



Fertile Ground

Seeding National Actions
for the Global Environment

GEF Annual Report 2005



GLOBAL
ENVIRONMENT
FACILITY



Monique Barbut
Chief Executive Officer and Chairperson
Global Environment Facility

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The Global Environment Facility (GEF)

The Global Environment Facility (GEF) is the catalyst driving local, national, and global actions to improve the environment. Uniting 176 member governments—in partnership with international institutions, nongovernmental organizations (NGOs), and the private sector—the GEF addresses global environmental issues and supports national sustainable development initiatives.

In 15 years, the GEF has evolved into an effective, transparent entity. It has allocated \$6.2 billion, supplemented by more than \$20 billion in cofinancing, for more than 1,800 projects in 140 developing countries and countries with economies in transition. All GEF projects reflect the national priorities of the countries involved.¹

The GEF is the financial mechanism for implementing the international

conventions on biodiversity, climate change, and persistent organic pollutants. The GEF is also a financial mechanism for the Convention to Combat Desertification and collaborates closely with other treaties and agreements.

At the heart of the GEF's work are its three Implementing Agencies—the U.N. Development Programme (UNDP), the U.N. Environment Programme (UNEP), and the World Bank—which share credit for the GEF's measurable on-the-ground achievements. In the last few years, the GEF's partnership has expanded with the inclusion of seven Executing Agencies, which manage GEF projects and have direct access to GEF funds: the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and

Development (EBRD), the Inter-American Development Bank (IDB), the International Fund for Agricultural Development (IFAD), the Food and Agriculture Organization (FAO), and the U.N. Industrial Development Organization (UNIDO).

The GEF: Facts and Figures

- **INDEPENDENT FINANCIAL ENTITY**
- **176 MEMBER COUNTRIES**
- **THE LARGEST SINGLE SOURCE OF FUNDING FOR THE GLOBAL ENVIRONMENT (\$6.2 BILLION IN DIRECT GRANTS, \$20 BILLION IN COFINANCING FROM PARTNERS)**
- **EVERY \$1 INVESTED BY THE GEF LEVERAGES NEARLY \$4 IN COFINANCING**
- **MORE THAN 1,800 PROJECTS IN 140 DEVELOPING COUNTRIES AND COUNTRIES WITH ECONOMIES IN TRANSITION**
- **6,000 SMALL GRANTS DIRECTLY TO COMMUNITY GROUPS AND NGOS**
- **THOUSANDS OF ORGANIZATIONS AND ENTITIES HELP DESIGN, EXECUTE, AND MONITOR PROJECTS ON THE GROUND, INCLUDING GOVERNMENTS, NATIONAL INSTITUTIONS, INTERNATIONAL ORGANIZATIONS, NGOS, COMMUNITIES, RESEARCH INSTITUTIONS, AND THE PRIVATE SECTOR**

¹ All dollar amounts are U.S. dollars unless otherwise indicated.

Message from Monique Barbut, Chief Executive Officer and Chairperson



MONIQUE BARBUT

It is a privilege to be appointed Chief Executive Officer and Chairperson of the Global Environment Facility (GEF), and I greatly look forward to steering the GEF into its next stage of evolution.

Since its founding in 1991, the GEF has made significant contributions to protecting our global environment. Today's challenge is to build on those achievements and core strengths and to position the GEF as a more effective, delivery-oriented, and indispensable institution for implementing the global environmental conventions.

The time to launch a major push to protect the environment is now. The world's environment is facing severe threats, negatively impacting the lives and livelihoods of millions of poor people. On many environmental fronts—for example, species loss, climate change, loss of soil fertility, deforestation, and the potential for conflict over shared water resources—we are fast reaching a tipping point. The 2005 Millennium Ecosystem Assessment has already warned us in stark terms that human activities are “putting such strain

on the natural functions of Earth that the ability of the planet's ecosystems to sustain future generations can no longer be taken for granted.”

This annual report, “Fertile Ground: Seeding National Actions for the Global Environment,” describes the GEF's supportive and partnership-based approach of empowering countries to be the drivers of change in environmental protection. All GEF projects follow a country-driven approach in their design, implementation, and replication. The work of countries, in partnership with the GEF and its many collaborators, is making a difference in people's lives.

Since our start, we have allocated \$6.2 billion, supplemented by \$20 billion in cofinancing, for more than 1,800 projects. We are the largest funder of projects to improve the global environment and serve as a financial mechanism for four international environmental conventions. The GEF's track record illustrates the effectiveness of our country-driven approaches and the invaluable support of our partners:

- **Climate change.** Mexico is implementing a long-term strategy to address and reduce barriers to facilitate the development and commercialization of grid-connected renewable energy technologies and markets. GEF's global efforts are working to reduce more than 2 billion tons in carbon dioxide (CO₂) equivalent.
- **Biodiversity conservation.** Efforts to conserve and sustainably use the Earth's biological diversity make up nearly half of all GEF projects. The GEF has financed more than 750 projects in 155 countries. A project to conserve biodiversity in the Andean neotropical alpine ecosystem (Páramo) illustrates the multifaceted approach GEF projects pursue.
- **International waters.** Since 1991, the GEF has provided funding to 135 developing and transitional countries for 110 transboundary water resources projects. One GEF project is reducing pollution in the large marine ecosystems of East Asia.
- **Persistent organic pollutants.** With GEF support, more than 130 countries are developing National Plans

for the Implementation of the Stockholm Convention. These plans outline capacity development and investment needs to address national issues related to persistent organic pollutants. Activities to implement the Stockholm Convention are also underway. For example, Eritrea, Ethiopia, Madagascar, Namibia, and South Africa are demonstrating cost-effective, environmentally sound, and locally appropriate alternatives to DDT (dichlorodiphenyl-trichloroethane) for malaria vector control.

■ **Land degradation.** The GEF Assembly expanded GEF's mandate in 2002 to add land degradation to the GEF portfolio. With GEF support, Burundi, Brazil, and a number of developing countries and small island developing states are removing barriers to sustainable land management.

■ **Ozone depletion.** The phaseout of methyl bromide, one of the most dangerous chemicals depleting the ozone layer, is nearly complete in Central and Eastern Europe. Ukraine, the largest consumer in the region, is eliminating the chemical's

use in protecting stored grain, working with the private sector to implement pest management approaches and introduce substitute technology.

These results and many others speak to the leveraging power of GEF investments. For every \$1 that we invest, \$4 in cofinancing (on average) is received from public sources, international financial institutions, the private sector, and civil society. For renewable energy initiatives, that leveraging ratio exceeds one to six. In GEF operations, efficiency, effectiveness, and transparency will be our watchwords.

I would like to pay tribute to my predecessor, Leonard Good, for his able stewardship of the GEF these past three years.

I liken the GEF to a hybrid organization, much like the new generation of hybrid cars. They are hugely popular because they combine environmental concerns with sound economic sense. Looking ahead, I am confident that we can combine these principles. By working closely with all GEF stakeholders, we can ensure

that the GEF remains relevant and equally popular with governments, with nongovernmental organizations, and increasingly with the private sector.



Monique Barbut
CEO and Chairperson
Global Environment Facility



Countries Making a Difference

Climate change

Projects being implemented by countries are targeting the combined reduction of more than 2 billion tons of CO₂ equivalent. These mitigation projects help countries remove barriers to energy efficiency, promote renewable energy, and encourage the development and early adoption of advanced clean energy technologies. Adaptation projects help countries vulnerable to the adverse effects of climate change implement activities that will increase their resiliency in the face of anticipated impacts.

Mexico is laying the foundation for the transfer of wind energy technology and the expanded use of other renewable energy sources. Botswana is testing a large, solar photovoltaic-based strategy to provide more than 5,000 households with access to clean lighting. Developing countries are working to remove barriers to the large application, implementation, and dissemination of cost-effective, energy-efficient technologies and practices. Five million energy-efficient lights have been installed through GEF projects in Poland, Mexico, the Slovak Republic, and elsewhere. Kiribati, which consists of low-lying

atoll islands spread over a vast area in the central and western Pacific, is assessing climate-related threats and designing cost-effective adaptation measures.

Biodiversity conservation

Countries are encouraging the conservation and sustainable use of biodiversity. The GEF has financed more than 750 projects in 155 countries with investments totaling more than \$2.1 billion and cofinancing of \$5.1 billion. Protected area systems cover more than 300 million hectares.

Projects in the Brazilian Amazon, the Guyana Shield, and the Indo-Malaysian region collectively work to conserve large tracts of tropical rainforests, where more than half of the world's estimated 10 million species of plants, animals, and insects live. These projects also provide employment and other benefits for indigenous people. With GEF support, Namibia works to sustainably manage natural resources to protect biodiversity and contribute to economic and social development.

In Jordan, a women's cooperative conserves heirloom olive trees

facing extinction from neglect and destruction as farmers plant new varieties that are less resilient to insects and diseases than the indigenous ones the cooperative is working to propagate. In Vietnam, another women's cooperative replenishes heirloom varieties of rice, boosting harvests and enhancing rural livelihoods.

International waters

More than 135 countries are working on projects to restore and protect transboundary water resources, often despite regional tensions.

Seven nations bordering the South China Sea are working to reverse the loss and degradation of coastal habitats and replenish important fish stocks lost to overexploitation of fisheries and land-based pollution. Distinguished for its tropical diversity, this large marine ecosystem supports fisheries, agriculture, and tourism. Other GEF projects are preventing navigational hazards in the Malacca Straits, the Mozambique Channel, and the Gulf of Honduras.

The Small Island Developing States Network collects, organizes, and disseminates information about best practices addressing

biodiversity conservation, climate change responses, management of international waters, and information technologies.

Through the Network's Web site, countries participate in virtual discussion forums, perform research, share expertise, and develop partnerships. The online International Waters Resource Centre of the GEF's IW:LEARN project provides similar resources for the entire international waters portfolio.

Persistent organic pollutants

Countries are phasing out the use of persistent organic pollutants (POPs), developing environmentally safe ways to destroy them, and switching to sustainable alternative technologies and practices.

Eritrea, Ethiopia, Madagascar, Namibia, and South Africa are demonstrating cost-effective, environmentally sound, and locally appropriate alternatives to DDT for malaria vector control, ensuring the alternatives' sustainable use through strengthened national and local capacity for malaria control. Countries along the Senegal and Niger River Basins are learning to reduce dependence on POPs and other agrochemicals.

Land degradation

Countries are developing institutional and human resource capacities, strengthening policy and regulatory environments, promoting economic incentives, and disseminating best practices. More than 20 million hectares of land are expected to be saved from degradation.

The Land Use Change Analysis as an Approach for Investigation of Biodiversity Loss and Land Degradation (LUCID) Project is an umbrella for various research activities occurring in sites across East Africa. This project helps communities and countries identify and monitor landscape changes and their impact on biodiversity and carbon stocks. In the Prespa Lakes Basin, Albania and Greece are addressing problems of integrated and transboundary ecosystem management. Brazil is employing sustainable natural resource management to mitigate the causes of rural poverty and land degradation, thereby improving the livelihoods and economic well being of people affected by desertification in the semi-arid Sertão.

Ozone depletion

The GEF provides grants and technical support to countries that are not eligible for assistance from the Multilateral Fund for the Implementation of the Montreal Protocol. Consumption of chloro-fluorocarbons, halons, carbon tetrachloride, and methyl chloroform in countries receiving GEF funding has decreased more than 90 percent.

Ukraine halted methyl bromide production in 2002 and is now working to end the chemical's use in protecting stored grain throughout the supply and distribution system. GEF support is helping the country to introduce alternative pest management practices and technologies and to develop policies that support the phaseout effort. Additionally, the GEF is assisting the ministry of environment in meeting its obligations to control and report on ozone-depleting substances phaseout programs.



