



# Global Environment Facility

GEF/R.5/Inf.16  
October 9, 2009

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Third Meeting for the Fifth Replenishment of the GEF Trust Fund  
October 14-15, 2009  
Paris, France

## **FINANCIAL STATUS OF THE GEF TRUST FUND AS OF SEPTEMBER 30, 2009**

**(PREPARED BY THE WORLD BANK AS TRUSTEE)**

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**FINANCIAL STATUS OF THE GEF TRUST FUND  
AS OF SEPTEMBER 30, 2009**

**I. Introduction**

1. This information note provides the latest available month-end financial information for the GEF Trust Fund (as of September 30, 2009). The tables in this note are updated from those provided for the June 25-26, 2009 meeting for the Fifth Replenishment.<sup>1</sup>

**II. Schedule of Funds Available as of September 30, 2009 as Compared to May 31, 2009**

2. **Table 1** (GEF Trust Fund – Schedule of Funds Available as of September 30, 2009 as Compared to May 31, 2009) shows that USDeq. 186 million was available as of September 30, 2009, representing a net increase of USDeq. 182 million since May 31, 2009. As compared to the balance as of May 31, 2009, the Funds Available to support Council or CEO funding decisions has increased, mostly as a result of receipt of donor funds in cash and promissory notes.

3. **Funds Held in Trust.** The Funds Held in Trust as of September 30, 2009 were USDeq. 4 billion, of which 24 % represented unencashed promissory notes. **Chart 1** below shows the currency composition of promissory notes. Compared with the balance on May 31, 2009, there was a net increase of USDeq. 85 million as a result of new donor payments in cash and promissory notes, encashments of promissory notes, investment income, the revaluation of the balance of promissory notes at month-end, and cash transfers.

4. **Highlights:**

- New donor payment: Argentina made a partial payment of USD 159,371 to their GEF-1 contribution arrears.
- New Funding Decisions: New funding decisions arising from Council or CEO approval during this period totaled USD 188 million.
- Investment Income: Investment income increased by USD 28 million.
- Cash Transfers: The Trustee transferred USD 104 million to the Agencies for projects, project preparation grants, and fees from May 31, 2009 to September 30, 2009.

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<sup>1</sup> For a more detailed description, see GEF/R.5/Inf.7 “Financial Status of the GEF Trust Fund as of May 31, 2009” dated June 19, 2009 or the paper prepared for the March meeting, GEF/R.5/5 “Review of the GEF Trust Fund: Contributions, Funding Availability and Financial Risk” dated March 11, 2009.

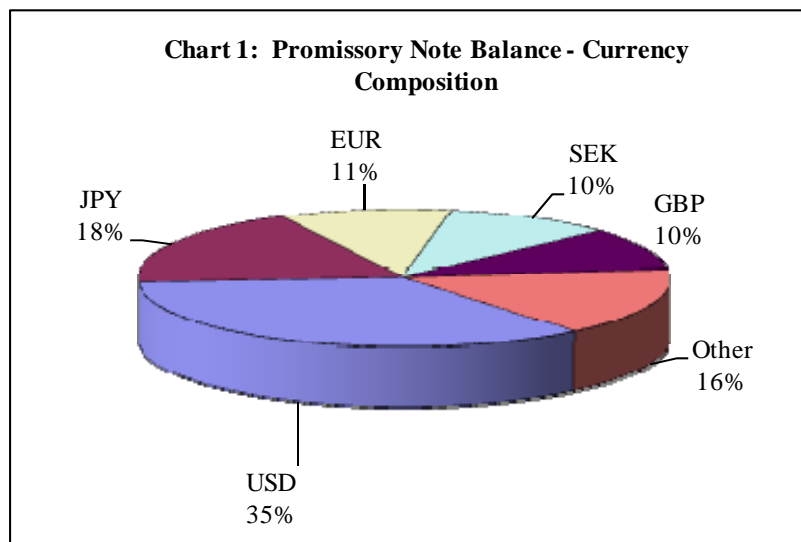
**Table 1: Schedule of Funds Available**  
Updated as of September 30, 2009 (in USDeq. millions)

	<u>As of September 30, 2009</u>	<u>As of May 31, 2009</u>
	<u>USDeq. a/</u>	<u>USDeq. b/</u>
<b><u>1. Funds Held in Trust</u></b>	<b>4,008</b>	<b>3,923</b>
a. Cash and investments	3,039	2,958
b. Unencashed promissory notes	968	964
<b><u>2. Restricted Funds</u></b>	<b>304</b>	<b>290</b>
a. Deferred contributions in respect to the pro rata right	259	245
b. Reserve to cover foreign exchange rate fluctuations	45	45
<b><u>3. Funds Held in Trust with no Restrictions ( 3 = 1 - 2 )</u></b>	<b>3,704</b>	<b>3,632</b>
<b><u>4. Approved Amounts Pending Disbursement</u></b>	<b>3,518</b>	<b>3,628</b>
a. Trustee committed	2,157	1,971
b. Approved by Council but not yet CEO Endorsed	1,360	1,382
c. Requested amounts for financing pending Council decision c/	-	276
<b><u>5. Funds Available to Support Council or CEO Funding Decisions ( 5 = 3 - 4 )</u></b>	<b>186</b>	<b>4</b>

a/ Valued on the basis of exchange rates of September 30, 2009.

