

60th GEF Council Meeting  
June 15 – 17, 2021  
Virtual Meeting

## **GEF TRUST FUND FINANCIAL REPORT**

*Summary of Financial Information  
As of March 31, 2021*

(Prepared by the Trustee)



# Global Environment Facility Trust Fund

## Financial Report

Prepared by the Trustee

*Summary of Financial Information*

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## Table of Contents

Introduction .....	1
GEF Trust Fund Financial Summary as of March 31, 2021.....	2
1. GEF Trust Fund Summary – Inception through March 31, 2021 .....	3
2. Cumulative Resources and Funding Decisions .....	4
2a. Cumulative Resources .....	5
2b. Investment Management - Asset Mix, Investment Income and ESG rating.....	7
2c. Funding Decisions, Trustee Commitments and Cash Transfers to Agencies .....	13
2d. Report on Financially Closed Projects during GEF-7 Period.....	16
3. Funding Availability .....	17
4. GEF-7 Specific Funding Decisions as of March 31, 2021 .....	18



## Introduction

The information contained in this report is prepared based on financial information as of March 31, 2021, except where indicated otherwise.

The Global Environment Facility (GEF) was established in 1994 as an independent financial mechanism for providing grants and concessional funding to cover the incremental or additional costs of measures to assist in the protection of the global environment and to promote environmentally sustainable development. Today, the GEF is the largest funder of projects focused on global environmental challenges and a global partnership among 183 countries, international institutions, non-governmental organizations, and the private sector. It provides grants for projects related to the following main areas: (i) biodiversity, (ii) climate change (mitigation and adaptation), (iii) international waters, (iv) land degradation, (v) ozone layer depletion, (vi) chemicals and waste, and (vii) persistent organic pollutants.

The report is produced by the Trustee in accordance with the Trustee's role in the GEF Trust Fund as set forth in Annex B of the GEF Instrument paragraph 4 (b) which states:

*"The responsibilities of the Trustee shall include in particular [...] the financial management of the Fund, including investment of its liquid assets, the disbursement of funds to the implementing and other executing agencies as well as the preparation of the financial report regarding the investment and use of the Fund's resources [...]"*

This report provides (i) a snapshot of the financial situation of the GEF Trust Fund since its inception to March 31, 2021 and recent developments since April 1, 2021; (ii) the details of financial activities of the GEF Trust Fund; and (iii) an update on the Investment Strategy Options for the GEF.



## GEF Trust Fund Financial Summary as of March 31, 2021

### *Pledges and Contributions*

GEF Contributing Participants have pledged SDR 13,932 million (USDeq. 19,958 million) <sup>1</sup> to date, of which SDR 13,882 million (USDeq. 19,878 million) has been confirmed by Donors depositing Instruments of Commitments (IoCs) or Qualified Instruments of Commitment (QIoCs) with the Trustee.

GEF-7 pledges totaled SDR 2,350 million (USDeq. 3,346 million), of which Contributing Partners have deposited 99% of the amount with the Trustee as IoCs or QIoCs.

### *Investment Income*

As of March 31, 2021, cumulative investment income earned on the GEF Trust Fund balances amounted to USD 1,617 million.

The investment income earned in GEF-7 period until March 31, 2021 amounted to USD 262 million.

### *Funding Approvals and Commitments*

As of March 31, 2021, cumulative funding decisions (approvals by the GEF Council/CEO) amount to USD 19,753 million net of USD 1,941 million in cancellations and reductions at endorsement, and inclusive of USD 12 million pending decisions of intersessional and Council meetings.

Of the total funding decision amount of USD 19,753 million, cumulative commitments amount to USD 17,092 million.

### *Cash Transfers*

Cash transfers were made to GEF Agencies on an as-needed basis to meet their projected disbursement requirements. Out of the cumulative commitment of USD 17,092 million (including administrative expenses and funding allocations to the GEF Secretariat), the Trustee has transferred USD 14,710 million with a balance of USD 2,383 million remaining payable as of March 31, 2021.

### *Funds Held in Trust and Funds Available for Council and CEO Funding Decisions*

**Funds Held in Trust** reflect financial activities related to new contribution payments (cash and promissory notes), encashment of promissory notes, investment income, cash transfers, and the revalued balance of promissory notes at month-end. Funds Held in Trust total USD 5,675 million as of March 31, 2021, 30% of which represents unencashed promissory notes.

**Funds available to support Council or CEO decision amounted to USD 388 million as of March 31, 2021.** This represents an increase of USD 219 million compared to September 30, 2020.

**Updates for the period April 1 to May 11, 2021.** Cote d'Ivoire paid USD 5.42 million towards full payment of the first three installments, and partial payment of the fourth installment, of its GEF-7 contribution. Canada paid CAD 54.75 million representing full payment of its third installment of its GEF-7 contribution.

<sup>1</sup> Does not include co-financing under the GEF Pilot Program.



## 1. GEF Trust Fund Summary – Inception through March 31, 2021

	Total (in SDR millions)
<b><u>Donor Pledges and Contributions (in SDR millions)</u></b>	
Received IoCs	13,881.6
GEF-4 IoCs not yet deposited	4.00
GEF-5 IoCs not yet deposited	12.35
GEF-6 IoCs not yet deposited	20.45
GEF-7 IoCs not yet deposited	13.49
<b>Total Donor Pledges and Contributions (in SDR millions)</b>	<b>13,931.93</b>

	Total (in USD millions)
<b><u>Cumulative Resources (in USD millions)</u></b>	
<b><u>Resources received</u></b>	
Cash Receipts	17,008.53
Unencashed promissory notes	1,703.05
Investment Income earned	1,616.93
<b>Total Resources Received</b>	<b>20,328.51</b>
<b><u>Resources not yet received</u></b>	
GEF-7 IoCs not yet deposited	19.12
GEF-6 IoCs not yet deposited	30.89
GEF-5 IoCs not yet deposited	12.67
GEF-4 IoCs not yet deposited	5.67
Installments Receivable from GEF-7	897.26
Installment Receivables from previous replenishments	104.09
<b>Total resources not yet received</b>	<b>1,069.70</b>
<b>Total Cumulative Resources (A) (in USD millions)</b>	<b>21,398.20</b>

<b><u>Cumulative Funding Decisions (in USD millions)</u></b>	
Approvals by Council and CEO	21,682.64
Cancellations and reductions at endorsement	(1,941.71)
Pending Decisions of Intersessional and Council Meetings	12.19
<b>Total Funding Decisions Net of Cancellations (B) (in USD millions)</b>	<b>19,753.12</b>
<b>Cumulative Resources Net of Funding Decisions (A) - (B) (in USD millions)</b>	<b>1,645.09</b>

<b><u>Funds Available (in USD millions)</u></b>	
Funds Held in Trust with no restrictions	5,434.88
Approved Amounts Pending Cash Transfers to Agencies	5,047.35
<b>Total Funds Available to Support Council or CEO Decisions (in USD millions)</b>	<b>387.53</b> <sup>a/</sup>

a/ Excludes the FX reserve amount of USD 240 million.