GEF Projects Making a Difference

Climate Change: Mexico—Large Renewable Energy Development Project

Mexico is implementing a long-term strategy to address and reduce barriers to facilitate the development and commercialization of grid-connected renewable energy technologies and markets. The project is driven by the country's desire to reduce greenhouse gas (GHG) emissions and increase diversity in its energy sources. With GEF support, the national government is providing incentives to jump-start the market and facilitate investments through regulatory changes and policy commitments that reduce risk and transaction cost barriers. Significant commercial funding indicates that the GEF will leverage its funding by a 10 to 1 ratio or higher over the life of the project. Mexico's trading relationships and technical stature throughout the hemisphere provide strong prospects for extrapolating the lessons learned to other policy, utility, and industrial environments.

Biodiversity: The Páramo in the Northern and Centre Andes

The Páramo is a neotropical alpine ecosystem in the Andes region, consisting of glacier- formed valleys and plains with a large variety of lakes, peat bogs, and wet grasslands intermingled with shrublands and forests. The ecosystem hosts about 5,000 different plant species, many of which have adapted to the region's physiochemical and climatic conditions, such as the low atmospheric

pressure, intense ultraviolet radiation, and the drying effects of wind.

The GEF project will create an enabling environment to improve the livelihoods of Páramo stakeholders through the conservation and sustainable use of the ecosystem's natural resources. The project has five outputs: (1) implementation of adequate conservation practices for productive activities, zoning, and conservation strategies; (2) acceptable conservation and sustainable use policies adopted by the governments and nongovernmental organizations; (3) increased technical capacity; (4) greater awareness about the importance of the region among key decision makers and rural and urban populations; and (5) a replication strategy.

International Waters: Large Marine Ecosystems of East Asia

The seas of East Asia comprise six interconnected large marine ecosystems (the Yellow Sea, the East China Sea, the South China Sea, the Gulf of Thailand, the Sulu-Celebes [Sulawesi] Sea, and the Indonesia Sea) that are under increasing pressure from land-based human activities. Billions of tons of untreated wastewater are discharged annually from coastal cities and industries, including livestock waste.

In 1995, with GEF support, 12 East Asian countries created the Partnerships in Environmental Management for the Seas of East Asia (PEMSEA) through which they developed a Sustainable Development Strategy for the Seas of

East Asia (SDS-SEA). The SDS-SEA is a call to action, providing a strategic vision; it was adopted in December 2003 (Putrajaya Declaration).

Countries have identified ways to accelerate on-the-ground investments to address land-based sources of marine pollution. GEF funding will help demonstrate the viability of innovative wastewater treatment facilities and will introduce financial tools to leverage private sector investments and replication.

Persistent Organic Pollutants: Africa DDT Alternatives

Eritrea, Ethiopia, Madagascar, Namibia, and South Africa are demonstrating cost-effective, environmentally sound, and locally appropriate alternatives to DDT for malaria vector control, ensuring their sustainable use through strengthened national and local capacity for malaria control.

Planning and implementation of vector control interventions require the selection of appropriate vector control methods that can be applied in areas with specific and well-defined environmental and epidemiological conditions. This intervention requires regular ecological, entomological, and epidemiological assessments that permit changes in the objectives of vector control programs over time. The project's strategy is to enhance the capacity of the participating countries to effectively plan, implement, monitor, and evaluate vector control interventions, which do not rely on DDT. The project

activities will be implemented in 16 demonstration districts in the five project countries.

Land Degradation: Capacity Development, Mainstreaming of Sustainable Land Management

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Brazil is rehabilitating and reforming its entire agricultural sector and supports sustainable land management as the key approach to the management of its natural resources. By promoting a sectorwide approach, the main causes of rural poverty and land degradation will be mitigated, thereby improving the livelihoods and economic well-being of people affected by land degradation.



The GEF Story during the Third Replenishment

Message from Leonard Good, former Chief Executive Officer and Chairperson

We are reminded daily of the increasing threats to our environment and its ability to sustain life. Drought persists across large swaths of sub-Saharan Africa. Glaciers and the polar ice caps are melting, a consequence of the concentration of greenhouse gases (GHGs) in the atmosphere. More than 1 billion people worldwide lack safe drinking water supplies. Our planet's physiology has been altered, and the enormity of this degradation confronts humanity with increasing urgency. How we respond is a global responsibility.

It has been a privilege to work with the Global Environment Facility over the past three years and to witness numerous projects that demonstrate how countries are overcoming difficult challenges to work effectively in addressing environmental problems.

In the Philippines, the power company CEPALCO (Cagayan Electric Power & Light Company, Inc.) taps solar photovoltaic and

hydropower sources to supply electricity to homes, schools, and hospitals. The project is pioneering technology applications and innovative financing tools to increase the country's use of renewable energy resources. Countries along the Danube Water Basin and the Black Sea are collaborating to protect and carefully manage the region's watershed and ecological resources. They are initiating controls on pollution, conserving biodiversity, and promoting sustainable development. Small island developing states are working diligently to restore and protect coastal and marine environments. Throughout Africa, countries use environmentally sound procedures to clean up stockpiles of deadly pesticides and toxic wastes that are contaminated with persistent organic pollutants (POPs). Argentina is working to control land degradation and restore ecosystems in Patagonia by implementing sustainable rangeland management practices.

Participating countries are acquiring expertise in technologies, education, training, networking, management, public awareness, financing, and public policy. Building such

capacities enables them to implement cost-effective, innovative approaches to improve water sanitation, eliminate highly toxic pollutants, promote renewable-energy resources, protect ecosystems, and create and sustain livelihoods. As these countries gain experience, others will learn how to replicate their efforts and share their experiences so that the benefits can multiply within and outside their boundaries. By doing so, they help to achieve lasting benefits worldwide.

The GEF's portfolio has expanded significantly beyond its original focus—addressing climate change, conserving biological diversity, safeguarding international waters, and protecting the Earth's ozone layer—to include new programs to eliminate POPs and other initiatives to promote and support sustainable land management, including forest management. Creating synergies among all of these areas is essential to achieving progress. Land degradation, for example, is recognized as a major threat to biodiversity and transboundary waters. Global climate change affects

the sustainability of ecosystems; mitigation requires renewable, clean energy resources, programs to protect biodiversity, and coastal resource management systems. Countries' management strategies for controlling the vectors of malaria and other diseases must consider the impact of climate change on the extension and latitude of mosquito breeding grounds. Hence, the national and regional responses that the GEF supports integrate many components to tackle several environmental problems simultaneously.

To improve the effectiveness and impact of the GEF, we undertook a major reform agenda in GEF-3 (the third replenishment period) that emphasized results measurement: the Resource Allocation Framework (RAF). This system directs funds to countries where they will do the most good. Resources are allocated to countries based on each country's potential to generate global environmental benefits and to successfully implement GEF projects. The GEF also began to expand the number of agencies that can directly access GEF resources. After establishing an independent evaluation office in 2003, the GEF

strengthened its ability to credibly evaluate the effectiveness of GEF projects and programs. More coherence within the GEF's focal areas, greater synergies, and integrated approaches to natural resource management are additional improvements under way.

It has been a great privilege to have worked with our member countries, the Implementing Agencies, the Executing Agencies, the nongovernmental organizations (NGOs), and the numerous other collaborators who form the GEF network.

As the GEF begins its fourth replenishment period, countries confront increasingly difficult and complex environmental problems

with financial resources that are becoming ever more scarce. The growing disparity between needs and resources underscores the leveraging power of the GEF and its partners' support in helping countries achieve results. The GEF is at a critical juncture in its evolution and potential global impact. The countries and institutions forming partnerships with the GEF provide strong reasons for optimism. I wish my successor, Monique Barbut, great success in moving the GEF forward.



Leonard Good
former CEO and Chairperson
Global Environment Facility

Global Challenges: The Urgent Risks Countries Face

Climate change, land degradation, water pollution, ozone depletion, a loss of biological diversity, and the rise in environmental contaminants are severely straining countries' ecosystems. As a consequence, human health, livelihoods, food production, economic advancement, and political stability are adversely affected. In addressing these urgent challenges, countries confront many obstacles and dilemmas. The GEF and its partners help countries understand the trade-offs, establish priorities, and implement responses.

The GEF unites 176 member governments—in partnership with international institutions, NGOs, the private sector, and others—to help countries address global environmental issues while supporting sustainable national development initiatives. As the designated financial mechanism for international conventions on biodiversity, climate change, and POPs, and as a designated financial mechanism for the convention on desertification, the GEF is the largest funder of environmental

projects. It also complies with other treaties and agreements.

All GEF projects reflect national priorities in the stewardship of the Earth's ecosystem. Countries, supported by GEF investments, develop and implement innovative, cost-effective responses to global environmental problems that are replicable and achieve lasting impact, thereby furthering sustainable development.

The GEF's Evolution: More Responsibilities, Broader Focus

Every four years, donor nations commit funding to replenish the GEF Trust Fund. In 2002, 32 donor countries pledged \$3 billion for the third replenishment of the GEF Trust Fund to broaden and accelerate the GEF's work.

In agreeing to provide this funding, the contributors stressed the GEF's unique role as the catalyst for international cooperation in producing global environmental benefits. They recognized the growing demands on the GEF, particularly regarding the outcomes

of the multilateral environmental agreements on POPs and land degradation, specifically desertification and deforestation.

With this third replenishment, the GEF worked to enhance project performance at the country level by adopting a new strategic approach to business planning, implementing more effective performance measurements, strengthening institutional arrangements to streamline project processing (including monitoring and evaluation), and promoting the integration of environmental issues into global sustainable development efforts.

The scope of GEF's activities has widened. For example, programs to address climate change expanded from mitigation (reducing concentrations of GHGs) to include adaptation (reducing countries' vulnerability to climate change and building adaptive capacity in all sectors of development). The biodiversity portfolio includes projects that conserve and sustainably use biodiversity while enhancing and generating livelihoods. In its efforts to help countries phase out ozone-depleting substances

under the Montreal Protocol, the GEF outlined a new direction to eliminate methyl bromide, to the extent feasible, during the third replenishment.

The Value of GEF Investments: Financial Leverage, Partnerships, Innovation, Replication, and Sustainability

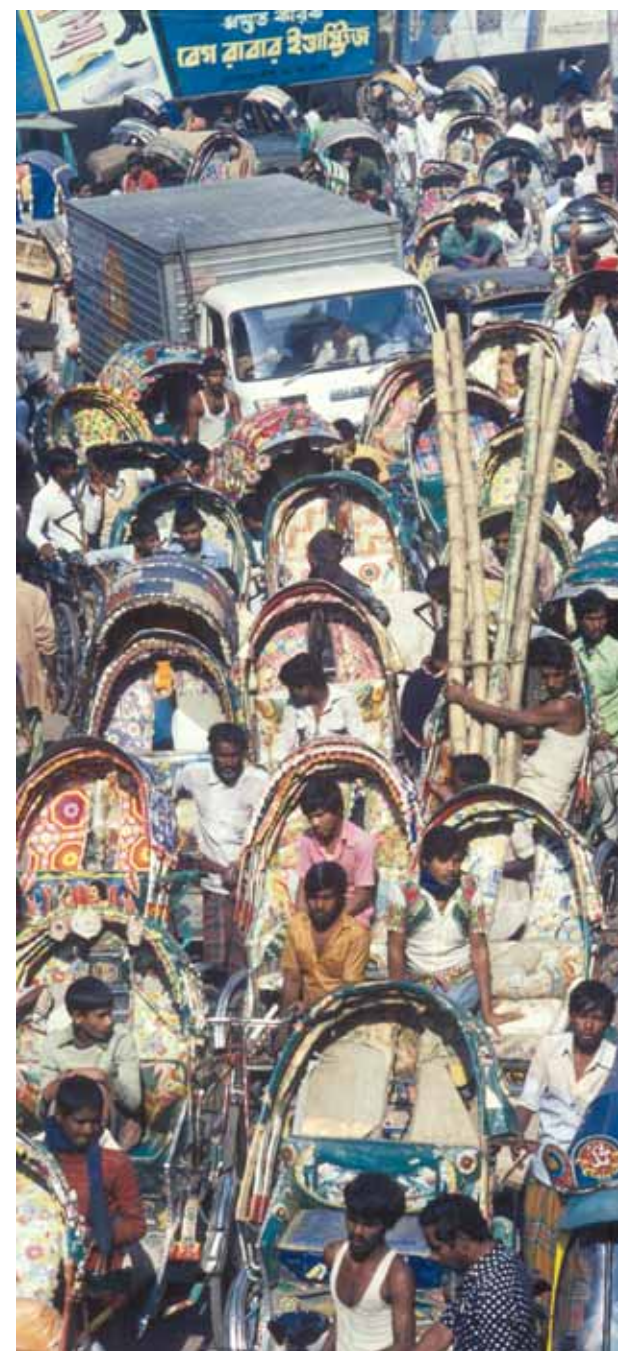
The GEF's involvement has an enormous multiplier effect. Every \$1 invested by the GEF leverages nearly \$4 in cofinancing from its partners. The GEF's partners also contribute their expertise, which, among other things, helps countries replicate results.

