



Global Environment Facility

GEF/R.4/11
August 15, 2005

Meeting on the Fourth Replenishment of the GEF Trust Fund
September 2, 2005
Washington, D.C.

TRUSTEE REPORT ON THE FUNDING STATUS OF THE GEF TRUST FUND AS OF AUGUST 9, 2005

(Prepared by the Trustee)

I. Introduction

1. This note provides an update on the funding status of the GEF Trust Fund since the June 2005 replenishment meeting in Washington, D.C. Unless otherwise noted, all currency valuations are based on exchange rates as of July 31, 2005.

II. Current Funding Status

2. As of August 9, 2005, the cumulative resources made available for Council allocation since the inception of the GEF Trust Fund amount to USD eq. 6.58 billion. Of this amount, USD eq. 6.32 billion (approximately 96%) has been allocated to the GEF work program, fees and corporate budgets. Consequently, the Council Allocation Authority amounts to USD eq. 263 million as of the date of this report. The current funding status is presented in Annex 1.

III. GEF-3: Status of Instruments of Commitment and Installment Payments

3. At the June 2005 replenishment meeting, the Trustee reported that Italy, whose pledge to the GEF-3 is SDR 82.99 million, was the only donor that had not yet formalized its commitment to the GEF-3. However, on June 13, 2005, the Trustee received Italy's Instrument of Commitment in the amount of EUR 118.9 million. Italy is currently making arrangements with the Trustee to pay 75% of its contribution before August 31, 2005.¹

4. The GEF-3 Resolution requires that 75% of committed contributions be paid by November 30, 2004. However, the Resolution also allows donors, under paragraph 3 (a) (iii), to request an extension on each installment due date up to June 30th of the same fiscal year in which the payment is due. As reported in June 2005, two donors, Greece and Mexico, had availed themselves of the provision and were expected to pay the third tranche of their GEF-3 contributions by June 30, 2005. As expected, both countries have now paid the third installment.

5. In summary, twenty-six donors have paid at least 75% of their GEF-3 contributions as of the date of this report. The current status of donor payments to the GEF Trust Fund is presented in Annex 2.

¹ The GEF-3 Replenishment Resolution requires that a donor who submits an Instrument of Commitment after the date on which any installment of the contribution is due shall pay the total percentage due within 30 days of submitting its Instrument of Commitment to the Trustee. Thus, in accordance with paragraph 3(a) (iv) of the GEF-3 Resolution, Italy was required to pay EUR 89.18 million (75% of its total contribution) by July 13, 2005.

IV. Arrears and Corresponding Deferred Contributions

GEF-3

6. A total of six donors are considered to be in arrears to the GEF-3. Finland and Spain, however, have informed the Trustee that they plan to clear their arrears in FY06. Total arrears as of August 9, 2005 amount to USD eq. 126.11 million, as shown in Table 1 below.

| Donor | Amount paid as a % of total contribution | Arrears | | | |
|----------------------------|--|----------|--------|------------------------------|---------------|
| | | Currency | Amount | As a % of total contribution | USD eq. |
| Belgium | 50.0% | EUR | 10.50 | 25.0% | 12.59 |
| Finland | 70.3% | EUR | 0.56 | 2.1% | 0.67 |
| Italy | 0.0% | EUR | 89.18 | 75.0% | 106.94 |
| Nigeria | 25.0% | SDR | 2.00 | 50.0% | 2.89 |
| Spain | 66.7% | EUR | 1.81 | 8.3% | 2.16 |
| U.S. | 74.8% | USD | 0.86 | 0.2% | <u>0.86</u> |
| Total GEF-3 arrears | | | | | 126.11 |

7. U.S. arrears of USD 860,000 represent 0.20% of its GEF-3 contribution (USD 430 million). Three donors, Austria, France, and Germany, have exercised the pro rata right under the Resolution and have deferred commitment of their contributions in proportion to the U.S. shortfall. The total amount deferred from the GEF-3 and not available for Council allocation is USD eq. 1.04 million as shown in Table 2 below.

| Donor | Currency | Amount | Deferred Contributions | |
|---|----------|--------|------------------------------|-------------|
| | | | As a % of total contribution | USD eq. |
| Austria | EUR | 0.05 | 0.20% | 0.06 |
| France | EUR | 0.33 | 0.20% | 0.39 |
| Germany | USD | 0.59 | 0.20% | <u>0.59</u> |
| Total GEF-3 deferred contributions | | | | 1.04 |