Note: Totals may not add up accurately due to rounding



## 2. Cumulative Resources and Funding Decisions

In USD millions

		<u>March 31, 2021</u>	<u>September 30, 2020</u>
<b>1. Cumulative Resources</b>		<b>21,398</b>	<b>21,245</b>
<u>Resources not yet received</u>		<u>1,070</u>	<u>1,541</u>
GEF-7 IoCs not yet deposited with the Trustee	19	19	19
GEF-6 IoCs not yet deposited with the Trustee	31	31	31
GEF-5 IoCs not yet deposited with the Trustee	13	13	13
GEF-4 IoCs not yet deposited with the Trustee	6	6	6
Installment Receivables from GEF-7	897	1,359	1,359
Installment Receivables from previous replenishments	104	114	114
<u>Resources received</u>		<u>20,329</u>	<u>19,703</u>
Cash receipts from installments and encashments	17,009	16,532	16,532
Unencashed promissory notes	1,703	1,554	1,554
Investment Income earned on undisbursed balances of GEF Trust Fund	1,617	1,617	1,617
<b>2. Cumulative Funding Decisions</b>		<b>19,792</b>	<b>19,335</b>
Approvals by Council and CEO	21,654	21,134	21,134
Cancellations	(1,874)	(1,811)	(1,811)
Pending decisions of Intersessional and Council Meetings	12	12	12
<b>3. Cumulative Resources Net of Funding Decisions (3 = 1 - 2)</b>		<b>1,606</b>	<b>1,910</b>

*Note: Totals may not add up accurately due to rounding.*

### Snapshot of cumulative resources and funding decisions:

- The table above shows cumulative resources and cumulative funding decisions of the GEF Trust Fund since inception.
- Of the cumulative resources of USDeq. 21,398 million, USDeq. 1,070 million (5%) represents resources not yet received. Of these, IoCs not yet deposited with the Trustee total USDeq. 69 million, GEF-7 installments receivables amount to USDeq. 897 million, and installment receivables from previous replenishments amount to USDeq. 104 million.
- Cumulative net funding decisions amounting to USDeq. 20,329 million representing about 92% of the total cumulative GEF resources.
- As of March 31, 2021, cumulative resources net of funding decisions amount to USDeq. 1,606 million.



## 2a. Cumulative Resources

In USD millions

Instruments of Commitment to be Deposited					
Status as of March 31, 2021					
(Amounts in millions)					
Contributing Participant	Replenishment	Currency of Obligation	Amount in Currency of Obligation	Amount in USDeq. a/	Percentage
Nigeria	GEF-4	SDR	4.0	5.7	100.0%
<b>Total GEF-4 IoCs Not Yet Deposited</b>				<b>5.7</b>	<b>100.0%</b>
Greece	GEF-5	EUR	4.4	5.2	41.1%
Nigeria	GEF-5	NGN	921.9	2.3	17.8%
Portugal	GEF-5	EUR	4.4	5.2	41.1%
<b>Total GEF-5 IoCs Not Yet Deposited</b>				<b>12.7</b>	<b>100.0%</b>
Brazil b/	GEF-6	USD	15.9	15.9	51.4%
Russian Federation	GEF-6	USD	15.0	15.0	48.6%
<b>Total GEF-6 IoCs Not Yet Deposited</b>				<b>30.9</b>	<b>100.0%</b>
<b>Total GEF-4, GEF-5, and GEF-6 IoCs Not Yet Deposited</b>				<b>49.2</b> c/	

a/ Based on exchange rates as of March 31, 2021.

b/ An amount of USD 9.7 million has been received and payment arrangements are being finalized with Brazil.

c/ Excludes the balance of GEF-7 expected pledge amount of SDR 13.4 million (USDeq. 19.11 million).

Note: Totals may not add up accurately due to rounding.

In March 2021, the United States submitted a supplemental Instrument of Commitment for GEF-7 for USD 136.56 million which was fully paid in the same month.

### STATUS OF QUALIFIED INSTRUMENTS OF COMMITMENT (QIOC)

As of March 31, 2021, Brazil, Canada, Finland, and Norway are the Contributing Participants that have deposited a QIOC under GEF-7.

Contributing Participant	Replenishment	USD Eq. (millions) a/
Brazil	GEF-7	1.50
Canada	GEF-7	71.10 b/
Finland	GEF-7	21.12
Norway	GEF-7	15.28
<b>Total</b>		<b>108.99</b>

a/ Based on exchange rates as of March 31, 2021.

b/ USD eq. 43.45 million has been unqualified and paid in May 2021.





## INSTALLMENT ARREARS BY REPLENISHMENT

As of March 31, 2021, cumulative arrears amounted to USDeq. 104.3 million.

Contributing Participant	Repl.	Currency	Installment Receivable Amount	USD eq. (millions) a/
Egypt	GEF-1	SDR	0.5	0.8
United States b/	GEF-2	USD	102.4	102.4
Nigeria	GEF-3	SDR	0.7	0.9
Pakistan c/	GEF-6	USD	0.2	0.2
<b>Total</b>				<b>104.3</b>

a/ Based on exchanges rates as of March 31, 2021.

b/ Payment totaling USD 8.452 million (USD 3.012 million and credits from its third GEF-7 installment) was received from the United States in March 2021.

c/ Installment receivable balance under negotiation.

Note: Totals may not add up accurately due to rounding.

## RESTRICTED RESOURCES AND FOREIGN EXCHANGE RISK

Restricted resources represent funds received from Contributing Participants but not available for funding decisions by the GEF Council and the GEF CEO.

An adverse movement in exchange rates such as strengthening of the US dollar against major contribution currencies could adversely affect the resources available for payments against approved funding decisions. To absorb the negative impact of exchange rate movements, the Trustee maintains a foreign exchange reserve. The appropriate level of reserve is determined by the Trustee for every replenishment and is continuously monitored after taking into account projected contribution payments and estimated disbursements.

As of March 31, 2021, the Trustee has determined the level of reserve as USD 240 million for GEF-7 period. The Trustee will continue to monitor the level of reserve and adjust periodically based on multiple factors including the foreign exchange fluctuations.