Fostering innovation is another component of the GEF's efforts. Technology transfer programs are leading to innovative business models to bring affordable, clean energy resources to homes, schools, hospitals, and workplaces. Innovative approaches are used in jump-starting markets, stimulating private investment, building capabilities, and strengthening infrastructures. New ways of doing business, such

as promoting shade-grown coffee, are also being implemented.

With GEF support, 126 countries are working to develop National Biosafety Frameworks (in support of the Cartagena Protocol) to ensure the safe import and export, handling, and release of living modified organisms developed through modern biotechnology applications.

Replication is a key component of GEF projects. As countries build capacity, they and the GEF inventory the "lessons learned," which are shared with all GEF members and collaborators. The GEF's Web site and other Internet-based services facilitate access to information about these countries' success stories.





From the Ground Up

Global Needs, Country Realities

Efforts to ameliorate global environmental degradation must be in harmony with the specific cultural, economic, political, and social conditions of a country. Indigenous knowledge, for example, is vital to conserving biodiversity and wilderness areas. Understanding a country's agricultural resources is key to developing appropriate biofuel alternatives. Laws, regulations, and capital markets help define the incentives and remove barriers to attracting investments in response to environmental degradation. Any solutions must be rooted in the realities of peoples' needs in developing countries.

The GEF helps countries to assess their capabilities, better understand the trade-offs, overcome the obstacles, and develop responses that protect the global environment and promote sustainable development. GEF-supported initiatives must be approved by a country's government and must reflect national and, where relevant, community needs.

Through GEF projects, countries acquire and strengthen managerial skills, planning capabilities, technological expertise, and implementation know-how. Individuals develop knowledge and skills through training and online information resources. Local communities become involved through GEF activities that are designed to increase awareness and participation. Governments, local institutions, and businesses, among others, learn how to build consensus, oversee projects, coordinate participants, share lessons learned, and replicate results. Enhancements to legal, financial, and information infrastructures create the appropriate environment essential for executing and sustaining GEF projects. Key components include government-business partnerships, technology transfers, and information dissemination through the Internet.

Embedding the Global Environment in National and Regional Priority-Setting

The GEF's approach helps countries better integrate global environmental concerns into national policy making. Success occurs most often when countries participate in decision making, assume ownership, and share the benefits.

In September 2005, the GEF Council adopted the RAF, a new system for allocating GEF resources to recipient countries in a transparent and consistent manner. The system is based on global environmental priorities and country capacity, policies, and practices that are relevant to the successful implementation of GEF projects. As such, the RAF builds on GEF's existing country-driven approach and partnerships with Implementing and Executing Agencies, and provides countries with increased predictability in the allocation of GEF funds.

RAF is built on two key pillars. The first pillar is a country's potential

to generate global environmental benefits, which reflects the GEF's mandate to provide incremental cost financing to generate global environmental benefits. The second pillar is country performance, which reflects the national policies and enabling environment that facilitate successful implementation of GEF projects. These two pillars are reflected in the RAF through two indexes: (1) the GEF Benefits Index, a measure of the potential of each country to generate global environmental benefits to a particular focal area, and (2) the GEF Performance Index, a measure of each country's capacity, policies, and practices that are relevant to a successful implementation of GEF programs and projects.

The Links between Development and Environment

Without access to such essentials as reliable clean energy and water resources, sanitation, food, and health services, countries cannot end poverty and create opportunities that improve human lives. The enormity of these unmet needs is illustrated by the fact that at least

1.1 billion of the world's people are without safe drinking water and 2.4 billion have no sanitation. Two-thirds lack reliable access to modern energy services. The projected population growth will exacerbate these needs and intensify demands on the Earth's resources.

Mismanagement of resources leads to impoverishment and inequity, breeding unrest and violence, and making economic development even more difficult to nurture and sustain. Pollution and other forms of environmental degradation undermine the quality of living conditions. Trade-offs pit immediate responses to satisfy energy needs against renewable, clean energy alternatives that may take longer to implement but that reduce GHG emissions. Economic growth that depends on agricultural exports exerts pressure on sustainable land cultivation and water resources.

As the four global environmental conventions evolved over the last decade, the link between the environment and sustainable development was strengthened. GEF projects recognize these links, building on the connections

among local, regional, and global benefits and harnessing market forces when feasible to promote environmental sustainability and produce global public benefits.

In responding to climate change, the GEF is working with countries to remove impediments to the development of sustainable markets that can finance widespread utilization of renewable energy. In francophone Africa, for example, a technological center facilitates the South-South transfer of knowledge and technology about mini- and microhydropower. Energy-saving technologies contribute to a stronger economy. Lowering energy costs borne by businesses and consumers frees up funds for other purposes. Such applications also boost agricultural productivity, increasing farmers' incomes, and attract commercial investments that generate livelihoods.

Transboundary basin countries receive GEF assistance to address concerns of their shared water-related ecosystems and determine flow requirements for environmentally sustainable development. The most extensive campaign unites 17 countries in

reducing pollution discharges to the Black Sea and the Danube Basin. These bodies of water are overburdened by pollution, eutrophication, invasive species, and overfishing. Collaborating countries are adopting needed policy, institutional, and legal reforms; they are also implementing programs, projects, and policies to reduce pollution from sewage, industrial, and agricultural sources.

Market Transformation, Innovative Services

Countries are working with the private sector to transform capital markets and finance innovation in environmentally sustainable technologies and services that allow countries to reap financial and social dividends. Government policies play a crucial role in shaping investors' decisions to commit funding and fostering market forces to promote environmental sustainability. To attract private investment, countries are addressing investors' risk mitigation concerns, supporting credit guarantees, and eliminating market barriers.

Promoting market-based solutions is part of these countries' efforts

to expand the use of small, off-grid renewables, such as solar home systems, and make them more affordable. Obstacles to the widespread use of renewable energy include high up-front costs, particularly for equipment installation and the limited finances of those who need the technology—most often the rural poor. Strengthening capacity, promoting enabling environments, developing policy frameworks, and increasing demand for renewable energy technologies are all part of country efforts to seed market-driven incentives.

To conserve biodiversity, countries are pursuing innovative financing solutions that include the following: (1) the development and capitalization of conservation trust funds; (2) a system of payments for environmental services; and (3) an easement of debt-for-nature swaps. The Toco Foundation in Trinidad and Tobago, for example, implemented a microcredit program to provide small loans to establish or expand the marketing efforts of women selling handicrafts, honey, fruit preserves, and local cuisine as part of an ecotourism development project.

A Catalyst for Collaboration

From the Nile River to the Black Sea, multicountry actions are necessary to foster sustainable development of the transboundary water systems that cover most of the Earth. The GEF helps countries work with their neighbors to modify human activities that place stress on transboundary water systems and interfere with downstream uses of those resources. In this way, conflicts over resources can be prevented, security improved, and sustainable resource-use fostered in support of global goals.

The countries of southern Mexico and Central America are helping restore the MesoAmerican Biological Corridor through a GEF-supported project that combines conservation efforts with standard-of-living improvements. Projects in the humid tropics, the Brazilian Amazon, and the Guyana Shield collectively work to conserve the largest remaining tracts of tropical rainforests.

In these and all of the GEF's portfolios, the GEF relies on several mechanisms to spark catalytic action in countries, including the following: (1) leveraging resources from the public and private sectors; (2) developing and implementing best practices for innovation, demonstration, and replication; (3) fostering international cooperation on environmental issues; and (4) mainstreaming environmental issues with partner institutions.

Benefiting from Science

Through the Scientific and Technical Advisory Panel (STAP), internationally recognized experts provide strategic guidance on the coherence of GEF operational programs and strategies, emerging issues, program implementation, and monitoring and evaluation indicators. The panel works to improve collaboration with other scientific and technical bodies, communities, and the private sector in areas relevant to the GEF's priorities.

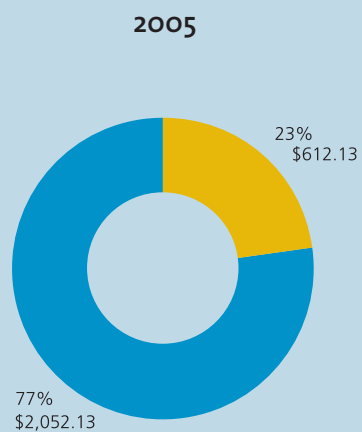
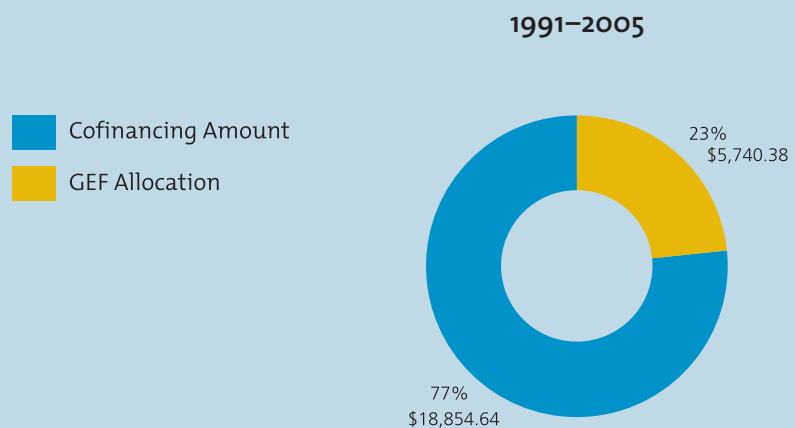
A GEF project in Mexico and Central America, with collaboration from top-notch scientists in the region, is providing alternatives to DDT (dichlorodiphenyl-trichloroethane), a POP used to control malaria. People in tropical areas are particularly vulnerable to malaria, a life-threatening disease affecting millions of people. The project aims to prevent the reintroduction of DDT for malaria control by promoting new mosquito-control techniques. Nine demonstration projects are being created to show that methods to control malaria without DDT are replicable and cost-effective.

Medicinal benefits derived from numerous plant species are one benefit of biodiversity. Scientists have identified more than 3,000 tropical plants as having anticancer properties. Protecting and using biodiversity resources in medicine offers great potential to address human health issues and create livelihoods. With GEF support, Sri Lanka is designing and implementing a program for five reserves where medicinal plants are collected from the wild. The program supports baseline research, monitoring, conservation planning, community organization, research on traditional medicinal plant knowledge, and sustainable activities related to medicinal plants.