b/ Valued on the basis of exchange rates of May 31, 2009.

c/ Represents either semiannual work program presented to Council or Intersessional work program.



5. **Restricted resources** represented 7.6% of Funds Held in Trust. **Table 1a** (Restricted Resources) shows deferred contributions, comprising the following: Austria USDeq. 6 million, France USDeq. 62 million, Germany USDeq. 19 million and Japan USDeq. 172 million. The foreign exchange reserve represents approximately 1.1% of Funds Held in Trust. This reserve 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 Contributions		
Austria a/	6	2.0%
France b/	62	20.3%
Germany c/	19	6.3%
Japan b/	172	56.5%
Reserve to cover FX fluctuations	<u>45</u>	14.8%
<b>Total Restricted Resources</b>	<b>304</b>	

a/ Represents deferred contributions from the GEF-2.  
b/ Represents deferred contributions from the GEF-2 and GEF-3.  
c/ Represents deferred contributions from the GEF-3.

6. **Approved amounts pending disbursement** – net change of USD 110 million since May 31, 2009.

- Trustee commitments represented 61% of the total.
- Approved by Council but not yet CEO endorsed includes: Projects, fees, and the balance of programmatic approaches. These approvals pending endorsement represented 39% of the total, of which 9% represented GEF-3 projects and the remaining 91% comprised GEF-4 projects and programmatic approaches.

### **III. GEF-4 Envelope – Projected Value through June 30, 2010**

7. **Table 2** depicts the GEF-4 Envelope projected value through June 30, 2010, using September 30, 2009 exchange rates. The table also shows, for comparison, the previous reported balance as of May 31, 2009. Estimated funds available to support Council or CEO financing decisions increased mostly as a result of new cash and promissory notes, installment receipts and promissory note encashments. The projected GEF-4 envelope amount increased by USD 58 million since May 31, 2009. Total GEF-4 specific funding decisions increased by USD 33 million.

**Table 2: GEF-4 Specific Funding Decisions (as compared to May 31, 2009)**  
(in USDeq. millions)

	Status as of September 30, 2009			Status as of May 31, 2009		
<b>1. Target Replenishment Funding a/</b>			<b>3,100</b>			<b>3,100</b>
<b>2. Projected Available Resources During Remaining GEF-4 Period</b>			<b>827</b>			<b>802</b>
<u>Estimated Funds available to support Council or CEO Financing Decisions</u>			<b>186</b>			<b>4</b>
	Potential Amount Available	of which Projected to be Available		Potential Amount Available	of which Projected to be Available	
<u>Receivables</u>			<b>477</b>			<b>624</b>
- Arrears	178	1 b/		280	103	
- Due within 6 months c/	341	341		377	377	
- Due between 7 and 12 months d/	135	135		97	97	
- Due between 13 and 18 months	-	-		47	47	
<u>Release of Deferred Contributions</u>			<b>-</b>			<b>-</b>
- Deferred Contributions	259	-		245	-	
<u>IoCs not yet Deposited with the Trustee e/</u>	139	133	<b>133</b>	134	128	<b>128</b>
<u>Projected Investment Income</u>	31	31	<b>31</b>	46	46	<b>46</b>
<u>Total</u>	<b>1,083</b>	<b>641</b>		<b>1,226</b>	<b>798</b>	
<b>3. GEF-4 Specific Funding Decisions</b>			<b>2,360</b>			<b>2,327</b>
<u>Approvals by Council</u>			<b>2,203</b>			<b>1,917</b>
- Projects + Fees		1,325			1,191	
- Admin. Budget		67			43	
- Special Initiatives		4			2	
- Programmatic Initiatives		807			680	
<u>Approvals by CEO</u>			<b>166</b>			<b>146</b>
- Projects + Fees (MSPs, EEAs)		141			127	
- Project Preparation Activities + Fees		24			19	
<u>Net Changes to Initial Approvals f/</u>			<b>(9) g/</b>			<b>(11)</b>
<u>Pending decisions on Intersessionals and Council meetings</u>			<b>-</b>			<b>276</b>
- Projects, Fees, Admin Budget, Spcl Initiatives, Programmatic Initiatives					276	
<b>4. Projected GEF-4 "Envelope" as of September 30, 2009 ( 4 = 2 + 3 )</b>			<b>3,187</b>			<b>3,129</b>
<b>5. Excess (or Shortfall) as Measured Against the Target in Line 1 ( 5 = 4 - 1 )</b>			<b>87</b>			<b>29</b>

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 the amount that was due from United States on April 15, 2007 which is expected to be paid in full.

c/ Represents the remaining amounts from third installment.

d/ Represents amounts from fourth installment.

e/ Represents IoCs not yet received by the Trustee from Italy (EUR 88 million), Nigeria (SDR 4 million), Pakistan (PKR 350 million).