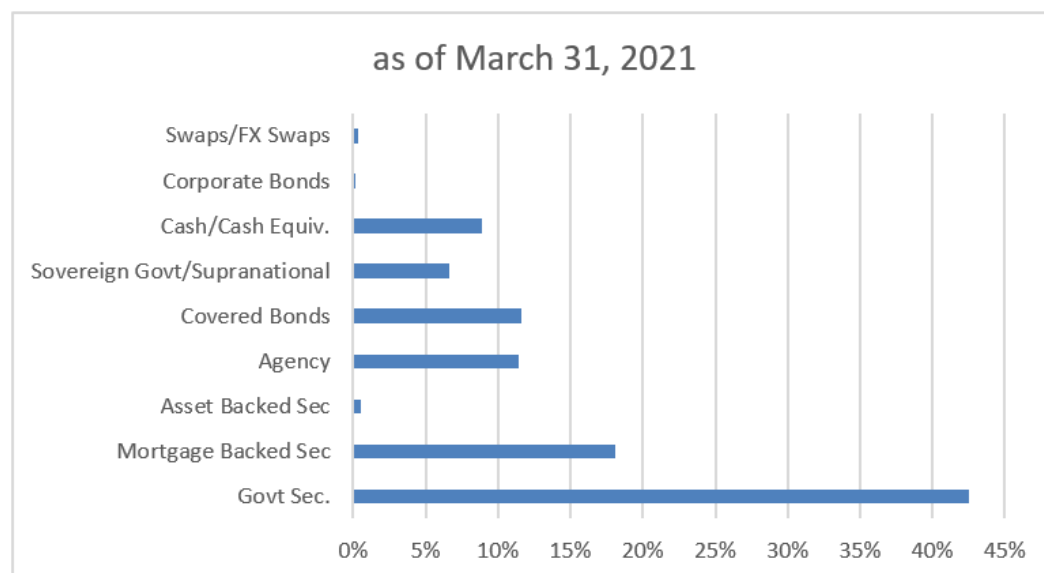
## 2b. Investment Management - Asset Mix, Investment Income and ESG rating

*The undisbursed cash balance of the GEF Trust Fund is maintained in a commingled investment portfolio ("Pool") for all trust funds managed by IBRD. The Pool is managed actively and conservatively with capital preservation as the over-arching objective.*

GEF Trust Fund assets are invested across three of the World Bank Trust Fund's investment model portfolios, ("Model Portfolio 0" for short term working capital needs, "Model Portfolio 1" with an investment horizon of one year, and "Model Portfolio 2" with a broader investment universe and an investment horizon of three years). The investment objectives for the GEF Trust Fund are to optimize investment returns subject to preserving capital and maintaining adequate liquidity to meet foreseeable cash flow needs, within a conservative risk management framework<sup>2</sup>. While future returns will depend on market conditions, the Trust Fund Investment Pool is actively monitored and adjusted to preserve donor funds over the investment horizons. Over shorter periods, however, market volatility may result in negative actual or 'mark-to-market'<sup>3</sup> returns. Overall, the GEF Trust Fund cumulative returns have been driven by its investment in longer-term model portfolios, which may be exposed to higher volatility in returns over shorter periods, but are expected to have higher returns over longer periods.

By asset class, the largest allocations as of March 31, 2021 are to government securities, mortgage backed securities, and covered bonds.

### ASSET MIX



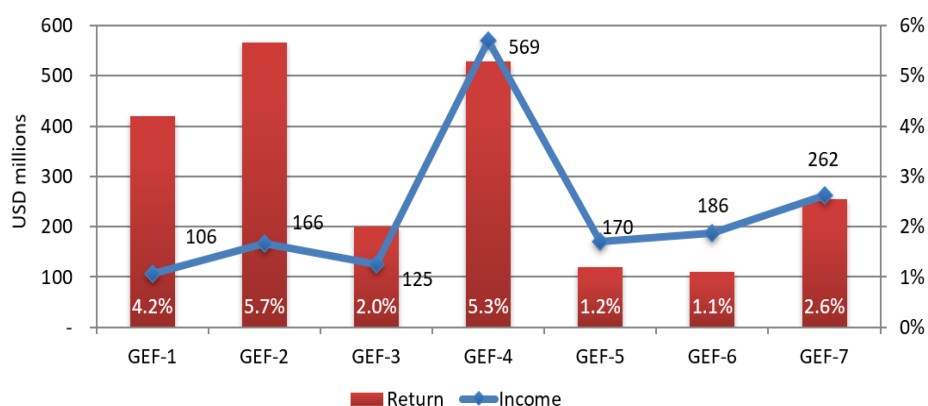
<sup>2</sup> Risk tolerance is defined as the expected maximum loss, as measured by the Conditional Value-at-Risk (CVaR), at the portfolio's investment horizon, not to exceed 1% at portfolio's investment horizon, with 99% confidence.

<sup>3</sup> Mark-to-market gains or losses represent unrealized gains or losses resulting from changes in the value of securities in the portfolio which have not yet been sold.



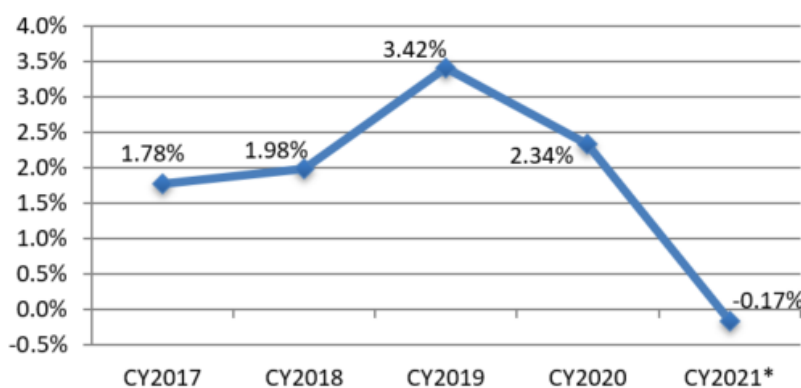
## INVESTMENT INCOME

Cumulative investment income earned since the beginning of GEF Pilot phase through March 31, 2021 is USD 1,617 million. In the GEF-7 period the investment income received is USD 262 million, representing a 2.6% annualized average return.



## INVESTMENT RETURNS

During the six-month period from Oct 2020 to Mar 2021, the GEF portfolio generated a return of 0.03%. Returns for the first three months of CY21 were -0.17%. The portfolio witnessed negative returns during the quarter due to steepening of the yield curve which negatively affected returns under Model Portfolio 2.