GEF-1 and GEF-2

8. Since the last report to donors, arrears from previous replenishments have not changed. The total amount of arrears for the GEF-1 and the GEF-2 is USD eq.145.48 million. Of this amount, arrears to the GEF-1 are USD eq. 4.81 million, and arrears to the GEF-2 are USD 140.67 million. Argentina and Egypt are scheduled to pay USD eq. 1.27 million in FY06. The detail of the arrears is shown in Table 3 below.

| <u>Donor</u> | <u>Repl.</u> | <u>Currency</u> | <u>Arrears</u> | | |
|--------------------------------------|--------------|-----------------|----------------|-------------------------------------|----------------|
| | | | <u>Amount</u> | <u>As a % of total contribution</u> | <u>USD eq.</u> |
| Argentina | GEF-1 | USD | 2.50 | 50.0% | 2.50 |
| Egypt | GEF-1 | SDR | 1.60 | 39.9% | <u>2.31</u> |
| | Sub total | | | | 4.81 |
| U.S. | GEF-2 | USD | 140.67 | 32.7% | <u>140.67</u> |
| | Sub total | | | | 140.67 |
| Total GEF-1 and GEF-2 arrears | | | | | 145.48 |

9. The U.S. arrears to the GEF-2 represent 32.7% of its contribution (USD 430.0 million). Consequently three donors, Austria, France, and Japan, have deferred their paid-in contributions totaling USD eq.152.76 million as shown in Table 4 below.

| <u>Donor</u> | <u>Currency</u> | <u>Deferred Contributions</u> | | |
|---|-----------------|-------------------------------|-------------------------------------|----------------|
| | | <u>Amount</u> | <u>As a % of total contribution</u> | <u>USD eq.</u> |
| Austria | EUR | 4.20 | 25.0% | 5.04 |
| France | EUR | 32.88 | 25.0% | 39.43 |
| Japan | JPY | 12,188.58 | 25.0% | <u>108.29</u> |
| Total GEF-2 deferred contributions | | | | 152.76 |

V. Summary of GEF Resources Committed but Not Available

10. In summary, as of the date of this report, the total amount not available for Council allocation due to arrears and deferred contributions is USD eq. 425.39 million. This amount is comprised of the items shown in Table 5 below.

| <u>Description</u> | <u>USD eq.</u> |
|------------------------------|----------------|
| GEF-3 Arrears | 126.11 |
| GEF-2 Arrears | 140.67 |
| GEF-1 Arrears | 4.81 |
| GEF-3 Deferred Contributions | 1.04 |
| GEF-2 Deferred Contributions | <u>152.76</u> |
| Total | 425.39 |

VI. Projected Resources to be Paid and Made Available in FY06

11. The GEF-3 Resolution requires that 100% of GEF-3 committed contributions be paid by November 30, 2005, or by June 30, 2006, as permitted under paragraph 3 (a) (iii) of the Resolution. Consequently, the Trustee projects that USD eq. 739.16 million will be paid during FY06. This amount is comprised of the following: (i) USD eq. 407.9 million from donors who are expected to pay the fourth and final installment of their GEF-3 contributions by November 30, 2005; (ii) USD eq. 206 million from GEF-3 donors who have availed themselves of the provision to make their fourth and final installment payment by June 30, 2006; and (iii) USD eq. 125.25 million from the GEF-3 donors in arrears who are expected to clear their arrears during FY06.

12. In addition to the expected payments for the GEF-3, the Trustee projects that USD eq. 1.27 million will be paid during FY06 for partial clearance of GEF-1 arrears. Thus, in total, the Trustee projects that USD eq. 740.42 million will be paid and made available for Council allocation during FY06, as shown in Table 6 below.

| Table 6: Projected Resources to be Paid and Made Available in FY06 | |
|---|----------------|
| As of August 9, 2005 | |
| <i>(in millions)</i> | |
| <u>Description</u> | <u>USD eq.</u> |
| GEF-3 Fourth Tranche projected to be paid by November 30, 2005 | 407.90 |
| GEF-3 Fourth Tranche projected to be paid between Jan. to June 2006 | 206.00 |
| GEF-3 Third Tranche arrears | 125.25 |
| GEF-1 arrears projected to be paid during FY06 | <u>1.27</u> |
| Total | 740.42 |

13. In summary, the total projected available resources for Council allocation during the course of FY06 is USD eq. 1,003.42 million. This amount is comprised of the current net funding balance of the GEF Trust Fund of USD eq. 263 million and the projected resources of USD eq. 740.42 million to be paid during FY06.