The amount projected to be available comprises of Italy (USDeq. 124 million) and Pakistan (USDeq. 4 million).

f/ To fit the GEF Secretariat's RAF model, pre-GEF-4 project net changes were excluded from the calculation.

The total reductions to initial approvals (including GEF-4 and pre-GEF-4 projects) is USD 253 million.

g/ Due to system enhancements, this amount now includes increases to initial approvals in addition to cancellations and reductions of initial approvals.

8. **Table 2a** shows the current projected USD value of the GEF-4 envelope based on the most recent information provided by Donors (Scenario A). It also shows the projected USD value of the GEF-4 envelope under a “best case scenario” (Scenario B).

9. Under Scenario A, the projected USD value of the GEF-4 envelope is USDeq. 3.2 billion, based on the following assumptions:

- GEF-4 arrears amounting to USD 1 million are paid;
- Investment income amounting to USD 31 million is earned between September 30, 2009 and end of GEF-4;
- Italy and Pakistan deposit their Instruments of Commitment (IoC) with the Trustee and pay their contributions in full;
- None of the arrears from GEF-1 through GEF-3 are paid; and
- Corresponding deferred contributions are not released.

10. Based on these assumptions, the total projected envelope amount represents an excess of about USD 87 million when compared with the Target Replenishment Funding<sup>2</sup> as agreed value of the replenishment (USD 3,100 million). It is important to note the following when comparing the current value of the envelope with the Target Replenishment Funding:

- The actual investment income earned to date already surpasses the original projection,<sup>3</sup> with nine months of additional investment income still to be earned; and
- The current value of the envelope is reduced by the reserve for foreign exchange movements (USD 45 million), which was not taken into account in the Target Replenishment Funding.

11. Scenario B (“Best Case Scenario”) shows that if all the potential resources were to become available during the remaining GEF-4 period (i.e. arrears from GEF-1 to GEF-3 and deferred contributions from GEF-2 and GEF-3), the total projected envelope amount would be USDeq. 3.6 billion, an excess of USD 529 million (or about 17%) over the Target Replenishment Level.

12. Scenario B is based on the following assumptions with respect to the period between October 1, 2009 and June 30, 2010:

- All arrears are paid during the GEF-4 period (USDeq. 178 million; **Table 2b** shows a detailed breakdown);
- The corresponding deferred contributions are released (USDeq. 259 million); and
- All outstanding IoCs are deposited with the Trustee and corresponding payments are received (USDeq. 139 million).

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<sup>2</sup> Represents the target replenishment level as agreed, including new resources from Donors, projected investment income, and carryover of amounts from previous replenishments.

<sup>3</sup> The Trustee projects that an additional USD 31 million will be earned during the final year of the GEF-4, bringing the estimated increase above the projection to USD 161 million.



**Table 2a: GEF-4 Specific Funding Decisions (Scenario Analysis)**  
 Status as of September 30, 2009  
 (in USDeq. millions)