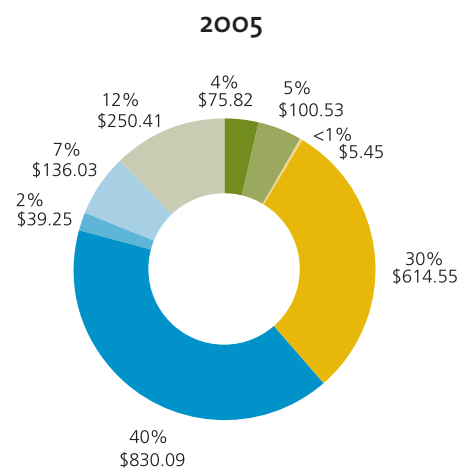
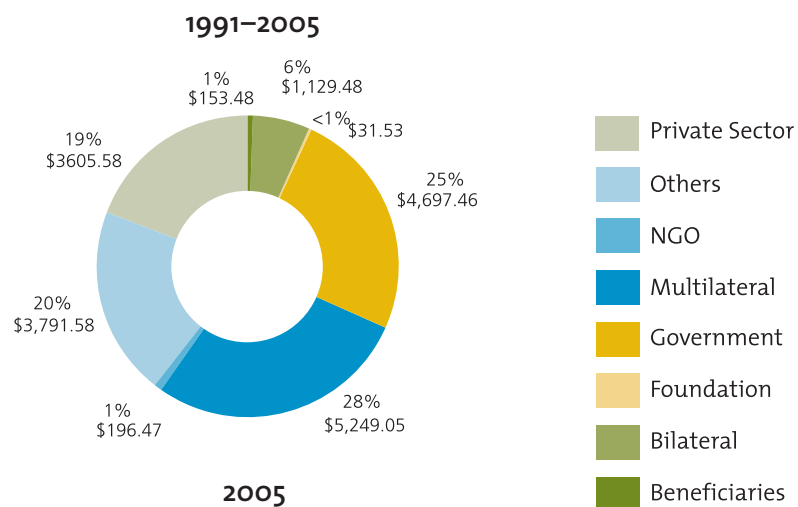


The GEF Portfolio Allocations and Cofinancing

The Leveraging Effect of GEF Support



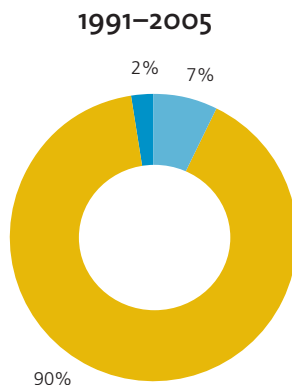
Sources of GEF Cofinancing



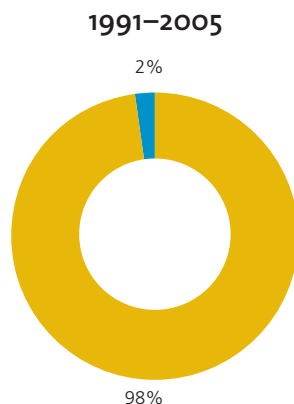
All amounts in millions of dollars. Totals may not equal 100% due to rounding. The category "others" includes total cofinancing to 1991–1993, when this funding was not differentiated by donor.

The GEF Portfolio Project Types

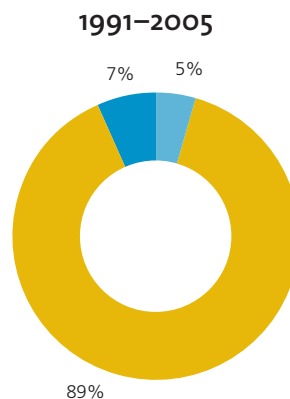
GEF Allocations for Climate Change Projects



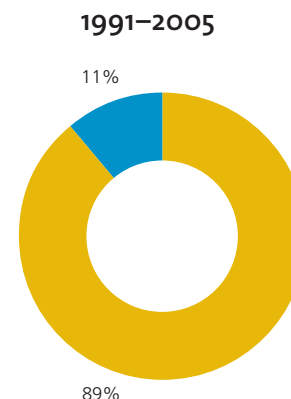
GEF Allocations for International Waters Projects



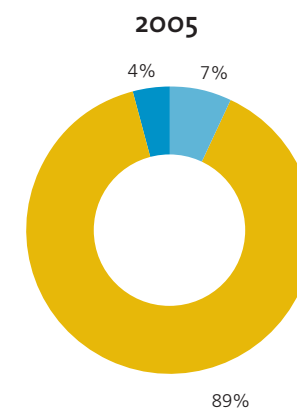
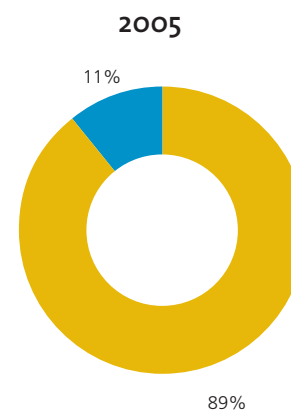
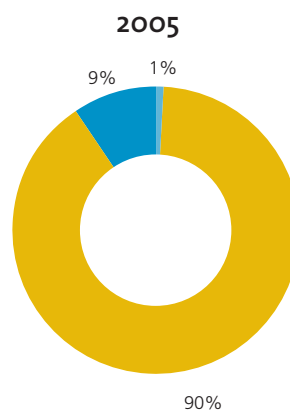
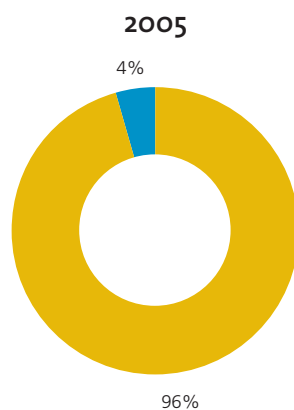
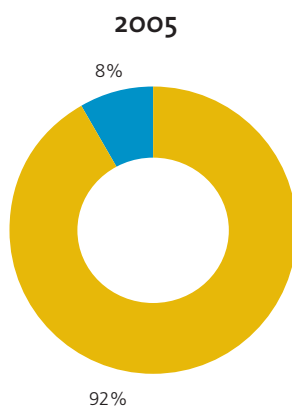
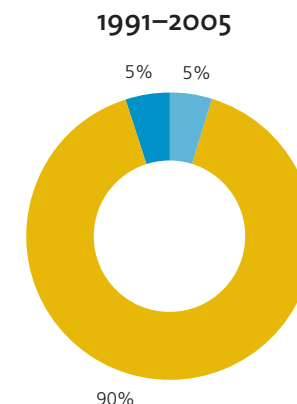
GEF Allocations for Biodiversity Projects





GEF Allocations for Land Degradation




GEF Allocations for Multi-focal Area Projects



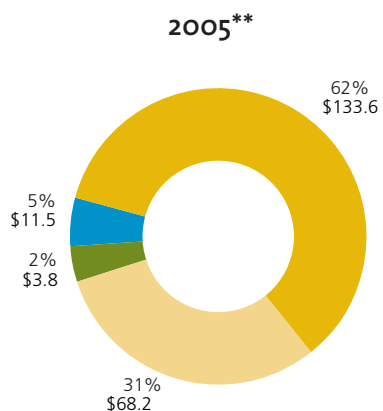
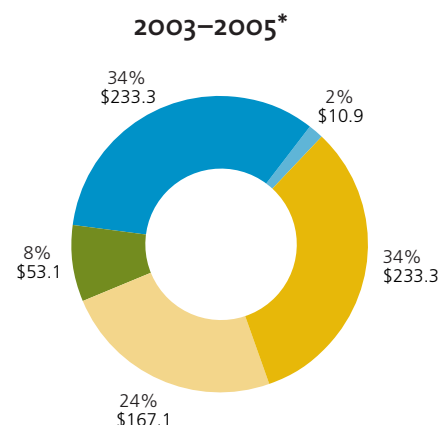
 **Full-size projects:**
\$1 million and higher.

 **Medium-size projects:**
Up to \$1 million; projects
are accessible to NGOs.

 **Enabling activities:**
Typically up to \$450,000.

Totals may not equal 100% due to rounding.

The GEF Portfolio Investments in Biodiversity



Catalyzing the Sustainability of Protected Area Systems.
Example: This GEF project improves the management effectiveness of the national system of protected areas in Namibia.

Mainstreaming Biodiversity. *Example:* The GEF is lending support to growers in Latin America to produce certified sustainable coffee for markets in Europe and the United States.

Catalyzing Sustainability of Protected Area Systems at National Levels and Mainstreaming Biodiversity in Production Landscapes and Sectors. *Example:* A small number of projects combine the objectives of one strategic priority (strengthening protected area systems) with another (mainstreaming biodiversity conservation) in the production of landscape outside protected areas. The C.A.P.E. (Cape Action for People and the Environment) Biodiversity Conservation and Sustainable Development Project in South Africa will create new terrestrial and marine protected areas in the Cape floristic region and will mainstream biodiversity through Payment for Ecosystem Services Initiatives and by setting up sustainable agribusiness and tourism business in the area.

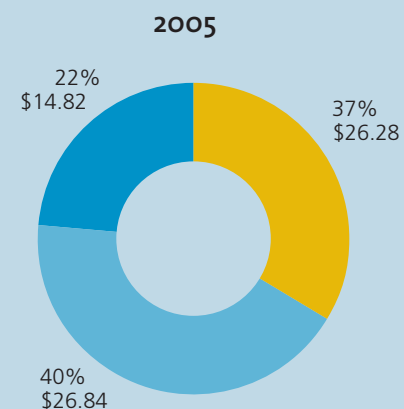
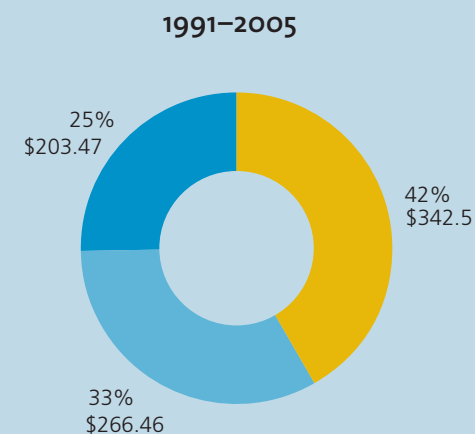
Implementing Cartagena Protocol on Biosafety
Example: This global project helps 126 countries develop national biosafety frameworks and promotes regional and subregional collaboration.

Generation, Dissemination, and Uptake of Good Practices. *Example:* This GEF project conserves biological diversity in Malaysia through improved forest planning tools.

* The GEF began using strategic priorities in fiscal year 2003 (FY03). Projects before then have not been reclassified using the strategic priorities.

** For FY05, a number of projects reported that they included some of these activities.

The GEF Portfolio Investments in International Waters



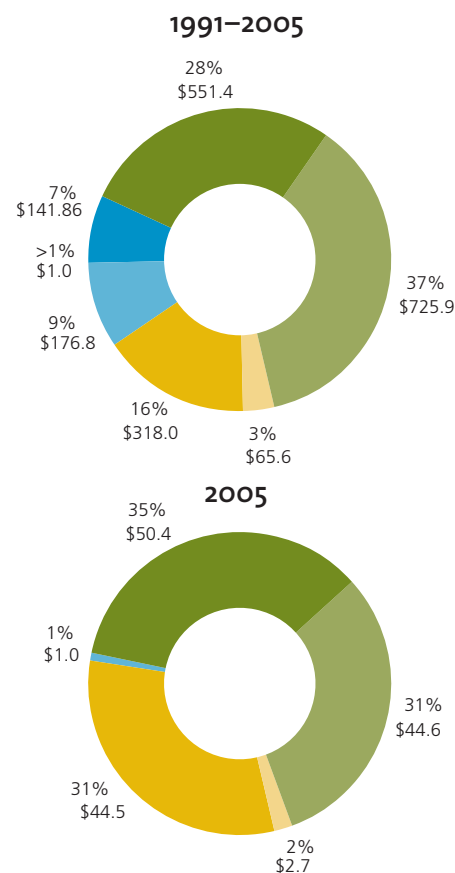
All amounts in millions of dollars.

The GEF Portfolio Investments in Climate Change

Restoring Water Bodies. *Example:* This strategic partnership of 17 countries supports a GEF program aimed at reducing nutrient pollution of the Danube River and the Black Sea Large Marine Ecosystem.

Integrating Multiple Focal Areas. *Example:* The GEF's Senegal River Basin Water and Environmental Management Project addresses land degradation and transboundary water management.

Contaminant Reduction. *Example:* This GEF global program reduces land-based sources of marine pollution in East Asia.



Energy Efficiency. *Example:* This GEF project promotes energy-efficient lighting in the Slovak Republic.

Renewable Energy. *Example:* This GEF initiative builds capacity to support renewable energy investments in the Pacific Islands and Central America.

Sustainable Transportation. *Example:* This GEF project supports rapid transit buses in República Bolivariana de Venezuela.