\*non-annualized investment returns as of March 31, 2021

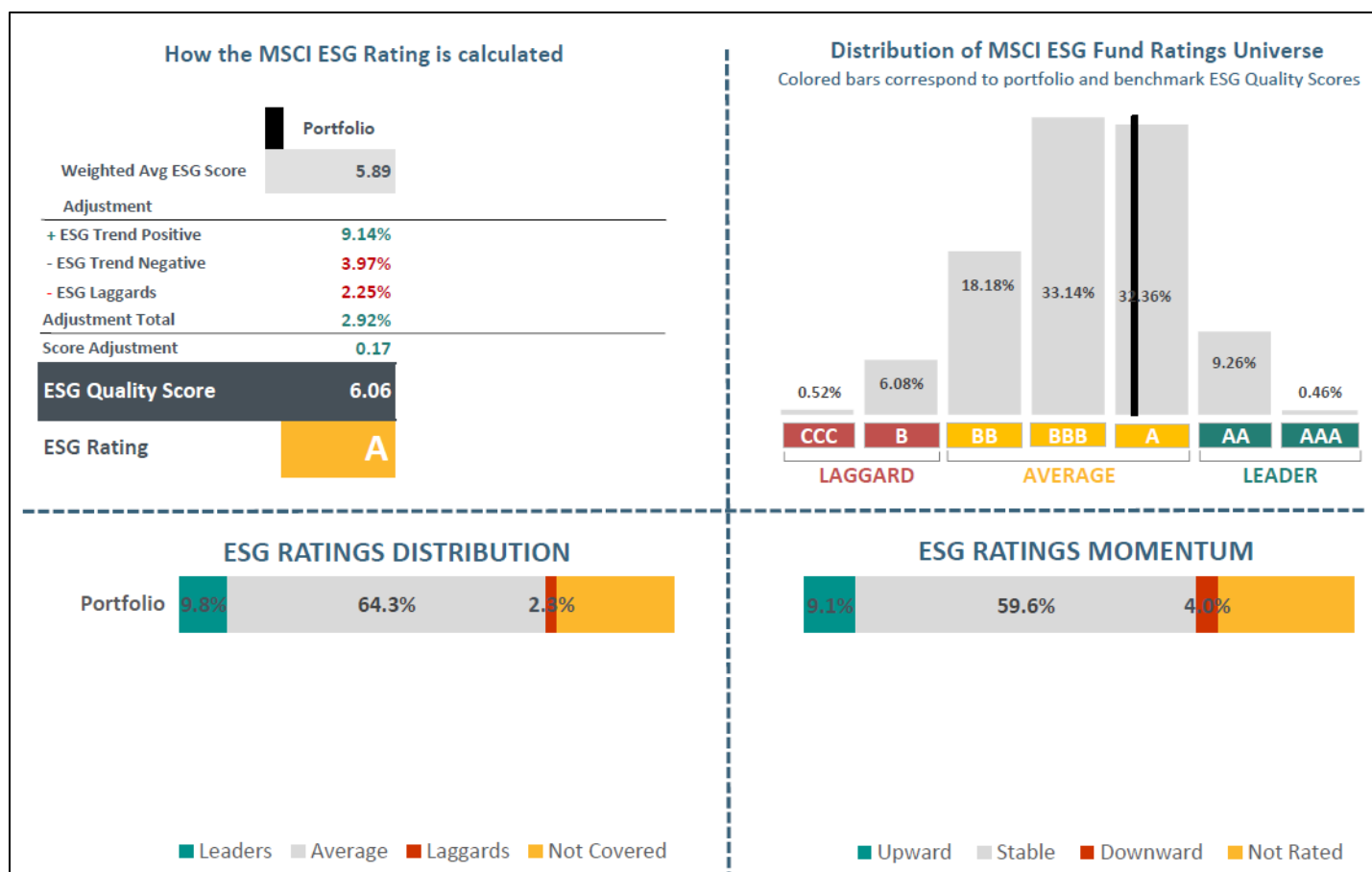
## ESG RATING OF THE GEF TRUST FUND

In response to the GEF-7 policy recommendation for the Trustee to develop SRI options for the GEF Council's consideration, the Trustee explored various SRI options for the GEF within the World Bank's existing investment authorization. Based on the endorsement by the World Bank management, starting from July 2019, the Trustee has applied ESG Integration as the default SRI approach for all portfolios managed by the World Bank, including for the GEF Trust Fund assets. The implementation of ESG Integration falls within the purview of existing authorizations by the World Bank Board, and thus would not involve any changes in the current investment objectives or risk limits for the GEF Trust Fund portfolio.

Considering and incorporating ESG factors into investment processes should, all things being equal, lead to portfolios that have stronger ESG profiles compared to portfolios that do not explicitly consider these ESG issues. ESG Integration has become part of the existing investment processes and is intended to help fulfil the existing investment objectives without changes to the current investment objectives or risk limits of the portfolios for which it is used. Therefore, applying ESG Integration as part of the investment process would not involve any changes in the current investment objectives or risk limits for the GEF Trust Fund portfolio.



The GEF investment portfolio is primarily comprised of high-grade fixed-income securities (sovereign, supranational and agency securities, and bank deposits) and, as at March 2021, the portfolio has an ESG Quality Score<sup>4</sup> of 6.06 and an ESG Rating<sup>5</sup> of A. Based on its ESG positioning in the MSCI ESG Fund Ratings Universe (upper right of below chart), which is deemed to be the more consistent reference indicator, GEF's investment portfolio falls well above average of the ratings universe. This reflects high capability of GEF portfolio's holdings in terms of managing key medium to long term risks and opportunities arising from Environmental, Social and Governance factors.



<sup>4/5</sup> ESG Quality Score is based on MSCI ESG Ratings and measured on a scale of 0 to 10 (worst to best) following a rule-based methodology. ESG Ratings Momentum represents the percentage of a portfolio's market value coming from holdings that have had an ESG Ratings upgrade, and those with a downgrade, since their previous ESG Rating assessment. The ESG Quality Score is calculated as a weighted average of ESG scores of individual holdings adjusted by ESG Ratings Momentum and ESG laggards (if any). The weight applied to the individual ESG scores is determined by the portfolio weight of individual holdings as of the reporting date. Based on the above, the ESG Quality Score, which is subject to potential skewing effect from any factor in the calculation, could slightly vary between different reporting dates along with changes in individual holdings and their portfolio weights as well as changes in ESG Ratings Momentum. Please see details on MSCI ESG Ratings Methodology from: <https://www.msci.com/documents/1296102/4769829/MSCI+ESG+Ratings+Methodology+-+Exec+Summary+Dec+2020.pdf/15e36bed-bba2-1038-6fa0-2cf52a0c04d6?t=1608110671584>.