	Scenario A			Scenario B		
	Trustee Expectations			Best Case Scenario		
<b>1. Target Replenishment Funding a/</b>	<b>3,100</b>			<b>3,100</b>		
<b>2. Projected Available Resources During Remaining GEF-4 Period</b>	<b>827</b>			<b>1,269</b>		
<u>Estimated Funds available to support Council or CEO Financing Decisions</u>	<b>186</b>			<b>186</b>		
	Potential Amount Available	of which Projected to be Available		Potential Amount Available	of which Projected to be Available	
<u>Receivables</u>			<b>477</b>			<b>654</b>
- Arrears	178	1 b/		178	178	
- Due within 6 months c/	341	341		341	341	
- Due between 7 and 12 months d/	135	135		135	135	
- Due between 13 and 18 months	-	-		-	-	
<u>Release of Deferred Contributions</u>			<b>-</b>			<b>259</b>
- Deferred Contributions	259	-		259	259	
<u>IoCs not yet Deposited with the Trustee e/</u>	139	133	<b>133</b>	139	139	<b>139</b>
<u>Projected Investment Income</u>	31	31	<b>31</b>	31	31	<b>31</b>
<u>Total</u>	<b>1,083</b>	<b>641</b>		<b>1,083</b>	<b>1,083</b>	
<b>3. GEF-4 Specific Funding Decisions</b>	<b>2,360</b>			<b>2,360</b>		
<u>Approvals by Council</u>			<b>2,203</b>			<b>2,203</b>
- Projects + Fees		1,325			1,325	
- Admin. Budget		67			67	
- Special Initiatives		4			4	
- Programmatic Initiatives		807			807	
<u>Approvals by CEO</u>			<b>166</b>			<b>166</b>
- Projects + Fees (MSPs, EEAs)		141			141	
- Project Preparation Activities + Fees		24			24	
<u>Net Changes to Initial Approvals f/</u>			<b>(9)</b>			<b>(9)</b>
- Net amount increase (decrease) on GEF-4 projects		(17)			(17)	
- Net amount increase (decrease) on GEF-4 projects at time of Endorsement		(3)			(3)	
- Additional allocations on GEF-4 projects or PPGs		6			6	
- Additional allocations on pre-GEF-4 projects or PPGs		6			6	
<u>Pending decisions on Intersessionals and Council meetings</u>			<b>-</b>			<b>-</b>
- Projects, Fees, Admin Budget, Splc Initiatives, Programmatic Initiatives						
<b>4. Projected GEF-4 "Envelope" as of September 30, 2009 ( 4 = 2 + 3 )</b>	<b>3,187</b>			<b>3,629</b>		
<b>5. Excess (or Shortfall) as Measured Against the Target in Line 1 ( 5 = 4 - 1 )</b>	<b>87</b>			<b>529</b>		

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 the amount that was due from United States on April 15, 2007 which is expected to be paid in full.

c/ Represents the remaining amounts from third installment.

d/ Represents amounts from fourth installment.

e/ Represents IoCs not yet received by the Trustee from Italy (EUR 88 million), Nigeria (SDR 4 million), Pakistan (PKR 350 million). The amount projected to be available comprises of Italy (USDeq. 124 million) and Pakistan (USDeq. 4 million).

f/ To fit the GEF Secretariat's RAF model, pre-GEF-4 project net changes were excluded from the calculation.

The total reductions to initial approvals (including GEF-4 and pre-GEF-4 projects) is USD 253 million.

Contributing Participant	Amount Paid as a			Arrears Amount	Arrears as a %	
	Contribution	Repl.	Currency		of Total Contribution	USD eq. a/
Argentina	53%	GF01	USD	2.3	47%	2.3
Egypt, Arab Republic of	87%	GF01	SDR	0.8	13%	0.8
Nigeria	25%	GF03	SDR	4.8	75%	4.8
United States	75%	GF04	USD	0.8	0%	0.8
United States	93%	GF03	USD	28.1	7%	28.1
United States	67%	GF02	USD	140.7	33%	140.7
<b>Total</b>						<b>177.5</b>

a/ Valued at September 30, 2009 exchange rates

13. The fund balance of GEF-4 consists of various currencies. Four hypothetical scenarios are presented to demonstrate the impact of changes in the value of the USD on the projected GEF-4 envelope balance. This is illustrated in **Table 2c** (Exchange Rate Sensitivity Analysis). This analysis assumes that all other factors (eg. receivables, approvals, investment income and net changes to initial approvals) remain the same; the exchange rate of USD to other currencies is the only variable. **Table 2c** demonstrates that if the USD depreciates by 15%, the total projected envelope amount would be USDeq. 3,330 million, an excess of USDeq. 230 million over the target Replenishment Level. Conversely, if the USD appreciates by 15%, then the total projected envelope amount is USDeq. 3,080 million, for a shortfall of USDeq. 20 million from the Target Replenishment Level.