Low-GHG Energy Technology. *Example:* The GEF supports an investment in a biomass-based, externally fired, combined-cycle, electricity-generating plant in Brazil.

Enabling Activities. *Example:* The GEF's support helps 115 developing countries to prepare and submit initial national communications plans to the United Nations Framework Convention on Climate Change. Nearly 130 countries are receiving assistance for the second national communications plans.

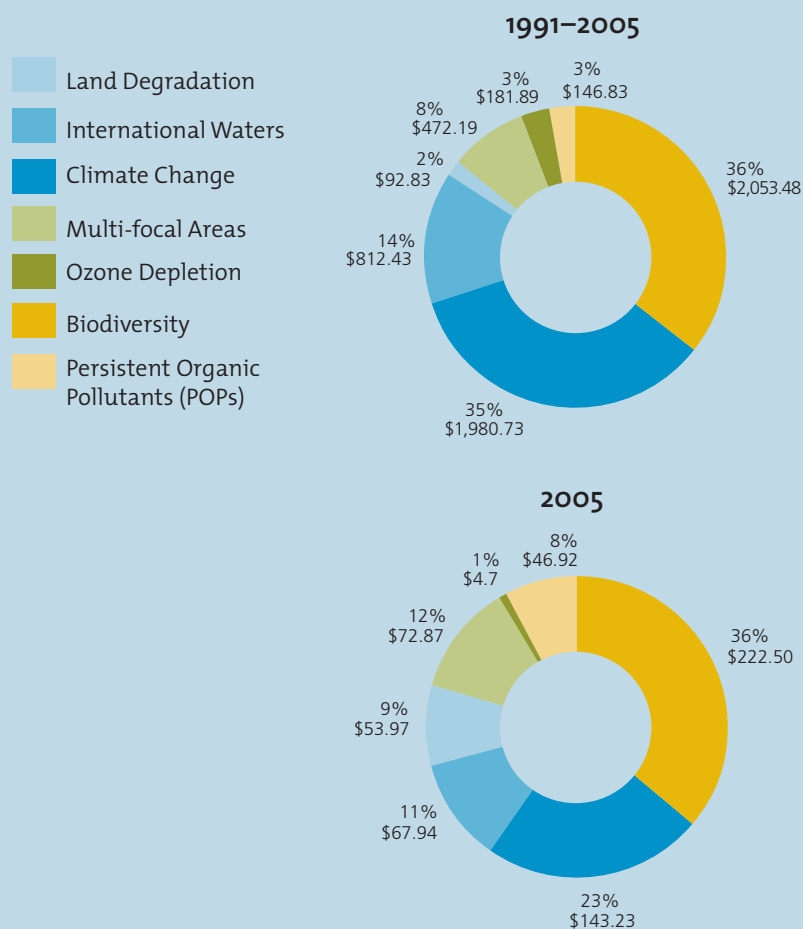
Strategic Priority on Adaptation. *Example:* The GEF supports Hungary in an effort to identify and implement adaptation measures to counter the adverse affects of global warming on the globally significant biodiversity found in Lake Balaton.

Short-Term Measures to Reduce GHGs. *Example:* This GEF project separates municipal and solid waste to reduce methane emissions in Indonesia.

All amounts in millions of dollars.

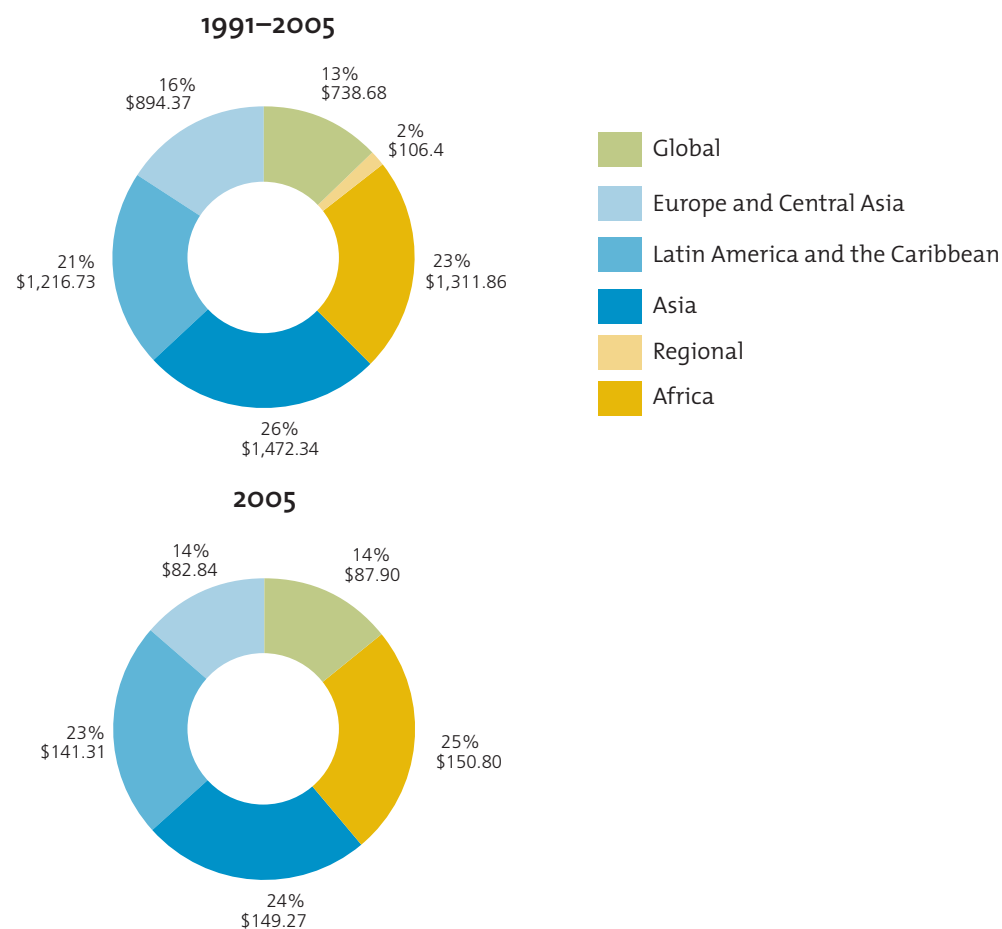
The GEF Portfolio Focal Areas and Regions

Total GEF Allocation
by Focal Area



All amounts in millions of dollars. Totals may not equal 100% due to rounding.

Total GEF Allocation by Region
Including Global and Regional Projects





Status of the GEF Trust Fund and Financial Statements

The following information on the status of the Global Environment Facility (GEF) Trust Fund is based on the most recent Financial Statements of the International Bank for Reconstruction and Development (IBRD) as Trustee and the GEF Trust Fund, IBRD, UNDP, and UNEP as Implementing Agencies and the GEF Secretariat.

Status of the GEF Trust Fund as of June 30, 2005

The operating cycles and external auditors used by the Implementing Agencies, the Trustee, and the Secretariat are different. The most recent audited financial statements from the Implementing Agencies that fall into the fiscal year ended June 30, 2005, the Trustee, and the Secretariat are included in this Annex.

	FINANCIAL STATEMENT AS OF
Trustee	June 30, 2005
IBRD as Implementing Agency	June 30, 2005
Secretariat	June 30, 2005
UNDP/GEF	December 31, 2004
UNEP/GEF	December 31, 2004

1 UNDP and UNEP operate on a calendar year. IBRD and the Secretariat (which is supported administratively by IBRD) operate on a July-to-June fiscal year.

2 The UNDP/GEF and UNEP/GEF financial statements are audited by the U.N. Board of Auditors. IBRD as Implementing Agency, the Trustee, and the Secretariat's financial statements are audited by IBRD's external auditors.

GEF Allocations by Country, 1991 – 2005

(In USD Millions)

COUNTRY	GEF AMOUNT	COUNTRY	GEF AMOUNT	COUNTRY	GEF AMOUNT	COUNTRY	GEF AMOUNT	COUNTRY	GEF AMOUNT
Global	738.68	Colombia	40.49	Honduras	17.15	Mongolia	14.15	Solomon Islands	0.36
Regional	1,099.08	Comoros	3.66	Hungary	41.42	Morocco	69.88	South Africa	58.54
Afghanistan	1.18	Congo	11.68	India	165.66	Mozambique	24.17	Sri Lanka	38.98
Albania	11.58	Congo DR	7.47	Indonesia	92.45	Namibia	25.43	St. Kitts and Nevis	0.59
Algeria	15.50	Cook Islands	0.63	Iran	18.10	Nauru	0.36	St. Lucia	1.31
Angola	0.34	Costa Rica	31.76	Jamaica	4.92	Nepal	12.76	St. Vincent and Grenadines	1.00
Antigua and Barbuda	1.22	Côte d'Ivoire	26.46	Jordan	21.51	Nicaragua	19.14	Sudan	4.57
Argentina	49.09	Croatia	25.29	Kazakhstan	35.29	Niger	5.72	Suriname	10.23
Armenia	11.90	Cuba	28.66	Kenya	30.50	Nigeria	45.93	Swaziland	9.82
Azerbaijan	13.68	Czech Republic	12.78	Kiribati	1.03	Niue	1.30	Syria	10.59
Bahamas	0.79	Djibouti	1.47	Korea DPR	3.38	Oman	1.17	Tajikistan	7.79
Bahrain	0.34	Dominica	1.05	Kyrgyzstan	2.23	Pakistan	47.45	Tanzania	33.41
Bangladesh	32.67	Dominican Republic	8.28	Lao PDR	13.21	Palau	1.21	Thailand	20.21
Barbados	0.72	East Timor	0.23	Latvia	11.92	Panama	20.03	Togo	2.31
Belarus	14.03	Ecuador	47.25	Lebanon	7.33	Papua New Guinea	27.59	Tonga	1.35
Belize	11.79	Egypt	79.95	Lesotho	6.61	Paraguay	11.36	Trinidad and Tobago	4.85
Benin	22.19	El Salvador	7.13	Liberia	1.84	Peru	59.57	Tunisia	41.56
Bhutan	13.74	Equatorial Guinea	0.30	Libya	0.48	Philippines	117.20	Turkey	21.79
Bolivia	26.41	Eritrea	8.54	Lithuania	26.79	Poland	70.70	Turkmenistan	3.78
Bosnia-Herzegovina	8.99	Estonia	1.57	Macedonia	3.72	Republic Of Korea	2.47	Tuvalu	0.22
Botswana	5.80	Ethiopia	10.87	Madagascar	36.88	Romania	41.56	Uganda	52.87
Brazil	253.42	Fiji	1.81	Malawi	15.03	Russian Federation	157.58	Ukraine	50.42
Bulgaria	46.17	Gabon	12.38	Malaysia	28.47	Rwanda	11.31	Uruguay	23.18
Burkina Faso	30.56	Gambia	2.27	Maldives	4.87	Samoa	1.92	Uzbekistan	6.18
Burundi	6.84	Georgia	20.44	Mali	20.98	São Tomé and Príncipe	1.11	Vanuatu	1.74
Cambodia	17.52	Ghana	29.79	Malta	0.36	Saudi Arabia	0.35	Venezuela	13.79
Cameroon	19.20	Grenada	1.60	Marshall Islands	1.02	Senegal	20.65	Vietnam	50.75
Cape Verde	9.75	Guatemala	19.46	Mauritania	3.42	Serbia	10.36	Yemen	11.68
Central African Republic	3.78	Guinea	19.81	Mauritius	8.04	Seychelles	5.28	Zambia	15.37
Chad	9.06	Guinea-Bissau	6.40	Mexico	210.93	Sierra Leone	0.80	Zimbabwe	15.10
Chile	34.83	Guyana	9.81	Micronesia	1.42	Slovak Republic	23.20		
China	516.78	Haiti	1.09	Moldova	8.71	Slovenia	21.32		

GEF Allocations by Country, 2005

(In USD Millions)

