contributions	-	-	
IoCs not yet Deposited with the Trustee	29	-	-
Projected Investment Income	5	5	5
Total	793	466	
3. GEF-5 Specific Funding Decisions			3,501
Approvals by Council			3,263
Projects and Fees		2,645	
Admin. Budget		86	
Special Initiatives		4	
Programmatic Initiatives		529	
Approvals by CEO			233
Projects and Fees (MSPs. EEAs)		185	
Project Preparation Activities and Fees		49	
Net Changes to Initial Approvals			4
Pending decisions on Intersessional and Council meetings			
Projects, Fees, Admin Budget, Special Initiatives, Programmatic Initiatives			-
4. GEF-5 "Envelope" as of March 31, 2014 (4 = 2 + 3)			4,209
5. Excess or (Shortfall) as Measured Against the Target in Line 1			(131)

III. FUNDING AVAILABILITY

13. The funding availability for the Council or CEO decision as of March 31, 2014 stands at USD 242 million (refer to Table 2). The funding availability to support Council and CEO decision as of June 30, 2014 is estimated by taking into account (i) the estimated inflows, such as the projected donor payments and investment income, and releases of deferred contribution funds; (ii) the estimated funding decisions by the Council and CEO between April 1, and June 30, 2014. Accordingly, the estimated funds available at the end of the GEF-5 period are USDeq. 286 million.

Table 2: GEF Trust Fund – Schedule of Funds Available (in USD millions)

	<u>As of Mar, 31, 2014</u>
1. Funds Held In Trust	4,815
a. Cash and investments	3,648
b. Unencashed promissory notes	1,167
2. Restricted Funds	177
a. Deferred Contribution in respect to the pro rata right	117
b. Pre-paid Contributions	-
c. Reserve to cover foreign exchange rate fluctuations	60
3. Funds Held in Trust with no Restrictions (3 = 1 - 2)	4,638
4. Approved Amounts Pending Cash Transfers to Agencies	4,396
a. Trustee committed	2,354
b. Approved by Council but not yet CEO Endorsed	2,041
c. Requested amounts for financing pending decision	-
5. Funds Available to Support Council or CEO Decisions (5 = 3 - 4)	<u>242</u>
Projected until the end of the GEF-5 Period (June 30, 2014)	
6. Total Estimated Inflows	466
a. Projected Donor Resources	368
b. Projected Investment Income	5
c. Projected Pro rata Release of Deferred Contributions	94
7. Estimated Funding Decisions	422
8. Estimated Funds Available on June 30, 2014 (8 = 5 + 6 - 7)	286

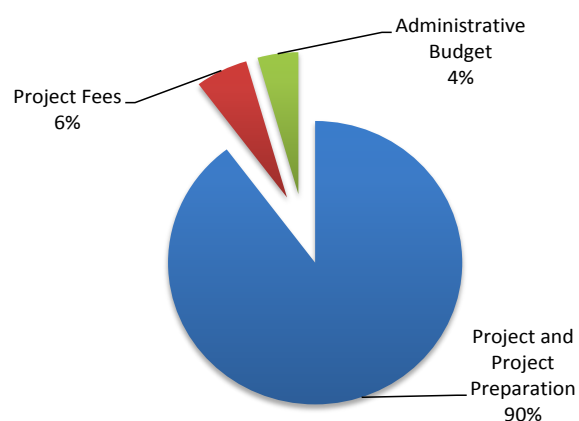
IV. OVERVIEW OF GEF CUMULATIVE RESOURCES AND FUNDING DECISIONS

14. Table 3 below shows total cumulative resources of the GEF Trust Fund and the cumulative funding decisions made since inception of the GEF. Of the total cumulative resources of USDeq. 14.6 billion, 95.4% or 13.89 billion has been received from Contributing Participants. The remaining 4.6% or USDeq. 671 million represents resources not yet received. Of these, Installment Receivables under IoCs and QIoCs already deposited with the Trustee amounted to USDeq. 642 million; and IoCs not yet deposited with the Trustee totaled to USDeq. 29 million.
15. Cumulative net funding decisions amounting to USDeq. 13.4 billion represent about 92% of the total cumulative GEF resources. As of March 31, 2014, Cumulative Resources net of Funding Decisions amounted to USDeq. 1.15 billion.