Table 2c: Exchange Rate Sensitivity Analysis Status as of September 30, 2009 (in USDeq. millions)				15% USD Depreciation		10% USD Depreciation		15% USD Appreciation		10% USD Appreciation		
<b>1. Target Replenishment Funding a/</b>				<b>3,100</b>		<b>3,100</b>		<b>3,100</b>		<b>3,100</b>		
<b>2. Projected Available Resources During Remaining GEF-4 Period</b>	<b>827</b>			<b>971</b>		<b>917</b>		<b>721</b>		<b>753</b>		
<u>Estimated Funds available to support Council or CEO Financing Decisions</u>	<b>186</b>			<b>257</b>		<b>231</b>		<b>134</b>		<b>150</b>		
	Potential Amount Available	of which Projected to be Available		Potential Amount Available	of which Projected to be Available	Potential Amount Available	of which Projected to be Available	Potential Amount Available	of which Projected to be Available	Potential Amount Available	of which Projected to be Available	
<u>Receivables</u>	<b>477</b>			<b>526</b>		<b>508</b>		<b>441</b>		<b>452</b>		
- Arrears	178	1 b/		178	1	178	1	177	1	177	1	
- Due within 6 months c/	341	341		374	374	362	362	317	317	324	324	
- Due between 7 and 12 months d/	135	135		151	151	145	145	123	123	127	127	
- Due between 13 and 18 months	-	-		-	-	-	-	-	-	-	-	
<u>Release of Deferred Contributions</u>	<b>-</b>			<b>-</b>		<b>-</b>		<b>-</b>		<b>-</b>		
- Deferred Contributions	259	-		299	-	284	-	229	-	238	-	
<u>IoCs not yet Deposited with the Trustee e/</u>	139	133	<b>133</b>	164	157	<b>157</b>	155	148	<b>148</b>	121	116	<b>116</b>
<u>Projected Investment Income</u>	31	31	<b>31</b>	31	31	<b>31</b>	31	31	<b>31</b>	31	31	<b>31</b>
<u>Total</u>	<b>1,083</b>	<b>641</b>		<b>1,197</b>	<b>713</b>		<b>1,155</b>	<b>686</b>		<b>998</b>	<b>587</b>	
<b>3. GEF-4 Specific Funding Decisions</b>	<b>2,360</b>			<b>2,360</b>		<b>2,360</b>		<b>2,360</b>		<b>2,360</b>		
<u>Approvals by Council</u>	<b>2,203</b>			<b>2,203</b>		<b>2,203</b>		<b>2,203</b>		<b>2,203</b>		
- Projects + Fees	1,325			1,325		1,325		1,325		1,325		
- Admin. Budget	67			67		67		67		67		
- Special Initiatives	4			4		4		4		4		
- Programmatic Initiatives	807			807		807		807		807		
<u>Approvals by CEO</u>	<b>166</b>			<b>166</b>		<b>166</b>		<b>166</b>		<b>166</b>		
- Projects + Fees (MSPs, EEAs)	141			141		141		141		141		
- Project Preparation Activities + Fees	24			24		24		24		24		
<u>Net Changes to Initial Approvals f/</u>	<b>(9)</b>			<b>(9)</b>		<b>(9)</b>		<b>(9)</b>		<b>(9)</b>		
- Net amount increase (decrease) on GEF-4 projects	(17)			(17)		(17)		(17)		(17)		
- Net amount increase (decrease) on GEF-4 projects at time of Endorsement	(3)			(3)		(3)		(3)		(3)		
- Additional allocations on GEF-4 projects or PPGs	6			6		6		6		6		
- Additional allocations on pre-GEF-4 projects or PPGs	6			6		6		6		6		
<u>Pending decisions on Intersessionals and Council meetings</u>	<b>-</b>			<b>-</b>		<b>-</b>		<b>-</b>		<b>-</b>		
- Projects, Fees, Admin Budget, Spcl Initiatives, Programmatic Initiatives												
<b>4. Projected GEF-4 "Envelope" as of August 31, 2009 (4 = 2 + 3)</b>	<b>3,187</b>			<b>3,330</b>		<b>3,277</b>		<b>3,080</b>		<b>3,113</b>		
<b>5. Excess (or Shortfall) as Measured Against the Target in Line 1 (5 = 4 - 1)</b>	<b>87</b>			<b>230</b>		<b>177</b>		<b>(20)</b>		<b>13</b>		
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 the amount that was due from United States on April 15, 2007 which is expected to be paid in full. c/ Represents the remaining amounts from third installment. d/ Represents amounts from fourth installment. e/ Represents IoCs not yet received by the Trustee from Italy (EUR 88 million), Nigeria (SDR 4 million), Pakistan (PKR 350 million). The amount projected to be available comprises of Italy (USDeq. 124 million) and Pakistan (USDeq. 4 million). f/ To fit the GEF Secretariat's RAF model, pre-GEF-4 project net changes were excluded from the calculation. The total reductions to initial approvals (including GEF-4 and pre-GEF-4 projects) is USD 253 million.												

#### IV. Investment Portfolio and Income

14. **Table 3** (GEF Trust Fund Asset Mix) illustrates the composition of instruments in the GEF Trust Fund portfolio as of September 30, 2009. 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% over the applicable investment horizon.

<u>Asset Class</u>	<u>Percentage</u>
Domestic Govt	32%
Mortgage Backed Sec	28%
Asset Backed Sec	9%
Agency	5%
Sovereign/Govt Gtd	13%
Money Market	12%
Corporate	0%
	<hr/>
	100%

15. **Table 3a** (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 GEF Trust Fund has earned investment income amounting to 2.63% on the USD 3 billion average balance for the calendar year to date, which is higher than returns of approximately 2% for the pooled Trust Fund portfolio over the same period.