COUNTRY	GEF AMOUNT	COUNTRY	GEF AMOUNT	COUNTRY	GEF AMOUNT	COUNTRY	GEF AMOUNT	COUNTRY	GEF AMOUNT
Global	87.90	Costa Rica	0.45	Kenya	6.05	Nicaragua	0.99	Turkey	0.37
Regional	138.05	Czech Republic	1.99	Kiribati	0.23	Nigeria	11.31	Turkmenistan	1.43
Albania	5.32	Djibouti	0.23	Korea DPR	0.75	Palau	0.23	Tuvalu	0.22
Argentina	3.46	Dominica	0.26	Kyrgyzstan	1.00	Panama	6.65	Uganda	4.25
Azerbaijan	5.84	Dominican Republic	4.60	Lao PDR	6.33	Papua New Guinea	1.22	Ukraine	8.19
Bangladesh	0.22	East Timor	0.23	Latvia	0.72	Peru	0.90	Uzbekistan	1.21
Barbados	0.29	El Salvador	5.35	Liberia	1.00	Philippines	9.34	Venezuela	1.95
Belarus	1.00	Fiji	0.23	Madagascar	0.19	Romania	1.00	Vietnam	11.05
Belize	0.35	Gabon	10.30	Mali	0.23	Russian Federation	21.64	Yemen	1.00
Benin	0.23	Guatemala	2.85	Marshall Islands	0.23	Rwanda	5.75	Zambia	6.56
Bhutan	0.55	Guinea	7.58	Mauritius	0.60	Slovak Republic	1.00		
Bosnia-Herzegovina	8.79	Guinea-Bissau	0.45	Mexico	0.20	Solomon Islands	0.23		
Botswana	1.23	Guyana	0.20	Micronesia	0.23	South Africa	15.13		
Brazil	65.20	Hungary	1.95	Moldova	1.00	Suriname	0.20		
Bulgaria	2.01	India	3.73	Mozambique	10.35	Tajikistan	0.78		
Cape Verde	0.23	Indonesia	1.00	Namibia	13.99	Tanzania	10.33		
Chile	1.04	Iran	9.92	Nauru	0.14	Tonga	0.23		
China	62.25	Kazakhstan	8.55	Nepal	2.41	Tunisia	0.19		

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AS TRUSTEE OF
GLOBAL ENVIRONMENT FACILITY TRUST FUND

World Bank Reference
TF029840

Special Purpose Financial Statements and
Independent Auditors' Report
June 30, 2005 and 2004

THE WORLD BANK GROUP
Trust Funds Division
1818 H Street, N.W. Washington, D.C. 20433, USA
Tel.: (202) 458-5800 Fax: (202) 477-7163

INDEPENDENT AUDITORS' REPORT

To: Global Environment Facility Council and International
Bank for Reconstruction and Development (IBRD)
as Trustee for the Global Environment Facility Trust Fund

We have audited the accompanying special purpose financial statements of financial position of the Global Environment Facility Trust Fund (GEF) as of June 30, 2005 and 2004, and the related special purpose statements of income, special purpose statements of changes in net trust resources and special purpose statements of cash flows for the years then ended. These financial statements are the responsibility of the Trust Fund Trustee's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 statements are free of material misstatement. GEF is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included 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 GEF'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 statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2 to the financial statements, these special purpose financial statements are prepared on a modified accrual basis and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America or with International Financial Reporting Standards.

In our opinion, such special purpose financial statements present fairly, in all material respects, the financial position of the Global Environment Facility Trust Fund as of June 30, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with the basis of accounting described in Note 2.

This report is intended solely for the information and use of the Global Environment Facility Council and International Bank for Reconstruction and Development as Trustee for the Global Environment Facility Trust Fund, and the Donors to the Global Environment Facility Trust Fund, and is not intended to be and should not be used by anyone other than these specified parties

Deloitte & Touche LLP

October 19, 2005

Special Purpose Statements of Financial Position

Expressed in U.S. dollars

	<u>JUNE 30, 2005</u>	<u>JUNE 30, 2004</u>
ASSETS		
Share in pooled investments - Note 2	\$ 1,877,422,694	\$ 1,614,021,305
Investment income receivable	—	1,707,435
Notes receivable - Note 3	<u>1,587,777,520</u>	<u>1,732,250,663</u>
Total Assets	<u>\$ 3,465,220,214</u>	<u>\$ 3,347,979,403</u>
LIABILITIES		
Grant liability:		
IBRD/IA - Note 10	\$ 820,708,500	\$ 758,431,389
UNDP	74,435,428	111,314,379
UNEP	71,022,423	58,307,679
EAs	37,334,380	—
Fee liability:		
IBRD/IA - Note 10	4,621,100	29,247,250
UNDP	3,280,005	16,426,882
UNEP	1,138,701	1,124,685
EAs	<u>1,945,840</u>	<u>—</u>
Total Liabilities	<u>1,014,486,377</u>	<u>974,852,264</u>
NET TRUST RESOURCES		
Contributions committed - Note 3	\$ 7,297,208,615	\$ 7,205,685,573
Contributions receivable - Notes 3 and 4	(873,741,653)	(1,374,800,650)
Unamortized discounts	<u>(6,974,167)</u>	<u>(4,981,552)</u>
Contributions paid in - Note 3	6,416,492,795	5,825,903,371
Cumulative grants and fees - Notes 6, 7 and 9	(3,939,330,409)	(3,401,487,666)
Deficit	<u>(26,428,549)</u>	<u>(51,288,566)</u>
Total Net Trust Resources	<u>2,450,733,837</u>	<u>2,373,127,139</u>
Total Liabilities and Net Trust Resources	<u>\$ 3,465,220,214</u>	<u>\$ 3,347,979,403</u>

The Notes to Special Purpose Financial Statements are an integral part of these Statements.

Special Purpose Statements of Income

Expressed in U.S. dollars

	FOR THE YEARS ENDED	
	<u>JUNE 30, 2005</u>	<u>JUNE 30, 2004</u>
INCOME		
Net investment income - Note 2	\$ 44,213,773	\$ 15,300,036
Income earned on GEF grant funds - Note 8	1,621,871	—
Reimbursement of ineligible expenditures - Note 11	2,420,000	—
Grant repayment - Note 9	2,717,581	—
Total Income	<u>50,973,225</u>	<u>15,300,036</u>
EXPENSES		
Administrative budget:		
IBRD/IA - Note 10	2,939,274	2,768,702
UNDP	5,613,000	—
UNEP	4,620,879	2,801,359
Secretariat - Note 10	12,926,538	12,584,305
IBRD/Trustee - Note 10	1,450,000	874,000
Discount amortization	902,171	471,145
Total Expenses	<u>28,451,862</u>	<u>19,499,511</u>
Foreign Exchange Gains	<u>2,338,654</u>	<u>4,685,481</u>
Net Income	<u><u>\$ 24,860,017</u></u>	<u><u>\$ 486,006</u></u>

The Notes to Special Purpose Financial Statements are an integral part of these Statements.

Special Purpose Statements of Changes in Net Trust Resources

Expressed in U.S. dollars

	FOR THE YEARS ENDED					
	JUNE 30, 2005			JUNE 30, 2004		
	BALANCE, BEGINNING OF FISCAL YEAR	CHANGES DURING FISCAL YEAR	BALANCE, END OF FISCAL YEAR	BALANCE, BEGINNING OF FISCAL YEAR	CHANGES DURING FISCAL YEAR	BALANCE, END OF FISCAL YEAR
CONTRIBUTIONS - NOTE 3:						
Unrestricted	\$6,490,373,337	\$333,959,300	\$6,824,332,637	\$5,929,472,632	\$560,900,705	\$6,490,373,337
Temporarily restricted:						
Restrictions on IoC - Note 5	502,297,974	(212,325,379)	289,972,595	652,098,990	(149,801,016)	502,297,974
Temporarily restricted: Pro Rata						
Right & Advance Payment - Note 5	213,014,262	(30,110,879)	182,903,383	222,365,199	(9,350,937)	213,014,262
Total Contributions Committed	7,205,685,573	91,523,042	7,297,208,615	6,803,936,821	401,748,752	7,205,685,573
Contributions receivable	(1,374,800,650)	501,058,997	(873,741,653)	(1,781,196,985)	406,396,335	(1,374,800,650)
Unamortized discounts	(4,981,552)	(1,992,615)	(6,974,167)	(2,321,241)	(2,660,311)	(4,981,552)
Contributions paid in - Notes 5 and 9	5,825,903,371	590,589,424	6,416,492,795	5,020,418,595	805,484,776	5,825,903,371
GRANTS AND FEES - NOTES 6 AND 7:						
IBRD/IA	(2,001,229,875)	(301,157,960)	(2,302,387,835)	(1,652,274,670)	(348,955,205)	(2,001,229,875)
UNDP	(1,073,646,646)	(107,233,196)	(1,180,879,842)	(1,056,994,764)	(16,651,882)	(1,073,646,646)
UNEP	(299,119,078)	(76,104,317)	(375,223,395)	(199,918,949)	(99,200,129)	(299,119,078)
EAs	(24,746,467)	(52,744,270)	(77,490,737)	(23,510,467)	(1,236,000)	(24,746,467)
Secretariat	(2,745,600)	(603,000)	(3,348,600)	(2,745,600)	—	(2,745,600)
Total Grants and Fees	(3,401,487,666)	(537,842,743)	(3,939,330,409)	(2,935,444,450)	(466,043,216)	(3,401,487,666)
Deficit	(51,228,566)	24,860,017	(26,428,549)	(51,774,572)	486,006	(51,288,566)
TOTAL NET TRUST RESOURCES	\$2,373,127,139	\$77,606,698	\$2,450,733,837	\$2,033,199,573	\$339,927,566	\$2,373,127,139

The Notes to Special Purpose Financial Statements are an integral part of these Statements.

Special Purpose Statements of Cash Flows

Expressed in U.S. dollars

	FOR THE YEARS ENDED	
	JUNE 30, 2005	JUNE 30, 2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 24,860,017	\$ 486,006
Adjustments to reconcile to net cash provided by operating activities:		
Unrealized Loss on Pooled Investments	2,983,118	1,592,051
Decrease in Investment Income Receivable	1,707,435	3,504,824
Amortization of Discount on Contributions	902,171	471,145
Net Cash Flows from Operating Activities	30,452,741	6,054,026
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash Contributions Received	735,062,567	1,003,345,563
Cash used for Grants and Fees	(499,110,801)	(368,972,424)
Net Cash Flows Provided by Financing Activities	235,951,766	634,373,139
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash transferred to Pooled Investments	(266,404,507)	(640,427,165)
Net Cash Flows Used in Investing Activities	(266,404,507)	(640,427,165)
Net Increase in Cash	—	—
Cash and Cash Equivalents, Beginning of Year	—	—
Cash and Cash Equivalents, End of Year	\$ —	\$ —

The Notes to Special Purpose Financial Statements are an integral part of these Statements.

Notes to Special Purpose Financial Statements

Years Ended June 30, 2005 and 2004

Expressed in U.S. dollars

Note 1: Organization and Operations

The Global Environment Facility (the “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 funding 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”).

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 GEF Council (the “Council”) are eligible for funding insofar as they achieve global environmental benefits in the focal areas.

Under the Instrument, contributions to the GEF and all other assets and receipts of the GEF are held in the Global Environment Facility Trust Fund (the “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 (the “GET”) (a funding mechanism for the Global Environment Facility, established in 1991 as a pilot program) was terminated and all funds, receipts, assets and liabilities held in the GET were transferred to the Trust Fund at book value.

The Trust Fund is administered by the International Bank for Reconstruction and Development (“IBRD”) as Trustee (the “Trustee”). The resources of the Trust Fund, held in trust by the Trustee, are kept separate and apart from the resources of IBRD. Under the Instrument, the Trustee was authorized to accept contributions to the Trust Fund for the period from July 1, 1994 to June 30, 1998 (“GEF-1”). To date, two additional replen-

ishments to the original GEF have been agreed by the participants (“GEF-2” and “GEF-3”). In March 1998, the Contributing Participants agreed upon the terms of the GEF-2 for the period July 1, 1998 to June 30, 2002, and in August 2002 on the terms of the GEF-3 for the period July 1, 2002 to June 30, 2006. The total size of the GEF-3 was agreed at Special Drawing Rights (“SDR”) 2.365 billion (US \$3.0 billion).