## UPDATE ON SUSTAINABLE BOND STRATEGY

Further in response to requests from GEF participants to explore SRI options beyond ESG Integration, the Trustee proposed an SRI option through Sustainable Bond Strategy (“the Strategy”) for the GEF Council’s consideration. In December 2020, the GEF Council approved the Sustainable Bond Strategy and noted that this Strategy, along with the default ESG Integration approach already in implementation since July 2019, collectively address the GEF-7 policy recommendation for the Trustee to develop options for a responsible investment strategy for the financial management of the GEF funds held in trust.

As part of the implementation roadmap, the World Bank Treasury has been working to develop a Sustainability Framework for Trust Funds with the aim to create a positive external impact with respect to Sustainable Development Goals by carefully selecting the universe of investments and issuers that fit within this framework and positively contribute to the sustainable development agenda.

The Strategy will remain driven by the objectives of capital preservation, liquidity and return maximization, and will be consistent with the stated risk tolerances of underlying funds. More broadly, and beyond setting the discipline and rigor around investment eligibility and selection, the Sustainability Framework is setting the parameters for governance, measurement and impact reporting, monitoring and growth of Sustainable Bond Strategy, or potentially multiple strategies going forward. Besides the direct impact, the Framework would also guide the principles of engagement and stewardship with issuers and with broader investment community to further the sustainability agenda and lead the market in the direction of sustainability.

As the next step, the Trustee will continue working to address issues aforementioned to be covered by the Sustainability Framework, under which details of the Sustainable Bond Strategy will be firmed up to begin implementation for the GEF and rest of the World Bank Trust Fund Pool from FY22.

As noted by the Trustee in the GEF Council Paper titled “Proposal of Responsible Investment Options for the GEF Trust Fund”, the implementation of the Strategy will follow a gradual approach starting from bonds that fall within current authorizations and guidelines used by the Trustee for management of trust fund liquidity.

Gradual implementation is necessary in the market environment where sustainability thematic investments are scarce, especially in the high-grade fixed income sector, constrained to government and quasi-government issuers, where the demand outpaces the supply by up to eight times in some cases. The gradual implementation is also necessary to maintain the discipline and robustness of the Sustainability Framework in the market segment that is rapidly growing with varying degree of credibility of measurement and proof about the underlying impact.

To prepare for the implementation of the Strategy, the Trustee will be guided by the following five broad pillars that are essential for a credible and scalable strategy, namely:

- Strategic Guidance – Develop an understanding about how a thematic investment strategy fits in with the wider objectives of the Trust Fund Pool, and how the development objectives of the participating Funds fits with the World Bank’s overall goals and targets for sustainable investment.



- Investment Universe - The universe would consist of labeled and unlabeled investments that fulfill the rigorous set of criteria, including the possibility of refraining from investing in entities or investments which may cause a negative external impact on the environment or society.
- Portfolio Management – Scalability is a key consideration for this strategy. The Trustee has been looking at mainstreaming the Strategy for the Trust Fund Pool and playing a catalytic role in the growth of the market. The Trustee has met with many market stakeholders over the past few months with that in mind.
- Reporting –The Trustee has been working internally and with key industry stakeholders to understand the types of reporting available that would also be credible, replicable, and relevant for asset owners.
- Engagement – Another key element of thematic investment is the level to which the Trustee will engage with issuers of these securities over the life cycle of an investment, i.e. from issuance, through ESG/impact verification and reporting.

The Trustee will continue to update the Council on the implementation status of the Strategy through the GEF Trustee Report and provide further details and clarifications to the Council upon request.

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## COVID-19 IMPACT ON INVESTMENT PERFORMANCE

Since the outbreak of the COVID-19 pandemic in early 2020, financial markets have reacted drastically with volatility spiking rapidly and liquidity strained momentarily following landslide sell-offs across almost all asset classes. Central banks around the world have since responded with unprecedented large-scale monetary easing measures including committing to ultra-low interest rates for the foreseeable future, which led directly to the stabilization of market sentiments. Fast forward to one year after the start of COVID-19, global vaccine rollout has been the main market play and acted as a tailwind for optimism about the global economic recovery. In the U.S., the passage of the 1.9 trillion American Rescue Plan in March further bolstered the US economic recovery. Vaccine rollout has been relatively slower in Europe, but the European economies are expected to follow similar economic recovery trajectory as vaccination scales up.

With preservation of capital as the primary investment objective for the WBTF Pool, the World Bank Treasury has not only consistently delivered positive returns while keeping the risk profiles of each model portfolio within respective prescribed risk tolerances, but has also dynamically adjusted asset allocations to capitalize on market opportunities as well as to rigorously manage risk profiles despite the heightened volatility in financial markets through 2020.

### ***- Performance and Risk***

At end-March 2021, the WBTF Pool had a total size of US\$34.4billion and posted total returns of 0.44% (equivalent to US\$143 million in gross income) for FY21 with all<sup>6</sup> constituent model portfolios also recording positive performances ranging from 19 basis points for the very short duration portfolios to almost 4% for the longest duration model portfolios.

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<sup>6</sup> Except the EUR Cash Model Portfolio that has structurally negative yields



For the first three months of 2021, investment returns have been 0.004% (equivalent to US\$1 million in gross income), reflecting the fact that the markets are trading more in a “global recovery” mode, which tends to be less positive for fixed income assets. Under this context, funds investing in model portfolios that have allocations to longer term fixed income assets are likely to record lower to slightly negative returns during the first quarter of 2021. This compares to the returns of 0.67% (equivalent to US\$208 million in gross income) for the same three-month period in 2020 when markets were initially responding to the emerging COVID-19 pandemic and a flight-to-quality led to strong fixed income performance.

The *risk tolerance* or the risk-taking capacity of the model portfolios in the WBTF Pool is expressed by a measure called Conditional Value-at-Risk (CVaR), with a limit stipulated at the 99% confidence level. This means that the measure stipulates a maximum estimated average loss to the portfolio in the worst 1% of loss events over a given investment horizon. Despite the heightened volatility in financial markets through 2020, all model portfolios in the WBTF Pool remained in compliance with their risk tolerance levels, as verified by the office of the World Bank Chief Risk Officer.

#### **- *Dynamic Asset Allocation and Risk Management***

To generate the investment returns and manage risk, World Bank Treasury adjusts the asset allocation of the model portfolio in the WBTF Pool dynamically. This approach allows World Bank Treasury to (1) take advantage of attractive market sectors on an opportunistic basis should risk premia temporarily deviate from their expected levels or market dislocations cause pricing anomalies, and (2) adjust exposure to certain market sectors should volatility, liquidity or valuation outlooks increase the likelihood of the model portfolios breaching their risk limits. Having reduced exposure to market sectors such as Mortgage-Backed Securities in response to (i) reduced market liquidity, and (ii) increased price volatility in the asset class induced by unprecedented interest rate and economic conditions in early 2020, allocations remained stable as World Bank Treasury looked for stabilization before further changes. With the US election having passed and vaccine rollout continuing, opportunities for increasing the expected returns of the different model portfolios are beginning to emerge as divergence of opinion on inflation outlook, curve steepness and other areas become apparent.