16. Returns in 2008 were high relative to historical levels due to capital appreciation in the low-risk assets in the portfolio that performed well during the financial crisis. An increase in investor risk appetite in 2009 has resulted in lower returns for those assets, bringing returns in line with historical levels.

**Table 3a: Investment Returns on GEF Trust Fund**

As of September 30, 2009 (in USD millions)

<u>Fund Balance</u>	<u>Aug-09</u>	<u>CY to date</u>	<u>FY to date</u>	<u>Prev. CY</u>	<u>Prev. FY</u>
3,034	0.39%	2.63%	1.19%	6.30%	5.81%

17. **Table 3b** (GEF Trust Fund Investment Income) shows investment income earned on the GEF Trust Fund balance as of September 30, 2009. The total amount of investment income earned since the beginning of GEF-1 (July 1, 1994) is USD 896 million.

- GEF-4 realized investment income to date is USD 498 million, representing an excess of USD 130 million over the amount projected at the close of the GEF-4 replenishment negotiations.
- During the remaining GEF-4 period, the Trustee estimates that investment income will amount to approximately USD 31 million.

**Table 3b: GEF Trust Fund Investment Income (FY basis) a/**

Status as of September 30, 2009 (in USD millions)

	<u>Investment Income</u>		<u>Rate of Return</u>	
	<u>Projected</u>	<u>Realized</u>		
GEF-1	- b/	106	4.2%	d/
GEF-2	- b/	166	5.7%	d/
GEF-3	130	125	1.9%	d/
GEF-4	<u>368</u>	<u>498</u> c/	5.9%	e/
<b>Total</b>	<b>498</b>	<b>896</b> a/		

a/ Total Investment Income does not include investment income earned during the Pilot Phase (USD 31 million). Total Investment Income as of September 30, 2009, including Pilot Phase, amounts to USD 927 million.

b/ Projected investment income was not included as a financial component in the GEF-1 and GEF-2 replenishment agreements.

c/ This amount includes realized investment income as of September 30, 2009.

d/ Rate of return calculated using average annual trust fund balance for each replenishment period.

e/ Rate of return as of September 30, 2009.

## V. Cumulative Resources of the GEF-4 Since Inception

18. **Table 4** (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. 10.7 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. 613 million.

<b>1. Target Programming Level a/</b>		<b>10,115</b>
<b>2. Cumulative Resources b/</b>		<b>10,728</b>
<u>Resources not yet received</u>		<u>794</u>
IoCs not yet Deposited with the Trustee	139	
Installment Receivables c/	654	
<u>Resources received d/</u>		<u>9,934</u>
Cash receipts from Installments and Encashments	8,038	
Unenchashed Promissory Notes	968	
Investment Income Earned on Undisbursed Balances of GEF Funds e/	927	
<b>3. Cumulative Funding Decisions</b>		<b>9,457</b>
Approvals by Council and CEO	10,165	
Cancellations	(708)	
Pending decisions on Intersessionals and Council meetings	-	
<b>4. Cumulative Resources Net of Funding Decisions (4 = 2 - 3)</b>		<b>1,271</b>
<b>5. Excess (shortfall) as Measured Against the Target in Line 1 (5 = 2 - 1)</b>		<b>613</b>
<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 note.</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 September 30, 2009.</p>		

19. In **Table 4a**, IoCs not yet deposited with the Trustee are in respect of pledges from Italy (USDeq. 129 million), Nigeria (USDeq. 6 million) and Pakistan (USDeq. 4 million). Until received in cash, these resources are subject to fluctuations in exchange rates.

**Table 4a: IoCs Not Yet Deposited with the Trustee a/**  
 Status as of September 30, 2009  
 (in USDeq. millions) b/

<u>Contributing Participant b/</u>	<u>Currency of Obligation</u>	<u>USDeq.</u>	<u>Percentage</u>
Italy	EUR	129	92.4%
Nigeria	SDR	6	4.5%
Pakistan	PKR	4	3.0%
<b>Total IoCs Not Yet Deposited</b>		<b>139</b>	

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

b/ Valued at September 30, 2009 exchange rates

20. **Table 4b** (Installment Receivables) shows that the large majority (73% of installment receivables) represents GEF-4 installments that are due between October 1, 2009 and the end of the GEF-4 period (i.e. June 30, 2010). The remaining 27% of the installments due represents arrears, due mainly from the United States (in respect of GEF-2 and GEF-3).

**Table 2b** (Arrears) details the arrears to the GEF Trust Fund by Donor as of September 30, 2009.<sup>4</sup>

<sup>4</sup> 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 4b: Installment Receivables**  
Status as of September 30, 2009 (in USDeq. millions)

<u>Replenishment</u>	<u>USDeq.</u>	<u>Percentage</u>
GEF-1 a/	3	0.5%
GEF-2 b/	141	21.5%
GEF-3 c/	33	5.0%
GEF-4 d/	477	73.0%
<b>Total Installments</b>	<b>654</b>	

a/ Represents the arrears of Argentina and 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.