Table 3 Cumulative Resources and Funding Decisions (in USD millions)

	March 31, 2014
1. Cumulative Resources	14,559
<u>Resources not yet received</u>	<u>671</u>
GEF-5 IoCs not yet deposited with the Trustee	23
GEF-4 IoCs not yet deposited with the Trustee	6
Installment Receivables	642
<u>Resources received</u>	<u>13,888</u>
Cash receipts from installments and encashments	11,568
Unencashed promissory notes	1,167
Investment Income earned on undisbursed balances of GEF Trust Fund	1,153
2. Cumulative Funding Decisions	13,406
Approvals by Council and CEO	14,339
Cancellations	(933)
Pending decisions of Intersessional and Council Meetings	-
3. Cumulative Resources Net of Funding Decisions (3 = 1 - 2)	1,153

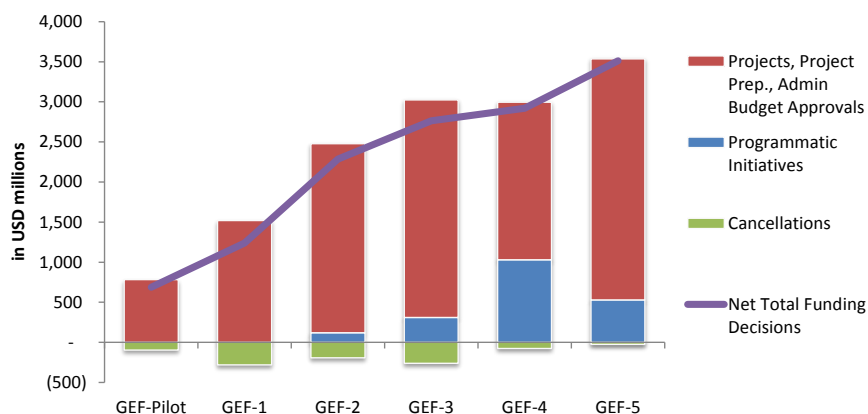
16. Since inception to March 31, 2014 funding approvals made by the Council and CEO totaled USD 14,339 million, of which 90% was approved for Projects and Project Preparation activities.



Annex A provides further details of GEF funding decisions since inception through March 31, 2014.

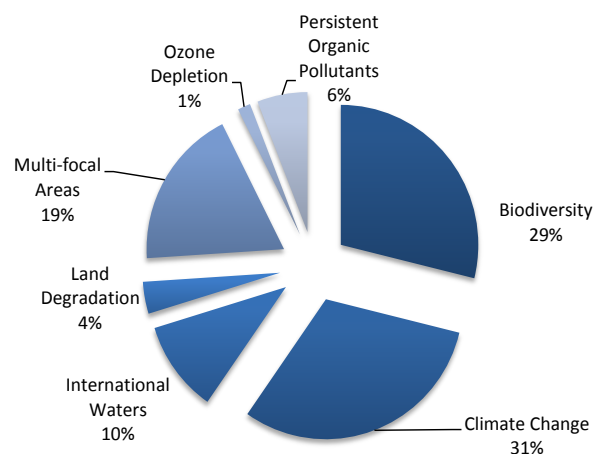
FUNDING DECISIONS BY REPLENISHMENT

Funding decisions by Replenishment show the cumulative funding decisions of \$13,406 million net of cancellations. Cumulative funding cancellations totaled USD 933 million.



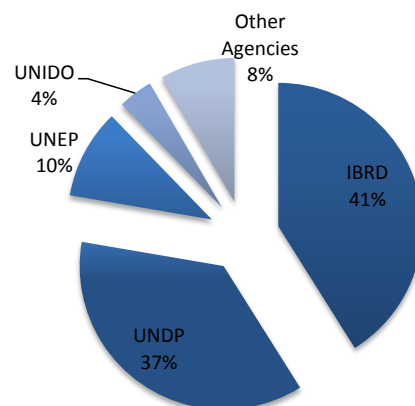
FUNDING DECISIONS BY FOCAL AREA

Funding Decisions by Focal Area show cumulative funding for projects only, and exclude fees. Projects in the areas of biodiversity and climate change represent approximately 60% of the cumulative funding approved to date.



FUNDING DECISIONS BY AGENCY

78% of the cumulative approvals for projects (including related fees) were for implementation by IBRD and UNDP. UNEP's share of the total is 10% while the remaining Agencies implemented 12% of the funding.



FUNDING DECISIONS BY AGENCY AND BY REPLENISHMENT

The Agencies' share of funding approvals changes over time. IBRD's share fell from 61% in the GEF Pilot to 22% in GEF-5. UNDP's share increased from 37% in the GEF Pilot to 39% in GEF-5. UNEP's share increased from 2% in the GEF Pilot to 12% in GEF-5. The combined share of other Agencies increased from 1% in GEF-2 to 18% in GEF-5.