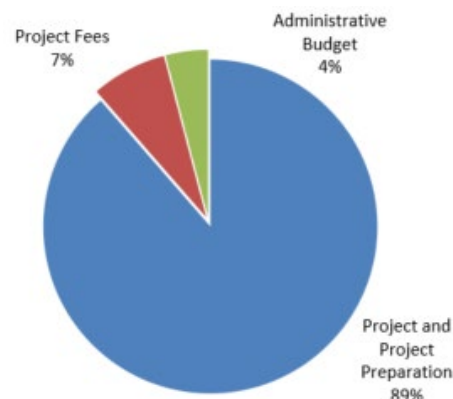
Overall, the WBTF Pool has consistently delivered investment returns in line with the risk return profiles of each model portfolios and met the overarching investment objective of capital preservation and liquidity on demand. The Trustee will continue to monitor the market conditions and the portfolio performance to keep the GEF Trust Fund updated through the semi-annual Trustee reports submitted to Council.



## 2c. Funding Decisions, Trustee Commitments and Cash Transfers to Agencies

### CUMULATIVE FUNDING DECISIONS

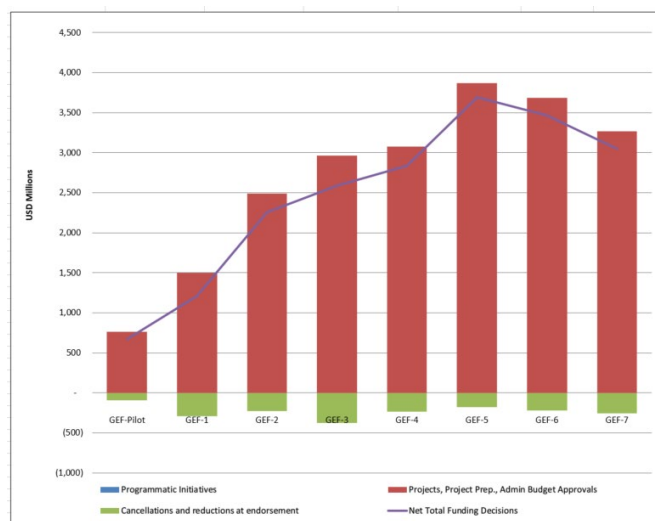
Since inception to March 31, 2021 funding approvals made by the Council and CEO total USD 21,683 million, of which 89% was approved for Projects and Project Preparation activities, 7% for Agency Fees and 4% for Administrative budgets.



### FUNDING DECISIONS BY REPLENISHMENT

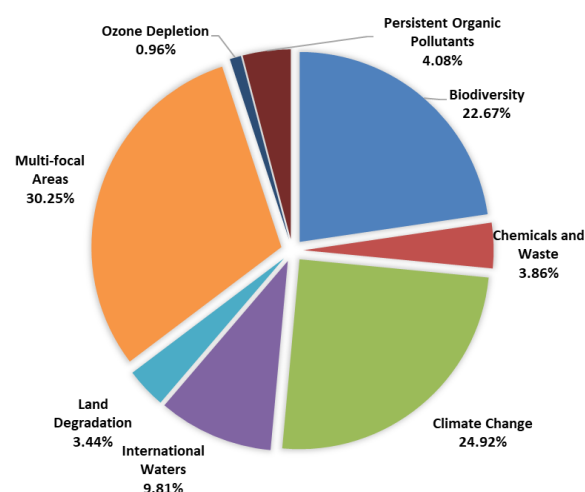
Funding decisions by replenishment show the cumulative Project/Program funding decisions of USD 19,753 million net of cancellations and reductions at endorsement of USD 1,942 million and including pending decisions on intersessional and Council meetings of USD 12 million.

Net funding decisions include an amount of USD 149 million resulting from claw back of unused balances of 47 programs from previous replenishments which were cancelled during the GEF-7 period until March 31, 2021.



### FUNDING DECISIONS BY FOCAL AREA

Funding Decisions by Focal Area show cumulative funding for projects only and exclude fees. Projects in the areas of climate change, multi-focal areas, and biodiversity represent approximately 78% of the cumulative funding approved to date.



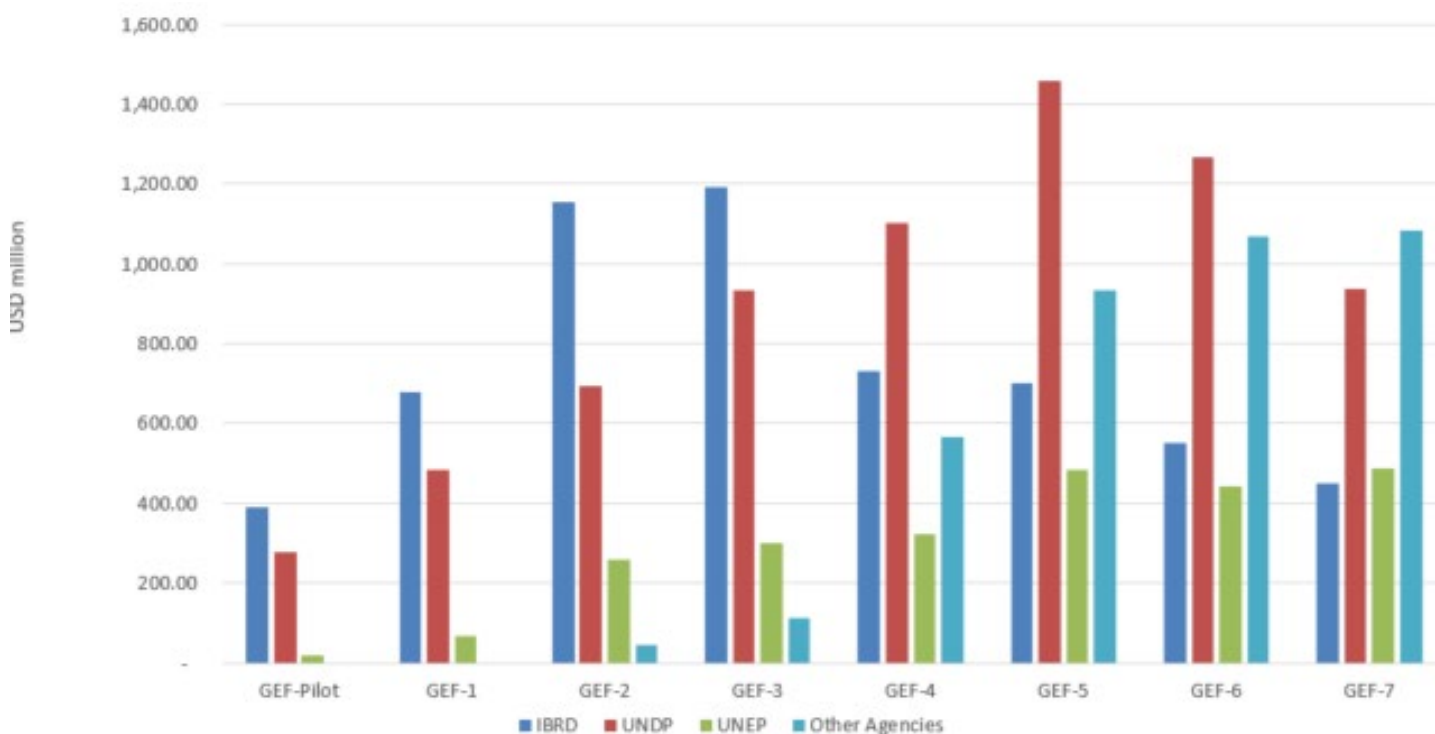
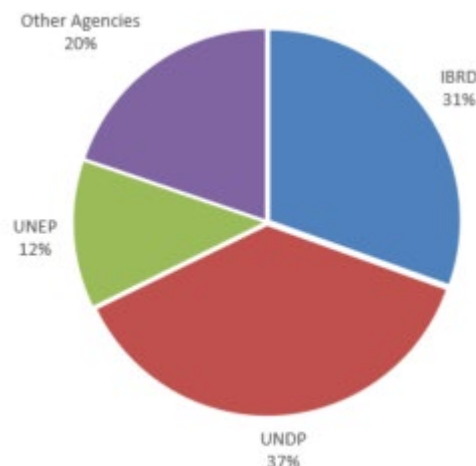