The Executive Directors of IBRD authorized IBRD to act as Trustee in respect of the resources made available for GEF-2 (Resolution No. 98-2) and GEF-3 (Resolution 2002-0005). For the time between the expiration of GEF-2 and the GEF-3 Resolution 2002-0005 becoming effective (March 24, 2003), the Trustee was authorized to accept contributions to the GEF Trust Fund under the GEF-2 Resolution No. 98-2 (amendment to Resolution No. 98-2). In continuation of the procedure for the transition from GEF-1 to GEF-2, upon effectiveness of the GEF-3, all funds receipts, assets, and liabilities held by the Trustee under the GEF-2 became administered as part of the GEF-3.

Under the Instrument, there are three Implementing Agencies — IBRD, the United Nations Development Programme (“UNDP”) and the United Nations Environment Programme (“UNEP”) (jointly, the “IAs,” each individually, an “IA”). Specific responsibilities are assigned to each of the IAs, the GEF Secretariat (the “Secretariat”) and the Trustee.

Between May 1999 and May 2001, the Council approved proposals for the participation in the execution of GEF activities of the Asian Development Bank (“ADB”), the African Development Bank/African Development Fund, the European Bank for Reconstruction and Development (“EBRD”), the Food and Agriculture Organization of the United Nations (“FAO”), the Inter-American Development Bank (“IADB”), International Fund for Agriculture and Development (“IFAD”), and the United Nations Industrial Development Organization (“UNIDO”) (jointly, the “Executing Agencies” or “EAs”), and authorized the Secretariat to make Project Development and Preparation Facility - Block B (the “PDF-B”) resources available to them. In October 2002, the Council approved a proposal to expand direct access to

Notes to Special Purpose Financial Statements

Years Ended June 30, 2005 and 2004

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PDF-B resources by ADB and IADB to provide full access to allocations of GEF resources. On November 21, 2003, the Council approved a proposal to expand direct access of all other EAs (namely, the African Development Bank/African Development Fund, EBRD, FAO, IFAD, and UNIDO), acting within their agreed scope for GEF operations, to include direct access to allocations of GEF resources for the implementation of medium- and full-size projects and, on a case-by-case basis, PDF-A in addition to PDF-B grants. As of July 31, 2005, arrangements allowing for expanded direct access have been entered into between the Secretariat, the Trustee and ADB, the African Development Bank/African Development Fund, FAO, IADB, IFAD, and UNIDO, respectively. An Arrangement with EBRD is currently being negotiated.

Note 2: Summary of significant accounting and related policies

These special purpose financial statements have been prepared for the specific purpose of presenting the financial position of the Trust Fund and the statements of income, changes in net trust resources, and cash flows. These special purpose financial statements are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America (U.S.) or with International Financial Reporting Standards. These special purpose financial statements report operations and balances of the Trust Fund and are prepared in accordance with the accounting policies outlined below.

Basis of Presentation — The Trust Fund's special purpose financial statements are prepared on the modified accrual basis of accounting. Specifically, the effects of transactions and other events are recognized when they occur (and not when cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the special purpose financial statements in the periods to which they relate. This basis is consistently applied to all financial statement line items and note disclosures except for the investment income earned on the grant funds held by the IAs and EAs and administrative budget expense amounts, which are reported on a cash basis of accounting.

Use of Estimates — These special purpose financial statements include estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. In measuring Cumulative Grants and Fees, Grant Liability, and Income earned on GEF Grant and Administrative Budget Funds, the Trustee relies on the information provided by the IAs and EAs. The Trustee records liabilities upon receipt of notification of project approval by the respective IAs and EAs. Significant reliance is placed upon the IAs and EAs to report such approvals and/or amendments to the Trustee on a timely basis. The Trustee records investment income earned on grant funds and administrative budget funds held by the IAs and EAs as described in the preceding paragraph. Any adjustment from the information previously provided to the Trustee by the IAs and EAs is recorded in the fiscal year in which such adjustment is reported to the Trustee.

Share in Pooled Investments — The Trustee maintains all Trust Fund assets separate and apart from the funds of IBRD, the International Development Association, the International Finance Corporation, the Multilateral Investment Guarantee Agency, the International Centre for Settlement of Investment Disputes (the "World Bank Group"), but commingles the Trust Fund's assets with other trust fund assets administered by the World Bank Group.

Amounts paid into the Trust Fund, but not yet disbursed, are managed by the Trustee, which maintains an investment portfolio (the "Pool") administered by the World Bank Group. Under the Pool's investment strategy in effect during the current reporting periods, a significant portion of the Pool is invested in liquid instruments such as money market deposits, U.S. Treasury securities, high grade bonds, asset backed securities, and mortgage backed securities. The pooled investments are reported at fair value.

IBRD maintains the investments on a pooled accounting basis. Share in Pooled Investments represents the Trust Fund's pro rata share of the Pool's

Notes to Special Purpose Financial Statements

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Expressed in U.S. dollars

fair value at the end of the reporting period. The fair value is based on market quotations, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. The corresponding proportionate realized and unrealized gains/losses and interest income, accrue to the Trust Fund in the period in which they occur.

Prior year comparatives have been amended to reclassify cash and cash equivalents of \$868,960,313, and investments \$745,060,992 into Share in Pooled Investments, in order to conform with current year presentation.

Contributions and Discounts — The Trust Fund derives its funding primarily from contributions provided by the Contributing Participants. Contributions committed by Contributing Participants are recorded in full as Contributions Committed when the Trust Fund has received Instruments of Commitment (“IoCs”) and Qualified IoCs from the Contributing Participants. Amounts not yet paid are recorded as Contributions Receivable and are shown as a reduction of Contributions Committed on the statements of financial position. Such treatment does not increase the Trust Fund’s net trust resources. The Contributions Receivable are settled through payment of cash or deposit of non-negotiable, non-interest-bearing demand notes and are recorded and carried at their face amount.

Contributions Paid In are recorded net of discounts, which are negotiated with Contributing Participants who request such discounts for acceleration of the cash payments for their contributions. The related contributions are recorded at the full undiscounted amounts. The unamortized discounts are recorded as a reduction of Contributions Committed. Discounts are amortized over the agreed encashment period of respective installments, which represents the period over which the notes received are typically encashed by the Trustee.

Notes Receivable — Promissory notes received in settlement of contributions are encashed (drawn down) by the Trustee based upon encashment schedules as agreed with the Contributing Participants during replenishment negotiations. Unencashed balances are recorded as Note Receivables and are reported in the Statements of Financial Position.

Temporarily Restricted Contributions — Contributions may be restricted either because a Contributing Participant has deposited a Qualified IoC (i.e., an IoC deposited by a Contributing Participant whose legislative body has not yet authorized full payment of the contribution) or because a Contributing Participant restricts commitment of the payments made against a particular tranche (i.e., restrictions imposed on Contributions Paid In). In the case of a Qualified IoC, when the Contributing Participant’s legislative body approves full payment, that Contributing Participant’s contribution is re-classified as an unrestricted contribution committed. In the case of a restriction imposed on a payment against a particular tranche, when the restriction is lifted or the condition causing the restriction to be imposed is met, the payment is reclassified as an unrestricted contribution committed.

Grant and Fee Liabilities — The Trust Fund disburses grant funds to the three IAs and the executing agencies who have entered into arrangements with the Trustee and the Secretariat for their direct access to GEF resources (i.e. ADB, EBRD, IADB, UNIDO, FAO, and IFAD) (together the “EAs”), and the Secretariat to fund GEF projects. Fees are paid to the IAs and the EAs to cover expenses associated with the project cycle management of GEF projects. Grant funds and fees become liabilities for the Trust Fund upon the following, as described below:

Grant Liability — Twice annually and by intervening mail interseasonals, the Secretariat prepares a work program in collaboration with the IAs and the EAs for approval by the Council. Following the approval by the Council or the Chief Executive Officer of the GEF (the “CEO”) and endorsement by the CEO in the case of the Council

Notes to Special Purpose Financial Statements

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approved grants, and subject to the availability of resources in the Trust Fund, the Trustee commits funds to the IAs and EAs based upon the information provided by the Secretariat. However, such commitments become liabilities for the Trust Fund only upon approval by the respective IAs and EAs of the GEF activities for which such resources have been provided. Grant funds authorized to be disbursed to the Secretariat become liabilities for the Trust Fund upon commitment by the Trustee.

Fee Liability — Fees become liabilities of the Trust Fund after they have been approved by the Council, requested by the respective IAs and EAs, and committed by the Trustee.

The potential exposure to the Trust Fund arising from the Trustee's commitments of grants and fees is disclosed in these notes to the special purpose financial statements (see Note 6).

Cumulative Grants and Fees — Grants and fees become liabilities for the Trust Fund in accordance with the accounting policies outlined above. Grants and fees that have been disbursed are recorded together with grants and fees that have been committed but not yet disbursed as of year-end by the Trustee as a reduction of the Trust Fund's net trust resources in the statements of financial position.

Administrative Budget — In accordance with the Instrument, the Trust Fund reimburses IBRD, UNDP, and UNEP for reasonable administrative expenses incurred in the performance of their functions as IAs. In addition, the Trust Fund pays for the administrative expenses of the Secretariat and the Trustee. The Council approves the administrative budget in advance of the fiscal year. The IAs, Secretariat, and Trustee are required to report any unused funds remaining from prior year administrative budgets to the Trustee, at which time the current year administrative budget, less any unused funds is recorded as an expense in the current year.

Foreign Exchange Gains/Losses — These special purpose financial statements are expressed in U.S. dollars for the purpose of reporting the Trust Fund's assets, liabilities, net trust resources, and income and expenses. Unrealized foreign exchange gains and losses result from the revaluation of assets and liabilities held in currencies other than the U.S. dollar as at June 30, 2005 and 2004. Realized foreign exchange gains and losses result from the conversion of assets and liabilities held in currencies other than the U.S. dollar.

Notes to Special Purpose Financial Statements

Years Ended June 30, 2005 and 2004

Note 3: Contributions

As of June 30, 2005 cumulative contributions by Contributing Participants are as follows:

CONTRIBUTING PARTICIPANTS	AS AT JUNE 30, 2005			AS AT JUNE 30, 2004	
	CONTRIBUTIONS RECEIVABLE	CONTRIBUTIONS PAID IN	TOTAL CONTRIBUTIONS	TOTAL CONTRIBUTIONS	
Argentina	\$ 2,500,000	\$ 2,500,000	\$ 5,000,000	\$ 5,000,000	
Australia	13,113,984	108,329,251	121,443,235	115,592,996	
Austria	7,380,131	94,921,357	102,301,488	101,828,456	
Bangladesh	—	2,734,440	2,734,440	2,730,132	
Belgium	25,415,742	95,436,477	120,852,219	120,222,518	
Brazil	—	11,206,687	11,206,687	11,211,115	
Canada	32,198,858	281,509,997	313,708,855	303,043,297	
China	2,743,556	27,092,925	29,836,481	30,226,013	
Côte d'Ivoire	—	20,039,416	20,039,416	20,100,624	
Czech Republic	1,463,230	15,341,370	16,804,600	16,761,770	
Denmark	12,115,229	122,417,051	134,532,280	133,765,315	
Egypt	2,335,201	8,971,001	11,306,202	11,316,192	
Finland	10,803,204	95,096,811	105,900,015	105,775,828	
France	49,644,850	581,591,030	631,235,880	627,704,493	
Germany	73,416,562	831,111,863	904,528,425	903,697,036	
Greece	3,469,085	12,938,757	16,407,842	16,413,097	
IBRD	—	28,602,686	28,602,686	28,602,687	
India	2,449,053	28,636,778	31,085,831	30,908,914	
Indonesia	—	5,689,700	5,689,700	5,689,700	
Ireland	1,734,543	11,597,992	13,332,535	13,330,626	
Italy	143,970,065	249,315,550	393,285,615	248,131,517	
Japan	110,946,338	1,201,879,500	1,312,825,838	1,320,032,913	
Korea	1,107,540	13,845,969	14,953,509	14,953,509	
Luxembourg	1,734,543	16,423,608	18,158,151	18,106,558	
Mexico	1,267,750	19,667,860	20,935,610	20,935,610	
Netherlands	22,822,730	270,081,907	292,904,637	292,749,493	
New Zealand	2,143,799	17,056,382	19,200,181	18,141,164	
Nigeria	4,389,690	12,351,409	16,741,099	16,759,879	
Norway	8,688,240	111,778,935	120,467,175	118,374,158	
Pakistan	1,463,230	21,216,864	22,680,094	22,622,076	
Portugal	1,734,761	22,166,965	23,901,726	23,837,281	
Slovak Republic	—	5,657,783	5,657,783	5,657,783	
Slovenia	365,808	2,446,819	2,812,627	2,800,597	
Spain	8,746,374	64,251,597	72,997,971	72,486,789	
Sweden	—	244,607,447	244,607,447	246,504,001	
Switzerland	19,409,506	192,777,033	212,186,539	213,307,969	
Turkey	1,463,230	21,208,370	22,671,600	22,667,106	
United Kingdom	53,677,457	509,994,739	563,672,196	563,696,361	
United States (Note 4)	249,027,364	1,040,972,636	1,290,000,000	1,360,000,000	
Total	\$ 873,741,653	\$ 6,423,466,962	\$ 7,297,208,615	\$ 7,205,685,573	
Less unamortized discounts		(6,974,167)			
Contributions paid in		\$ 6,416,492,795			

