The World Bank Group

Trust Funds Division

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AS AN IMPLEMENTING AGENCY OF THE GLOBAL ENVIRONMENT FACILITY TRUST FUND

WORLD BANK REFERENCE TF050551

FINANCIAL STATEMENT AND INDEPENDENT AUDITORS' REPORT
June 30, 2009

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Independent Auditors' Report

International Bank for Reconstruction and Development, as an
Implementing Agency of the Global Environment Facility Trust Fund

We have audited the accompanying statement of receipts, disbursements and fund balance of the International Bank for Reconstruction and Development as an Implementing Agency of the Global Environment Facility Trust Fund for the year ended June 30, 2009. This financial statement is the responsibility of the Implementing Agency's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Implementing Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by the Implementing Agency's management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 2, the financial statement was prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements and fund balance of the International Bank for Reconstruction and Development as an Implementing Agency of the Global Environment Facility Trust Fund for the year ended June 30, 2009, on the basis of accounting described in note 2.

The accompanying statement of receipts, disbursements and fund balance of the International Bank for Reconstruction and Development as an Implementing Agency of the Global Environment Facility Trust Fund for the period from March 14, 1991 (date of inception) to June 30, 2009 was not audited by us and, accordingly, we do not express an opinion on it.

KPMG LLP

December 15, 2009

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AS AN IMPLEMENTING AGENCY OF THE GLOBAL ENVIRONMENT FACILITY TRUST FUND

STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

Expressed in U.S. dollars

	For the year ended June 30, 2009	March 14, 1991 (date of inception) to June 30, 2009 (Unaudited, see Note 13)
Transfers in from GEF Trust Fund for:		
Projects (Note 10)	$ 244,200,000	$ 2,287,052,918
Project implementation fees (Note 6)	8,867,399	284,382,534
Corporate budget (Note 7)	-	134,954,441
Project grant to EBRD (Note 8)	-	9,907,650
Project implementation fee for EBRD (Note 8)	-	942,000
Investment income, net (Note 3)	1,722,338	21,663,952
Return of funds from special deposit account (Note 9)	972,294	4,788,323
Repayment of disbursements with repayment provisions (Note 10)	-	4,804,066
Reimbursement of ineligible expenditures (Note 11)	46,616	2,501,588
Other receipts (Note 12)	816,054	1,318,619
Total receipts	256,624,701	2,752,316,091
Project disbursements (Note 5 and 10)	247,124,842	2,167,983,650
Project implementation fees (Note 6)	24,818,382	274,844,480
Corporate budget disbursements (Note 7)	-	134,057,210
Project grant transfer to EBRD (Note 8)	-	9,907,650
Project implementation fee transfer to EBRD (Note 8)	-	942,000
Return to GEF Trust Fund:		
Unutilized corporate budget	-	897,231
Implementation fee on cancelled project	-	173,520
Other receipts (Note 12)	816,054	1,177,365
Repayment of disbursements with repayment provisions (Note 10)	-	4,804,066
Reimbursement of ineligible expenditures (Note 11)	-	2,420,000
Total disbursements	272,759,278	2,597,207,172
Excess of (disbursements over receipts)/receipts over disbursements	(16,134,577)	155,108,919
Fund balance:		
Beginning of period	171,243,496	-
End of period	$ 155,108,919	$ 155,108,919
Fund balance consists of:		
Trust Fund's share of the cash and investments in the Pool (Note 4)	$ 155,108,919	$ 155,108,919

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENT

June 30, 2009

Note 1 - Organization and operation of the GEF

The Global Environment Facility (GEF) was formally established as a mechanism in 1994 by the Instrument for the Establishment of the Restructured Global Environment Facility (the Instrument). It provides grants and concessional financing to eligible countries for incremental costs of measures to achieve global environmental benefits in four focal areas specified in the Instrument: climate change, biological diversity, international waters and ozone layer depletion. In October 2002, an amendment to the Instrument to designate persistent organic pollutants (POPs) and land degradation (primarily desertification and deforestation) as additional focal areas was approved at the second Assembly of the GEF (the Assembly).

In addition, in October 2002, an amendment to the Instrument was approved at the Assembly to make eligible the agreed incremental costs of activities to achieve global environmental benefits concerning chemicals management as they relate to the above focal areas. The incremental costs of such other activities under Agenda 21 (the action plan of the 1992 United Nations Conference on Environment and Development) as agreed by the Council of the GEF (the Council) were also made eligible for funding insofar as they achieve global environmental benefits in the focal areas.