## FUNDING DECISIONS BY AGENCY

Of the cumulative approvals for projects (including related fees), 37% was implemented by UNDP, 31% by IBRD, 12% by UNEP and the remaining Agencies implemented 20% of the funding.

The Agencies' share of funding approvals changes over time. IBRD's share fell from 57% in the GEF Pilot to 15% in GEF-7. UNDP's share decreased from 40% in the GEF Pilot to 32% in GEF-7. UNEP's share increased from 3% in the GEF Pilot to 17% in GEF-7. The combined share of the 15 other Agencies increased from 2% in GEF-2 to 37% in GEF-7.

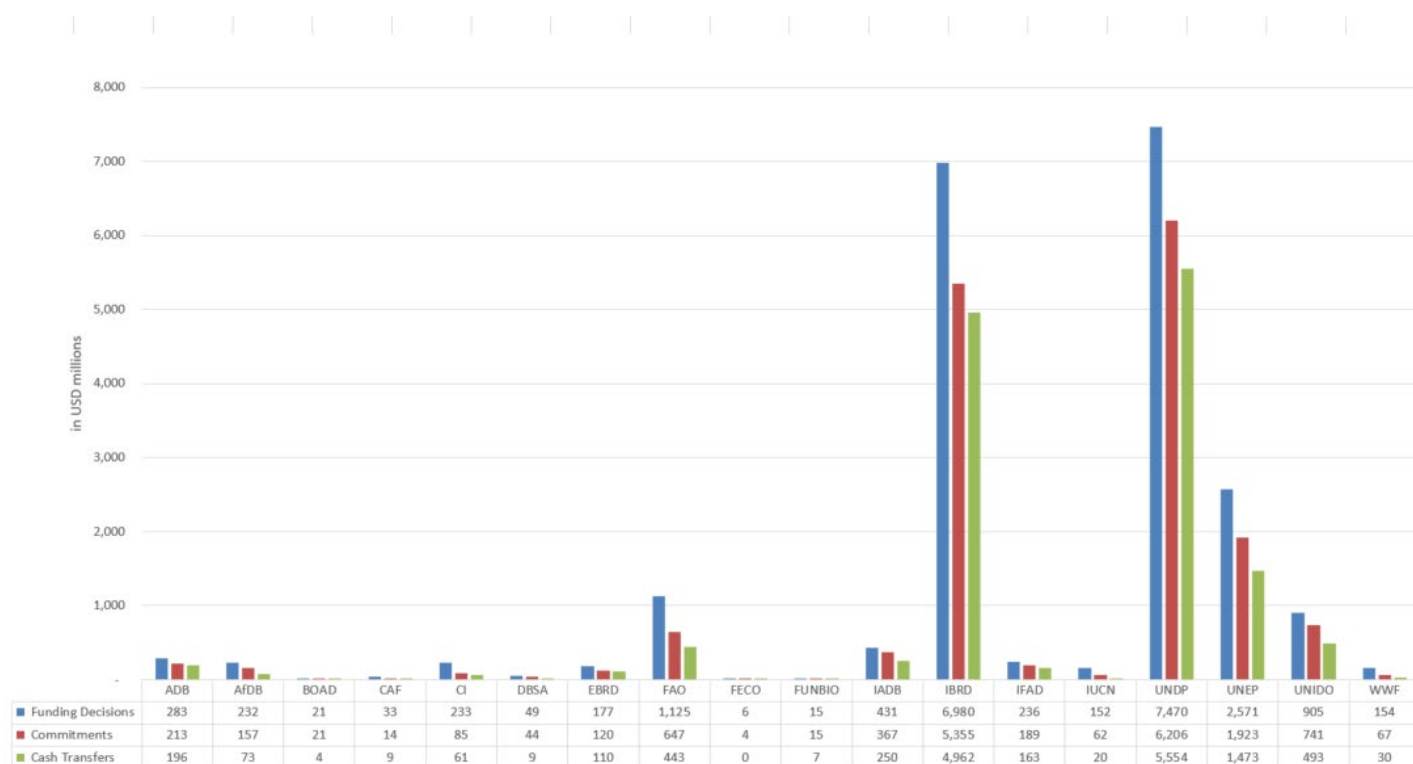




## FUNDING DECISIONS, TRUSTEE COMMITMENTS AND CASH TRANSFERS TO AGENCIES

Funding Decisions, Trustee Commitments and Cash Transfers show the cumulative funding decision (by Council and CEO), commitments, and cash transfers to the GEF Agencies since inception.