## VI. Funding Decisions Since Inception

21. **Table 5** (Funding Decisions Against Total Cumulative Resources – Inception to September 30, 2009) shows initial funding decisions made by the Council and the CEO. Total funding decisions represent about 95% of cumulative GEF resources.

- This amount has been offset by cumulative cancellations totaling USD 708 million, or about 7% of approvals.
- Total net cumulative funding decisions (including pending decisions) amount to USD 9.5 billion, about 88% of cumulative GEF resources.

**Table 5: Funding Decisions Against Total Cumulative Resources**  
Inception to September 30, 2009 (in USD millions)

	<u>Funding Decisions</u>	<u>Percentage against Total Cumulative Resources</u>
Project and Project Preparation a/	9,121	85.0%
Project Fees	555	5.2%
Administrative Budget	489	4.6%
<b>Total</b>	<b>10,165</b>	<b>94.8%</b>
<b>Total Cumulative Resources</b>	<b>10,728</b>	

a/ Includes Programmatic Initiatives.



22. **Table 5a** (Funding Decisions by Agency – Projects and Fees – Inception to September 30, 2009) shows the total funding decisions by Implementing Agencies since inception of the GEF Trust Fund, including the Pilot Phase.

- 84% of the funding decisions for projects and fees were approved for IBRD and UNDP.
- The share approved for UNEP amounts to about 9%; the remaining 7% was approved funding to the other seven Agencies.

	<u>Funding Decisions</u>	<u>Percentage of Total Funding Decisions</u>
ADB	132	1.4%
AfDB	10	0.1%
EBRD	39	0.4%
FAO	82	0.9%
IADB	95	1.0%
IBRD	4,638	48.3%
IFAD	92	1.0%
UNDP	3,471	36.1%
UNEP	868	9.0%
UNIDO	185	1.9%
<b>Total</b>	<b>9,611</b>	<b>100%</b>

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

23. **Table 5b** (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 65% of the cumulative funding approved to date.

**Table 5b: Project Funding Decisions by Focal Area**

Inception to September 30, 2009 (in USD millions)

Focal Area	Funding Decisions a/	Percentage
Biodiversity	2,949	33.0%
Climate Change	2,848	31.9%
International Waters	1,098	12.3%
Land Degradation	356	4.0%
Multi-focal Areas	1,133	12.7%
Ozone Depletion	171	1.9%
Persistent Organic Pollutants	378	4.2%
<b>Total</b>	<b>8,931</b>	

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

24. **Table 5c** (Funding Decisions by Replenishment) shows the cumulative funding decisions by Replenishments including related cancellations.

**Table 5c: Funding Decisions by Replenishment**

Inception to September 30, 2009 (in USD millions)

	<u>GEF-Pilot</u>	<u>GEF-1</u>	<u>GEF-2</u>	<u>GEF-3</u>	<u>GEF-4</u>
Programmatic Initiatives Approved Projects, Project Preparation and Administrative Budget Approvals	-	-	119	312	807
	782	1,518	2,356	2,704	1,568
<b>Total Funding Decisions</b>	<b>782</b>	<b>1,518</b>	<b>2,475</b>	<b>3,016</b>	<b>2,375</b>
Minus Cancellations a/ b/	(92)	(267)	(166)	(161)	(21)
<b>Net Total Funding Decisions</b>	<b>689</b>	<b>1,251</b>	<b>2,309</b>	<b>2,854</b>	<b>2,354</b>

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.

25. **Table 5d** (Funding Decisions – Trustee Commitments and Cash Transfers to Agencies) shows the cumulative commitments and cash transfers to the GEF Agencies from inception to September 30, 2009.

**Table 5d: Funding Decisions – Trustee Commitments and Cash Transfers to Agencies a/**  
Inception to September 30, 2009 (in USD millions)

	Council/CEO	Trustee		Agency	
	Funding Decisions	Commitments b/	Cash Transfers	Disbursements c/	% of Disbts against Trustee Commts
ADB	132	72	39	18	25.2%
AfDB	10	1	-	-	0.0%
EBRD	39	1	1	-	0.0%
FAO	82	39	15	3	6.8%
IADB	95	51	18	9	17.5%
IBRD	4,638	3,734	2,582	1,746	46.8%
IFAD	92	78	52	5	6.4%
UNDP	3,471	2,838	2,170	1,759	62.0%
UNEP	868	703	533	398	56.6%
UNIDO	185	95	57	29	30.4%
<b>Total</b>	<b>9,611</b>	<b>7,612</b>	<b>5,465</b>	<b>3,967</b>	

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.

c/ Disbursements as of December 31, 2008.