GLOBAL ENVIRONMENT FACILITY TRUST FUND

**Schedule of Projected Available Resources
Updated as of August 9, 2005**

Based on Cumulative GEF Council Approved Work Program and Corporate Budget
(Expressed in current US\$ millions) *a/*

| | <u>USDeq</u> |
|--|--------------------------|
| 1. Total GEF resources available for Council allocation | 6,581.1 <i>b/</i> |
| 2. Amount approved by the Council for the work program, fees and Corporate Budget of the GEF up to June 30, 2005 | <u>6,318.1</u> <i>c/</i> |
| 3. Net Funding Situation as at August 9, 2005 (1- 2) | 263.0 |

a/ Valued on the basis of July 31, 2005 exchange rates.

b/ Includes promissory notes, cash, note encashments, investment income and exchange rate losses from the Pilot Phase, GEF-1, GEF-2, and GEF-3, but does not include arrears and deferred contributions.

c/ Includes cumulative project allocations, cancellations, corporate budget allocations, Implementing Agency fees, and a one-time Implementing Agency fee provision.

Global Environment Facility Trust Fund

Status of Paid-in Contributions

as of August 9, 2005

(Expressed in millions)

| Contributing Participants | GEF-1 | | | | GEF-2 | | | | GEF-3 | | | |
|---------------------------|----------|------------|-----------|-------------------|----------|------------|-----------|--------|----------|---------------------|-----------|---------|
| | Currency | Commitment | Paid | % Paid | Currency | Commitment | Paid | % Paid | Currency | Commitment | paid | % Paid |
| Argentina | USD | 5.00 | 2.50 | 50% ^{a/} | * | * | * | * | * | * | * | * |
| Australia | AUD | 42.76 | 42.76 | 100% | AUD | 43.27 | 43.27 | 100% | AUD | 68.16 | 51.12 | 75.00% |
| Austria | EUR | 16.82 | 16.82 | 100% | EUR | 16.80 | 16.80 | 100% | EUR | 24.38 | 18.29 | 75.00% |
| Bangladesh | SDR | 2.00 | 2.00 | 100% | * | * | * | * | * | * | * | * |
| Belgium | EUR | 27.27 | 27.27 | 100% | EUR | 30.94 | 30.94 | 100% | EUR | 41.98 | 20.99 | 50.00% |
| Brazil | SDR | 4.00 | 4.00 | 100% | * | * | * | * | * | * | * | * |
| Canada | CAD | 111.11 | 111.11 | 100% | CAD | 141.66 | 141.66 | 100% | CAD | 158.94 | 119.21 | 75.00% |
| China | SDR | 4.00 | 4.00 | 100% | SDR | 6.00 | 6.00 | 100% | SDR | 7.50 | 5.66 | 75.40% |
| Cote d'Ivoire | SDR | 4.00 | 4.00 | 100% | SDR | 4.00 | 4.00 | 100% | SDR | 4.00 | 4.00 | 100.00% |
| Czech Republic | SDR | 4.00 | 4.00 | 100% | SDR | 4.00 | 4.00 | 100% | SDR | 4.00 | 3.00 | 75.00% |
| Denmark | SDR | 25.08 | 25.08 | 100% | DKK | 193.16 | 193.16 | 100% | DKK | 298.18 | 223.64 | 75.00% |
| Egypt | SDR | 4.00 | 2.40 | 60% ^{b/} | * | * | * | * | * | * | * | * |
| Finland | EUR | 20.86 | 20.86 | 100% | EUR | 19.63 | 19.63 | 100% | EUR | 30.00 | 21.08 | 70.26% |