Under the Instrument, contributions to GEF and all other assets and receipts of GEF are held in the Global Environment Facility Trust Fund (the GEF Trust Fund) which, in accordance with the provisions of the Instrument, became effective on March 16, 1995. On that date, the Global Environment Trust Fund (GET) (a funding mechanism for the GEF, established in 1991 as a pilot program) was terminated and all funds, receipts, assets and liabilities held in the GET were transferred to the GEF Trust Fund at book value. The GEF Trust Fund is administered by the International Bank for Reconstruction and Development (IBRD) as Trustee (the Trustee). A separate financial statement reports the financial position, operations and cash flows of the GEF Trust Fund.

continued

Note 1 - Organization and operation of the GEF (continued)

In addition to being Trustee of the GEF Trust Fund, IBRD is also one of the three Implementing Agencies of the GEF. The other two Implementing Agencies are the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP). Under the Instrument, the Implementing Agencies of the GEF shall be accountable to the Council for their GEF financed activities, including the preparation and cost effectiveness of GEF projects, and for the implementation of the operational policies, strategies and decisions of the Council within their respective areas of competence. The Instrument similarly assigns other responsibilities to the Secretariat of the GEF (the Secretariat) and the Trustee of the GEF Trust Fund. The accompanying financial statement reports the receipts and disbursements of IBRD as an Implementing Agency (IA) of the GEF Trust Fund (the Trust Fund).

The Trust Fund's activities are partly executed by IBRD and partly by recipient agencies (the Agencies) that are external to IBRD and who are responsible for the execution of funds disbursed by IBRD as grants and loans. IBRD and the Agencies, as part of their executing activities, prepare terms of reference, procure goods and services from suppliers, make payments and submit progress reports and audited financial reports for the activities executed by them respectively. IBRD is a member of the World Bank Group, which also includes the International Development Association, the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency, and the International Centre for Settlement of Investment Disputes.

Amounts paid into the Trust Fund, but not yet disbursed, are managed by IBRD as Trustee which maintains an investment portfolio (the Pool) for all of the trust funds administered by the entities of the World Bank Group. IBRD maintains all trust fund assets separate and apart from the funds of the World Bank Group.

Note 2 - Significant accounting policies

The accompanying financial statement has been prepared on the cash receipts and disbursements basis of accounting - modified to record the share in pooled cash and investments at fair value (modified cash basis of accounting). Accordingly, investment income, net includes realized and unrealized investment income (loss).

continued

Note 2 - Significant accounting policies (continued)

The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP) or International Financial Reporting Standards (IFRS). Receipts, with the exception of investment income, net as described above, are recorded when collected (i.e., when credited to the trust fund) rather than when pledged/earned, and disbursements are recorded when paid (i.e., when debited from the trust fund).

This financial statement is not intended to be a presentation in conformity with U.S. GAAP or IFRS; however certain information pertaining to the fair value of financial instruments is presented in accordance with the pertinent U.S. GAAP pronouncements as described below.

In accordance with policies adopted for the administration of this Trust Fund, certain transactions, including donor contributions not credited to the Trust Fund at the financial statement date due to timing or other reasons, reposting of disbursements in the ordinary course of business as deemed necessary, and any refunds of previous disbursements deemed by management not to be eligible in accordance with the Instrument, are reported in the Statement of Receipts, Disbursements and Fund Balance in the period in which the transaction is credited/debited to the Trust Fund.

IBRD is an international organization which conducts its operations in the currencies of all of its members. Contributions and disbursements in currencies other than the reporting currency of U.S. dollars, if applicable, are converted at the rates of exchange on the transaction dates. Transaction gains or losses, if any, on disbursements, are borne by IBRD.

Financial Accounting Standards Board's (FASB's) Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (FAS 157) became effective for financial statements issued for fiscal years beginning after November 15, 2007. FAS 157 defines fair value, establishes a consistent framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and expands disclosure requirements about fair value measurements. FAS 157 also requires that the valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs. Notes 3 and 4 provide further details on the fair value measurement of the Pool pursuant to FAS 157, which has been applied for the Pool from July 1, 2008.

continued

Note 2 - Significant accounting policies (continued)

FASB's Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (FAS 159) also became effective for financial statements issued for fiscal years beginning after November 15, 2007. FAS 159 provides an option for most financial assets and financial liabilities to be reported at fair value with changes in fair value reported in earnings. IBRD has not elected to apply FAS 159 to any of the financial assets or financial liabilities of the Trust Fund and accordingly, FAS 159 did not have an impact on the Trust Fund's financial statement.