26. Further information related to project disbursement amounts from agencies is contained in the document GEF/R.5/Inf.18, *The Global Envelopment Facility Agency Disbursements by Projects*.

## **VII. Funding Decisions for Administrative Budget and Special Initiatives during GEF-4**

27. **Table 6** (Funding Decisions for Administrative Budget and Special Initiatives by Fiscal Year) shows the total approved administrative budgets and special initiatives for GEF Secretariat, GEF Evaluation Office, the Trustee, and STAP by fiscal year of GEF-4 period.

**Table 6: Funding Decisions for Administrative Budget and Special Initiatives by Fiscal Year**

As of September 30, 2009 (in USD millions)

Administrative Partner	<u>Approved FY 2007 Budget</u>		<u>Approved FY 2008 Budget</u>		<u>Approved FY 2009 Budget</u>		<u>Approved FY 2010 Budget</u>	
	Admin. Budget	Special Initiatives	Admin. Budget	Special Initiatives	Admin. Budget	Special Initiatives	Admin. Budget	Special Initiatives
GEF Secretariat	11.96	2.81	13.25	0.63	13.65	0.73	14.86	2.95
GEF Evaluation Office	2.91	0.63	3.79	0.50	4.24	-	4.02	-
IBRD	3.25	-	-	-	-	-	-	-
UNDP	2.93	-	-	-	-	-	-	-
UNEP	a/ 4.81	-	1.99	-	2.05	-	2.11	-
Trustee	1.54	0.25	2.09	0.31	2.42	-	2.73	0.15
<b>Total</b>	<b>27.40</b>	<b>3.69</b>	<b>21.12</b>	<b>1.44</b>	<b>22.35</b>	<b>2.28</b>	<b>23.79</b>	<b>1.55</b>

a/ Includes amounts approved for the administrative budget of STAP.

## VIII. Financial Statements of Agencies, the Trustee, GEF Secretariat, and GEF Evaluation office

28. **Table 7** (Status of 2008 Financial Statements) represents the submission status of the current year-end financial statements by entities. The reporting period for all agencies except the IBRD is the calendar year (IBRD fiscal year is July 1 to June 30).

**Table 7: Status of 2008 Financial Statements**  
Status as of Sep. 30, 2009

<u>Agencies</u>	<u>Received</u>
ADB	Yes
AFDB	a/
EBRD	a/
FAO	Yes
IADB	a/
IBRD	Yes
IFAD	Yes
UNDP	b/
UNEP	b/
UNIDO	Yes

a/ Since the grants balance is modest, the financial statements are not required.

b/ The audit opinion is available after the UN Board of Auditors' audit.

## IX. Work In Progress

29. (a) Foreign Currency Exchange Rate Movements and Financial Reserve: In an ongoing effort to manage the Trust Fund's exposure to foreign currency exchange rate variations and interest rate risk, the Trustee will establish an expanded reserve in order to provide the Trust Fund resources with additional protection against the variability in donor cash flows resulting from foreign exchange volatility. Further details are provided in GEF/R.5/Inf.17, *Financial Reserve during the GEF-5 period*.

30. (b) Review of GEF Financial System: The selection process of a consultant for this review is underway.
31. (c) World Bank Client Connection Website: As part of the drive to make information readily available to donors, Agencies, the GEF Secretariat and Evaluation Office, the Trustee is in the final stages of building a platform on the World Bank's Client Connection network. This is a secure website that offers the Trustee's clients quicker access to information in real time. There are several windows for accessing data. The open platform provides access to information such as the status of replenishments, Instruments of Commitments, the daily Funding Status of the GEF Trust Fund, a breakdown of Council approvals and the associated Trustee commitments. In addition, official documents are available, such as the Instrument for the Establishment of the Restructured Global Environment Facility.
32. Each Contributing Participant will have access detailed information, including the donor's contribution payments, note encashment history, and projected encashment schedules where applicable. In addition, invoices for installment payments and note encashment requests will be available online. The password-protected window for Agencies will provide detailed information on Trustee commitments and cash transfers to Agencies. Letters of Commitment and notifications of cash transfers will be posted online as well.
33. (d) Financial Procedures Agreements: In 2008, the Trustee and the Agencies have worked on customizing Financial Procedures Agreements (FPAs) to better reflect current procedures and procedures. Two Agencies (ADB and IFAD) have executed FPAs with the Trustee, and a final FPA with IADB is expected soon. Negotiations are continuing on the customization of FPAs for all other Agencies.
34. For information on discount, credits, and burden sharing as related to the financial arrangements for donors, attached is the previously issued report: GEF/R.5/5, *Review of the GEF Trust Fund: Contributions, Funding Availability and Financial Risk* in Annex 1.