As of March 31, 2021, cumulative funding decisions (gross)<sup>7</sup> to Agencies comprising of Projects, Project Preparation Grants and Agency Fees excluding administrative expenses and funding allocations to the GEF Secretariat totaled USD 21,071 million<sup>8</sup>. Of this amount, USD 16,229 million had been committed following the approval or endorsement by the GEF CEO. At the request of Agencies, a total amount of USD 13,857 million had been transferred.



<sup>7</sup> Reflects initial Council and CEO approvals prior to drops and subsequent cancellations.

<sup>8</sup> Excludes the program/umbrella balances.



## 2d. Report on Financially Closed Projects during GEF-7 Period

From inception of the GEF-7 replenishment period through March 31, 2021, 993<sup>9</sup> projects and project preparation grants had been reported as financially closed with unused amounts totaling USD 130.5 million. The bulk of these projects were from previous replenishments. Under GEF-7, only five project preparation grants had been financially closed.

Financially Closed Projects during GEF-7 Period as of March 31, 2021		
Project Type	Number of Projects Closed	Total Unused Amount at Financial Closure (in USD millions)
Project Preparation	408	6.71
Projects	585	123.79
Full-Size	281	111.72
Medium-Size	143	7.98
Enabling Activities	161	4.10
<b>Total</b>	<b>993</b>	<b>130.50</b>

<sup>9</sup> Of the total 993 grants financially closed during the GEF-7 replenishment period, there were 149 projects and project preparation grants which were child projects under Umbrellas. Cumulatively, the cancelled amounts of these child projects totaled \$30.95 million. The amount formed part of the sum clawed back by Trustee, in collaboration with the GEF Secretariat and Agencies, from cancellations of Umbrella balances from previous replenishments.



### 3. Funding Availability

In USD millions

	As of Mar 31, 2021 (a)	As of Sep 30, 2020 (b)	Change (a) - (b)
<b>1. Funds Held In Trust</b>	<b>5,675</b>	<b>5,346</b>	<b>329</b>
a. Cash and investments	3,972	3,792	180
b. Unencashed promissory notes	1,703	1,554	149
<b>2. Restricted Funds</b>	<b>240</b>	<b>240</b>	<b>-</b>
a. Deferred Contribution in respect to the pro rata right	-	-	-
b. Reserve to cover foreign exchange rate fluctuations	240	240	-
<b>3. Funds Held in Trust with no Restrictions ( 3 = 1 - 2 )</b>	<b>5,435</b>	<b>5,106</b>	<b>329</b>
<b>4. Approved Amounts Pending Cash Transfers to Agencies</b>	<b>5,047</b>	<b>4,937</b>	<b>110</b>
a. Trustee committed	2,384	2,529	(145)
b. Approved by Council but not yet CEO Endorsed	2,651	2,396	255
c. Requested amounts for financing pending decision	12	12	0
<b>5. Funds Available to Support Council or CEO Decisions ( 5 = 3 - 4 )</b>	<b>388</b>	<b>169</b>	<b>219</b>

*Note: Totals may not add up accurately due to rounding.*

#### Highlights for the period October 1, 2020 through March 31, 2021:

- **Funding Availability** increased by USDeq. 219 million over the prior reporting period as a result of:
  - A net increase in **Funds Held in Trust** by USD eq. 329 million driven by receipts from donors and investment income earned exceeding cash transfers to Agencies;
  - Offset by a net increase in **Approved Amounts Pending Cash Transfers to Agencies** by USD 110 million reflecting the increase in funding approvals exceeding cash transfers and funding cancellations during this period.



## 4. GEF-7 Specific Funding Decisions as of March 31, 2021

In USD millions

<b>1 Target Replenishment Funding a/</b>			<b>4,068</b>
<b>2. Projected Available Resources during the GEF-7 Period</b>			<b>1,457</b>
Estimated Funds Available to Support Council or CEO Financing Decisions			<b>388</b>
	Potential Amount Available	of which Projected to be Available	
Receivables			<b>1,001</b>
Arrears b/	104	104	
GEF-7 Installments			
- due in FY21	214	214	
- due in FY22	683	683	
IoCs not yet Deposited with the Trustee			<b>68</b>
GEF-7 c/	19	19	
Previous Replenishments d/	49	49	
Projected Investment Income e/	-	-	-
Projected Reflows during GEF-7 f/	-	-	-
<b>Total</b>	<b>1,070</b>	<b>1,070</b>	
<b>3. GEF-7 Specific Funding Decisions</b>			<b>2,962</b>
Approvals by Council			<b>2,790</b>
Projects and Fees		1,595	
Admin. Budget		71	
Special Initiatives		0.4	
Programmatic Initiatives		1,123	
Approvals by CEO			<b>158</b>
Projects and Fees (MSPs. EEAs)		100	
Project Preparation Activities and Fees		59	
Net Changes to Initial Approvals g/		-	<b>14</b>
Reductions (cancellations) on GEF-7		14	
Pending decisions on Intersessional and Council meetings			-
Projects, Fees, Admin Budget, Special Initiatives, Programmatic Initiatives		-	
<b>4. GEF-7 "Envelope" as of March 31, 2021 ( 4 = 2 + 3 )</b>			<b>4,420</b>
<b>5. Changes in funding envelope (USDeq.) in GEF-7 period ( 5 = 4 - 1 )</b>			<b>352</b>
<p>a/ Represents the target replenishment level as agreed, including new resources from donors, projected investment income, and carryover of amounts from previous replenishments.</p> <p>b/ Includes arrears from the US for GEF-2 in the amount of USD 102.1 million, Egypt for GEF-1 in the amount of SDR 0.5 million, and Nigeria for GEF-3 in the amount of SDR 0.7 million.</p> <p>c/ Represents the balance of GEF-7 expected pledges.</p> <p>d/ GEF-6 IoCs not received from Brazil and Russia, GEF-5 IoCs not received from Greece, Nigeria, and Portugal and GEF-4 IoC not received from Nigeria.</p> <p>e/ The investment income earned since the beginning of GEF-7 period is USD 262 million, as against the projected amount of USD 149.5 million.</p> <p>f/ Umbrella balance cancellations from previous replenishments that were expected during GEF-7 period was \$60 million and expected reflows was \$25 million. In collaboration with the GEF Secretariat and the Agencies, and in accordance with the policy on umbrella balance cancellations (GEF/C.55.04/Rev.01), the Trustee was able to clawback \$149 million of cancellations from 46 umbrellas from previous replenishments. An amount of USD 29.5 million has been received as reflows from Non-grant instruments during GEF-7 period.</p> <p>g/ To fit the GEF Secretariat's STAR model, net changes to pre-GEF-7 projects were excluded from the calculation.</p>			

*Note: Totals may not add up accurately due to rounding.*