Note 3 - Investment income, net

As described in Note 2, the Pool is divided into sub-portfolios to which allocations are made based on fund specific investment horizons, risk tolerances and/or other eligibility requirements for trust funds with common characteristics as determined by IBRD. Generally, the Pool is invested in liquid financial instruments such as money market instruments, government and agency obligations, mortgage-backed securities and other high-grade bonds. The Pool may also include securities pledged as collateral under repurchase agreements with other counterparties and receivables from resale agreements for which it has accepted collateral. Additionally, the Pool also includes derivative contracts such as currency forward contracts, plain vanilla swaps and callable swaps linked to interest rates and foreign exchange rates.

The Pool is a trading portfolio and is reported at fair value, including the derivative contracts for which gains/losses are included in investment income, net. Share in pooled cash and investments represents the Trust Fund's allocated share of the Pool's fair value at the end of the reporting period.

Net investment income consists of the Trust Fund's allocated share of: interest income earned by the Pool, realized gains/losses from sales of securities and unrealized gains/losses resulting from recording the assets held by the Pool at fair value. Net investment income in the amount of US$1,722,338 and US$21,663,952 (unaudited, see Note 13) was credited to the Trust Fund during the year ended June 30, 2009 and for the period from March 14, 1991 (date of inception) to June 30, 2009, respectively. Investment income, net earned on funds advanced to IBRD as IA for projects and corporate budget is credited to the GEF Trust Fund, and therefore is not reflected in the accompanying financial statement.

continued

Note 4 - Fair value of financial instruments

Effective July 1, 2008, FAS 157 was applied to the cash and investments held in the Pool. As discussed in Notes 2 and 3, the cash and investments of all trust funds administered by the World Bank Group are managed in a pooled investment portfolio, as such all investment decisions are made and consequences monitored at the Pool level. The ensuing disclosure on fair value measurement and fair value hierarchy is therefore at the Pool level pursuant to FAS 157, followed by the fair value amount of the Trust Fund's share in the pooled cash and investments at the end of the reporting period.

Fair Value Measurements (FAS 157)

IBRD has an established and documented process for determining fair values of the financial instruments in the Pool. Fair value is based upon quoted market prices for identical and similar instruments, where available. Financial instruments for which quoted market prices are not readily available are valued based on discounted cash flow models. These models primarily use market-based or independently-sourced market parameters such as yield curves, interest rates, volatilities, foreign exchange rates and credit curves.

Summarized below are the techniques applied in determining the fair values of financial instruments.

Investment securities

Where available, quoted market prices are used to determine the fair value of trading securities. Examples include some government securities, mutual funds, futures and exchange-traded equity securities. For instruments for which market quotations are not available, fair values are determined using model-based valuation techniques, whether internally-generated or vendor-supplied, that include the standard discounted cash flow method using market observable inputs such as yield curves, credit spreads and prepayment speeds. Unless quoted prices are available, money market instruments are reported at face value, which approximates fair value.

Securities purchased under resale agreements and securities sold under agreements to repurchase

Securities purchased under resale agreements and securities sold under agreements to repurchase are reported at face value which approximates fair value.

continued

Note 4 - Fair value of financial instruments (continued)

Derivative contracts

Derivative contracts include currency forward contracts, plain vanilla swaps and callable swaps linked to interest rates or foreign exchange rates. Derivatives are valued using the standard discounted cash flow methods using market observable inputs such as yield curves, foreign exchange rates, or basis spreads.

Fair Value Hierarchy

FAS 157 establishes a three-level fair value hierarchy under which financial instruments are categorized based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to observable market-based inputs or inputs that are corroborated by market data (Level 2) and the lowest priority to unobservable inputs that are not corroborated by market data (Level 3). When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement of the instrument in its entirety. Thus, a Level 3 fair value measurement of the instrument may include inputs that are observable (Level 2) and unobservable (Level 3). Additionally, FAS 157 requires that the valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs.