| France | EUR | 122.98 | 122.98 | 100% | EUR | 131.50 | 131.50 | 100% | EUR | 164.00 | 123.00 | 75.00% |
| Germany | SDR | 171.30 | 171.30 | 100% | EUR | 198.99 | 198.99 | 100% | USD | 293.67 | 220.25 | 75.00% |
| Greece | USD | 5.00 | 5.00 | 100% | EUR | 4.50 | 4.50 | 100% | EUR | 5.73 | 4.30 | 75.00% |
| India | SDR | 6.00 | 6.00 | 100% | INR | 323.83 | 323.83 | 100% | INR | 426.39 | 319.79 | 75.00% |
| Ireland | EUR | 2.08 | 2.08 | 100% | EUR | 4.69 | 4.69 | 100% | EUR | 5.73 | 4.30 | 75.00% |
| Italy | EUR | 82.53 | 82.53 | 100% | EUR | 73.85 | 73.85 | 100% | EUR | 118.9 | - | 0.00% |
| Japan | JPY | 45,698.09 | 45,698.09 | 100% | JPY | 48,754.33 | 48,754.33 | 100% | JPY | 48,754.33 | 36,565.75 | 75.00% |
| Korea | SDR | 4.00 | 4.00 | 100% | KRW | 4,933.67 | 4,933.67 | 100% | USD | 5.51 | 4.41 | 79.91% |
| Luxembourg | SDR | 4.00 | 4.00 | 100% | EUR | 4.97 | 4.97 | 100% | EUR | 5.73 | 4.30 | 75.00% |
| Mexico | SDR | 4.00 | 4.00 | 100% | SDR | 4.00 | 4.00 | 100% | USD | 5.07 | 3.80 | 75.00% |
| Netherlands | SDR | 50.97 | 50.97 | 100% | SDR | 53.05 | 53.05 | 100% | SDR | 62.39 ^{c/} | 46.79 | 75.00% |
| New Zealand | NZD | 10.35 | 10.35 | 100% | NZD | 8.31 | 8.31 | 100% | NZD | 12.14 | 9.10 | 75.00% |
| Nigeria | * | * | * | * | SDR | 4.00 | 4.00 | 100% | SDR | 4.00 | 1.00 | 25.00% |
| Norway | NOK | 220.00 | 220.00 | 100% | NOK | 228.32 | 228.32 | 100% | NOK | 228.32 | 171.24 | 75.00% |
| Pakistan | SDR | 4.00 | 4.00 | 100% | SDR | 4.00 | 4.00 | 100% | SDR | 4.00 | 3.00 | 75.00% |
| Portugal | EUR | 4.45 | 4.45 | 100% | EUR | 4.90 | 4.90 | 100% | EUR | 5.73 | 4.30 | 75.00% |
| Slovak Republic | SDR | 4.00 | 4.00 | 100% | * | * | * | * | * | * | * | * |
| Slovenia | * | * | * | * | SDR | 1.00 | 1.00 | 100% | SDR | 1.00 | 0.75 | 75.00% |
| Spain | EUR | 13.10 | 13.10 | 100% | EUR | 14.81 | 14.81 | 100% | EUR | 21.67 | 14.45 | 66.67% |
| Sweden | SEK | 450.04 | 450.04 | 100% | SEK | 448.07 | 448.07 | 100% | SEK | 764.67 | 764.67 | 100.00% |
| Switzerland | SDR | 31.97 | 31.97 | 100% | CHF | 64.38 | 64.38 | 100% | CHF | 99.07 | 74.30 | 75.00% |
| Turkey | SDR | 4.00 | 4.00 | 100% | SDR | 4.00 | 4.00 | 100% | SDR | 4.00 | 3.00 | 75.00% |
| United Kingdom | GBP | 89.55 | 89.55 | 100% | GBP | 85.25 | 85.25 | 100% | GBP | 117.83 | 88.37 | 75.00% |
| United States | USD | 430.00 | 430.00 | 100% | USD | 430.00 | 289.33 | 67% | USD | 430.00 | 321.64 | 74.80% |

* Designates a country which is not contributing to the replenishment.

^{a/} Argentina and the Trustee have agreed on a schedule to clear its arrears to the GEF-1.

^{b/} Egypt and the Trustee have agreed on a schedule to clear Egypt's arrears to the GEF-1.

^{c/} In addition to the four annual installments of SDR 15.6 million for GEF3, the Netherlands has made a supplemental payment of USD 3 million.