Financial instruments representing the Pool investments recorded at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1: Financial instruments whose values are based on unadjusted quoted prices for identical instruments in active markets.

Level 2: Financial instruments whose values are based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; or pricing models for which all significant inputs are observable, either directly or indirectly for substantially the full term of the instrument.

continued

Note 4 - Fair value of financial instruments (continued)

Level 3: Financial instruments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The following table presents the Pool's fair value hierarchy for those financial instruments measured at fair value on a recurring basis as of June 30, 2009:

In millions of U.S. dollars

	Fair Value Measurement on a Recurring Basis as of June 30, 2009			
	Level 1	Level 2	Level 3	Total
Investment portfolio - Trading	$ 6,015	$ 14,882	$ 145	$ 21,042
Securities purchased under resale agreements and securities sold under repurchase agreements	(477)	(206)	-	(683)
Derivatives, net	-	(5)	-	(5)
Total of financial instruments in the Pool at fair value	$ 5,538	$ 14,671	$ 145	$ 20,354

As noted above, financial instruments in the Pool categorized as Level 3 is less than 1 % of the total Pool fair value at June 30, 2009 and is deemed immaterial. As such, no additional disclosure relating to (i) the changes in the fair value of the Pool's Level 3 financial instruments from July 1, 2008 to June 30, 2009, and (ii) the portion of gains or losses included in the Excess of (disbursements over receipts)/receipts over disbursements line item for the period from July 1, 2008 to June 30, 2009 attributable to the unrealized gains and losses on the Pool's Level 3 financial instruments still held at June 30, 2009, and where the amounts are included in the Statement of Receipts, Disbursements and Fund Balance has been presented.

As of June 30, 2009, the Pool does not have any financial instruments measured at fair value on a non-recurring basis.

continued

Note 4 - Fair value of financial instruments (continued)

Trust Fund's Share of the Cash and Investments in the Pool

The Trust Fund's share of the cash and investments in the Pool, which was allocated based on the specific investment horizons, risk tolerances and other eligibility requirements pursuant to the agreements, has a fair value of US$155,108,919 as of June 30, 2009. Investment income, net in the amount of US$1,722,338 was credited to the Trust Fund during the period from July 1, 2008 to June 30, 2009 based on its allocated share of the cash and investments in the Pool.

Note 5 - Project disbursements

IBRD as IA provides funds for projects that achieve global environmental benefits in the focal areas. Grants up to a maximum of US$1million are provided for Medium Sized Projects and over US$1million for Full Sized Projects. In addition, Project Preparation Grants are provided to prepare and complete technical design and feasibility work. Project Preparation Grants up to US$1 million are provided as Project Development Fund - Block C and up to US$350,000 for single countries and up to US$700,000 for projects involving multiple countries are provided as Project Development Fund - Block B. Project development funds are now provided as Project Preparation Grants. IBRD as IA also provides funds for (i) Development Marketplace projects that provide local innovative solutions to development problems and (ii) other enabling activities which are financing for the preparation of a plan, strategy or program to fulfill commitments under a global environmental convention. IBRD as IA had disbursed an amount of US$247,124,842 during the year ended June 30, 2009, the details of which are as follows:

continued

Note 5 - Project disbursements (continued)

Particulars		July 1, 2008 to June 30, 2009
Full Sized Projects	$	237,275,462
Medium Sized Projects		5,600,249
Project Development Fund - Block B		987,119
Project Development Fund - Block C		109,101
Project Preparation Grant		2,360,258
Development Marketplace		768,328
Other Projects (net)		24,325
Total	$	**247,124,842**

Note 6 - Project implementation fees

On an ongoing basis, the GEF Trust Fund, based upon allocation approved by the Council (or, as the case may be, by the Chief Executive Officer (CEO) of the GEF, as such authority delegated by the Council) provides IBRD as IA with funds to reimburse certain project implementation expenses associated with the identification, preparation, appraisal, negotiation, supervision and evaluation of GEF projects including GEF IFC Earth Fund.

Effective July 2007, the GEF Council decided to eliminate the corporate budget of IAs (see Note 7 below). However, the GEF Trust Fund will provide IBRD as IA additional Project implementation fees, in order to reimburse IBRD as IA for administrative expenses. Using these funds, IBRD as IA reimburses IBRD for certain administrative, accounting, financial reporting, and treasury services performed by IBRD on behalf of IBRD as IA.

continued

Note 6 - Project implementation fees (continued)

Disbursements for Project implementation fees for the year ended June 30, 2009 and from July 1, 2001 to June 30, 2009 include amounts for direct staff costs, related benefits and overheads totaling US$24,790,382 and US$252,545,651 (unaudited, see Note 13), respectively, which were paid to IBRD for their estimated costs incurred for activities consistent with the purpose of the Trust Fund in accordance with the administration agreements. Amounts of this nature that were reimbursed to IBRD prior to July 1, 2001 are not practicably determinable and therefore not presented.

Note 7 - Corporate budget

Until June 30, 2007, in accordance with the Instrument, and as approved annually by the Council, the GEF Trust Fund provided corporate budget funds to IBRD as IA in order to reimburse IBRD as IA for administrative expenses incurred in the performance of its corporate functions as IA. Disbursements for Corporate budget for the period from July 1, 2001 to June 30, 2007 include amounts for direct staff costs, related benefits and overheads totaling to US$18,736,739 (unaudited, see Note 13), which were paid to IBRD for their estimated costs incurred for activities consistent with the purpose of the Trust Fund in accordance with the administration agreements. Amounts of this nature that were reimbursed to IBRD prior to July 1, 2001 are not practicably determinable and therefore not presented.

Note 8 - Project grant and project implementation fee to EBRD

The Instrument calls upon the Implementing Agencies of the GEF to make arrangements for GEF project preparation and execution, by, inter alia, multi-lateral development banks. Effective May 1999, the GEF Council approved a proposal to allow for the participation of the European Bank for Reconstruction and Development (EBRD) in the preparation and execution of GEF projects, within the context of an expanded opportunities program. In order to access GEF resources, multi-lateral development banks were required to do so via the Implementing Agencies of the GEF, of which IBRD is one.

continued

Note 8 - Project grant and project implementation fee to EBRD (continued)

Pursuant to an agreement between IBRD as IA and EBRD, a grant of US$9,907,650 (unaudited, see Note 13), to support the implementation of an EBRD/GEF Environmental Credit Facility in the Republic of Slovenia together with US$942,000 (unaudited, see Note 13) for certain costs of preparation, supervision, and report preparation of this GEF grant activity was made available to EBRD by IBRD as IA. During the years ended June 30, 2004 and 2003, IBRD as IA received funds of US$9,907,650 (unaudited, see Note 13), and US$942,000 (unaudited, see Note 13), respectively, from the GEF Trust Fund, for purposes of transferring such funds to EBRD. These funds were transferred to EBRD during the year ended June 30, 2004.

Note 9 - Return of funds from special deposit account

In order to ensure an adequate flow of funds to finance eligible expenditures, IBRD as IA may disburse funds before expenditures are made by GEF grant recipients. In such cases, the grant recipient maintains such advance disbursements in a separate Special deposit Account (SA). The grant recipient must document amounts advanced to the SA or refund any undocumented balances to IBRD as IA. In cases where refunds (reflows) are received after the project has been closed, these amounts are recorded as receipts by the Trust Fund. IBRD as IA has recorded US$972,294 and US$4,788,323 (unaudited, see Note 13) for the year ended June 30, 2009, and from March 14, 1991 (date of inception) to June 30, 2009, respectively, as project reflows.

Note 10 - Repayment of disbursements with repayment provisions

While GEF financing has been made predominantly in the form of grants, under the Instrument, GEF financing may also be made available in forms other than grants, including in the form of loans and guarantees, on such terms as may be approved by the Council. Pursuant to such authority, the Council has authorized a program of GEF operations on terms other than grants, such terms to be approved on a project by project basis by the Council. IBRD as IA, and IFC, acting as executing agency for IBRD as IA, implement and execute programs of such GEF operations other than grants, with repayment provisions.

continued

Note 10 - Repayment of disbursements with repayment provisions (continued)

IBRD as IA has advanced funds from the Trust Fund to IFC for such operations. However, the repayment provisions under such operations are contingent on a number of factors. Accordingly, in recognition of the uncertain nature of the repayments and in accordance with the modified cash basis of accounting, IBRD as IA has reported amounts advanced for such GEF operations as Project disbursements. With respect to active grants as at June 30, 2009, the GEF Trust Fund had transferred grant funds to IBRD as IA for such operations totalling US$62,050,000 (unaudited, see Note 13) as grants with repayment provisions, and are included in the line item transfers in from GEF trust fund for projects in the accompanying financial statement. As at June 30, 2009, IFC, acting as executing agency for IBRD as IA, had disbursed grants with repayment provisions totalling US$40,691,865 (unaudited, see Note 13) to grant recipients, and are included in the line item Project disbursements in the accompanying financial statement.

In accordance with the modified cash basis of accounting, IBRD as IA has not established any receivables due from grant recipients, nor has it recorded any payable to the GEF Trust Fund. During the period from March 14, 1991 (date of inception) to June 30, 2009, an amount of US$4,804,066 (unaudited, see Note 13), comprising of US$3,913,776 (unaudited, see Note 13) principal repayment plus interest of US$674,426 (unaudited, see Note 13) along with exchange gain of US$215,864 (unaudited, see Note 13) was repaid by grant recipients to IBRD as IA and transferred to the GEF Trust Fund.

Note 11 - Reimbursement of ineligible expenditures

IBRD performs various compliance reviews of the Trust Fund activities as part of its regular control framework. These reviews include GEF-financed activities for which IBRD acts as IA. During fiscal year 2002, IBRD as IA brought to the Trustee's and the CEO's attention that this work had identified certain matters which could result in ineligible expenditures in three recipient-executed GEF grants. The CEO then brought this matter to the attention of the Council in a letter dated April 21, 2003.

continued

Note 11 - Reimbursement of ineligible expenditures (continued)

With respect to the three recipient-executed grants identified above, in one case, the recipient reimbursed the Trust Fund US$161,965 (unaudited, see Note 13) in June 2003, representing the full amount considered ineligible by the IBRD's review, thereby closing this case. No irregularities were identified in the case of the second grant. With respect to the third grant, IBRD management had reviewed the findings of this work and, as a result of this review, in May 2005, IBRD deemed it appropriate to reimburse US$2,420,000 (unaudited, see Note 13) to IBRD as IA which was in turn reimbursed to the GEF Trust Fund during the year ended June 30, 2005.

An audit of the grant recipient's records and accounts, conducted by the recipient's auditors identified certain ineligible expenditures in the amount of US$7,720 (unaudited, see Note 13) relating to a sub grant, which was refunded to the Trust Fund during the year ended June 30, 2006.

During the year ended June 30, 2008, as a part of internal review, IBRD had identified certain ineligible expenditures in the amount of US$27,252 (unaudited, see Note 13) which were fully reimbursed to the Trust Fund.

During the year ended June 30, 2009, ineligible expenses in the amount of US$49,799 were identified, of which US$46,616 were reimbursed to the Trust Fund. The remaining balance of US$3,183 was subsequently reimbursed to the Trust Fund during July 2009.

Note 12 - Other receipts

Other receipts during the year ended June 30, 2009 and for the period from March 14, 1991 (date of inception) to June 30, 2009, amounts to US$816,054 and US$1,318,619 (unaudited, see Note 13), respectively. Other receipts during the year represent interest receipts from EBRD in relation to the GEF Environmental Credit Facility in the Republic of Slovenia project (GFSL). These funds were received by the Trust Fund and transferred to the GEF Trust Fund.

continued

Note 13 - Inception to date amounts

The Statement of Receipts, Disbursements and Fund Balance for the period July 1, 2008 to June 30, 2009 was audited by KPMG LLP, who have expressed an unqualified audit opinion thereon, dated December 15, 2009. In addition, the Statement of Receipts, Disbursements and Fund Balance for the period March 14, 1991 (date of inception) to June 30, 2008 was audited by other auditors, who expressed an unqualified audit opinion thereon, dated May 22, 2009. As a result, activity from inception to June 30, 2009 has been subject to audit, albeit by different audit firms for the periods indicated above.

Note 14 - Subsequent event

Subsequent to June 30, 2009, IBRD had identified certain ineligible expenditures in the amount of R237,292 (equivalent US$30,589, as of June 30, 2009) relating to Richtersveld Community Biodiversity Conservation Project. IBRD is in the process of recovering this amount from the recipient. In addition, IBRD had identified ineligible expenditures of US$63,982, which IBRD is in the process of recovering from the recipient.