Notes to Special Purpose Financial Statements

Years Ended June 30, 2005 and 2004

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At June 30, 2005 and 2004, the paid in amounts of \$6,416,492,795 and \$5,825,903,371 contain a note receivable balance of \$1,587,777,520 and \$1,732,250,663, respectively. Notes Receivable represent non-negotiable, non-interest-bearing demand notes, which have been deposited by Contributing Participants. Encashments of Notes Receivable represent the conversion of such notes into cash according to a pre-defined schedule, as agreed between the Contributing Participants and the Trustee.

The estimates of encashment of these non-negotiable, non-interest-bearing demand notes as at June 30, 2005 and 2004 are as follows. These amounts are not discounted.

Notes Receivable Encashment Schedule

JUNE 30, 2005		JUNE 30, 2004	
AMOUNT	ENCASHMENT DATE	AMOUNT	ENCASHMENT DATE
		\$ 434,477,000	June 2005
\$ 397,655,938	June 2006	342,049,000	June 2006
327,099,068	June 2007	277,246,000	June 2007
289,967,898	June 2008	241,370,000	June 2008
247,346,620	June 2009	202,232,000	June 2009
193,745,127	June 2010	156,568,000	June 2010
87,841,724	June 2011	52,205,000	June 2011
43,921,144	June 2012	26,103,663	June 2012
<u>\$ 1,587,577,520</u>		<u>\$ 1,732,250,663</u>	

Notes to Special Purpose Financial Statements

Years Ended June 30, 2005 and 2004

Note 4: Contributions Receivable

Contributions committed by Contributing Participants are recorded in full as Contributions Committed when the Trust Fund has received IoCs and Qualified IoCs from the Contributing Participants. Amounts not yet paid are recorded as Contributions Receivable and are shown as a reduction of Contributions Committed on the statements of financial position.

For the Third Replenishment of the GEF (GEF-3), the United States deposited a Qualified Instrument of Commitment for an Additional contribution subject to the achievement of specific performance measures, as described in footnote f of Attachment 1 to the GEF-3 Resolution (Executive Directors' Resolution No 2002-0005 dated December 19, 2002).

"In addition to four annual installments of USD 107.5 million, the United States will provide USD 70 million in the final year of the replenishment upon achievement of performance measures outlined in Schedule 1 to this Table."

Included among the performance measures that conditioned the additional contribution was the establishment of a performance-based allocation system by Fall 2004. The GEF Council decided that this condition had not been met on time, as recorded in the Joint Summary of the Chairs of the GEF Council Meeting on November 17–19, 2004, under "Decision on Agenda Item 7 — Verification of Replenishment Targets." As a result, the United States is no longer committed to provide the Additional Contribution of USD 70 million. Consequently, the Trustee reduced the amount of Contributions Receivable from the United States by USD 70 million for the GEF-3 and FY05.

Outstanding contributions receivable are as follows:

	<u>JUNE 30, 2005</u>	<u>JUNE 30, 2004</u>
GEF-1 contributions due on:		
July 1, 2007 through June 30, 2008	\$ 500,000	\$ 500,000
July 1, 2006 through June 30, 2007	1,278,400	1,281,730
July 1, 2005 through June 30, 2006	1,278,400	1,281,730
July 1, 2004 through June 30, 2005	1,778,400	1,781,731
	<u>4,835,200</u>	<u>4,845,191</u>
GEF-2 contributions due on:		
July 1, 2004 through June 30, 2005	140,667,365	157,214,709
	<u>140,667,365</u>	<u>157,214,709</u>
GEF-3 contributions due on:		
July 1, 2005 through June 30, 2006	728,239,088	634,510,232
July 1, 2004 through June 30, 2005	—	578,230,518
	<u>728,239,088</u>	<u>1,212,740,750</u>
Total	<u>\$ 873,741,653</u>	<u>\$ 1,374,800,650</u>

Notes to Special Purpose Financial Statements

Years Ended June 30, 2005 and 2004

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Note 5: Temporarily Restricted Contributions

Temporarily Restricted Contributions (Restrictions on IoC) — As of June 30, 2005, the Contributions Committed and the Contributions Receivable are restricted due to the deposit of Qualified IoCs by Canada and Spain for its contributions to the GEF-3 and the U.S. for its contributions to the GEF-2 and the GEF-3.

Temporarily Restricted Contributions (Restrictions on IoC)

	JUNE 30, 2005	JUNE 30, 2004
GEF-2		
United States	\$ 140,667,364	\$ 140,667,364
GEF-3		
Canada	32,198,857	59,056,962
Spain	8,746,374	17,573,648
United States	108,360,000	285,000,000
	149,305,231	361,630,610
Total	\$ 289,972,595	\$ 502,297,974

In addition to restrictions imposed on IoCs, as described above, as of June 30, 2005 and 2004, the Trust Fund has \$182,903,383 and \$213,014,262, respectively, of contributions with restrictions imposed on Paid In Contributions as described below.

Temporarily Restricted Contributions Due to Exercise of the Pro-rata Right by the Contributing Participants (Restrictions on Paid In Contributions) — The U.S., a Contributing Participant whose contribution to the GEF-2 represents 20.84% of the total amount in resources to be contributed pursuant to Attachment 1 of Resolution No. 98-2, and which has deposited a Qualified IoC, had not unqualified 100% as of June 30, 2002. In accordance with the provisions of Section 8 (b) and (c) of Resolution No. 98-2, Contributing Participants to the GEF-2 have the right to instruct the Trustee to defer commitment of the fourth tranche of their Paid In Contributions to the GEF-2 until corresponding amounts of the U.S. contribution are unqualified ("Pro-rata Right").

As of June 30, 2005, three Contributing Participants, Austria, France, and Japan, had exercised their Pro-rata Right to defer commitment of the fourth tranche of their contribution to the GEF-2, Austria in the amount of \$5,084,843; France in the amount of \$39,807,457; and Japan in the amount of \$110,946,450.

For the GEF-3, the U.S., which deposited a Qualified IoC, had not unqualified 75% as of June 30, 2005. The arrear represents 0.20% of its GEF-3 contributions. As a result, three donors, Austria, France, and Germany, have exercised the Pro-rata Right in proportion to the U.S. shortfall in accordance with the provisions of Section 8 (b) and (c) of Resolution No. 2002-0005. The deferred commitment resulting from exercising the Pro-rata right amounted to \$990,361 as of June 30, 2005.

Accordingly, as of June 30, 2005, the total amount of Paid In Contributions with respect to which commitment is deferred as a result of the exercise of the Pro-rata Right is \$156,829,111 as summarized in the table below.

Temporarily Restricted Contributions Due to Advance Payments by the Contributing Participants (Restrictions on Paid In Contributions) — Certain Contributing Participants pay their contributions to the GEF-3 in advance of the due dates specified in Resolution No. 2002-0005. Commitment of such contributions is restricted unless the Contributing Participant agrees to an early release. As of June 30, 2005, a total of \$26,074,272 was restricted due to advance payments by the Contributing Participants.

The table below summarizes balances for temporarily restricted contributions due to the exercise of the Pro-rata right by Contributing Participants, and due to advance payments by Contributing Participants as of June 30, 2005 and 2004.

Notes to Special Purpose Financial Statements

Years Ended June 30, 2005 and 2004

Expressed in U.S. dollars

Temporarily Restricted Contributions Due to Exercise of the Pro-rata Right by Contributing Participants

CONTRIBUTING PARTICIPANT	JUNE 30, 2005	JUNE 30, 2004
GEF-2		
Austria	\$ 5,084,843	\$ 5,108,360
France	39,807,457	39,991,561
Japan	110,946,450	112,758,039
Sub-total	<u>\$ 155,838,750</u>	<u>\$ 157,857,960</u>
GEF-3		
Austria	\$ 5,904	—
France	397,157	—
Japan	587,300	—
Sub-total	<u>990,361</u>	<u>—</u>
Total	<u>\$ 156,829,111</u>	<u>\$ 157,857,960</u>

Temporarily Restricted Contributions Due to Advance Payments by Contributing Participants

CONTRIBUTING PARTICIPANT	JUNE 30, 2005	JUNE 30, 2004
Côte d'Ivoire	1,463,230	2,938,980
Korea	—	1,398,554
Sweden	24,611,042	50,818,768
Sub-total	<u>26,074,272</u>	<u>55,156,302</u>
Total	<u>\$ 182,903,383</u>	<u>\$ 213,014,262</u>

Note 6: Grants and Fees Committed by Trustee

The resources of the Trust Fund to be disbursed to the IAs, EAs, and the Secretariat are approved by the Council or the CEO, as appropriate (and endorsed by the CEO in the case of Council approved grants), and, subject to the availability of resources in the Trust Fund, are committed by the Trustee. Grant commitments to the IAs and EAs become payable upon approval by the respective IAs and EAs of the GEF activities for which such resources have been provided. However, it is reasonably possible that amounts committed by the Trustee to the IAs and the EAs for GEF activities which have not yet been approved by the respective IAs and the EAs may become payable by the Trust Fund in the next fiscal year. The grant funds commitments to the Secretariat become payable upon commitment by the Trustee.

For the fiscal years ended June 30, 2005 and 2004, the cumulative grants and fees approved by the Council (and endorsed by the CEO if applicable), and/or by the CEO, committed by the Trustee and approved by the respective IAs and EAs (ADB, EBRD, IADB and UNIDO) are as follows:

Notes to Special Purpose Financial Statements

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Expressed in U.S. dollars

	CUMULATIVE GRANTS AND FEES AS AT:	
	JUNE 30, 2005	JUNE 30, 2004
COUNCIL ALLOCATIONS GRANTS AND FEES		
IBRD/IA	\$ 3,205,376,159	\$ 3,039,441,922
UNDP	2,033,082,543	1,831,584,773
UNEP	508,473,271	446,584,602
Secretariat	3,348,600	2,745,600
EAs	86,542,737	36,553,467
Total Council Allocations	\$ 5,836,823,310	\$ 5,356,910,364
Of which Trustee Commitments are:		
TRUSTEE COMMITMENTS GRANTS AND FEES		
IBRD/IA	\$ 2,660,788,598	\$ 2,444,060,652
UNDP	1,692,844,765	1,499,982,064
UNEP	455,983,715	392,784,570
Secretariat	3,348,600	2,745,600
EAs	84,339,627	36,865,467
Total Trustee Commitments	\$ 4,897,305,305	\$ 4,376,438,353
Of which grants and fees approved by IAs and EAs are:		
IBRD/IA	\$ 2,302,387,835	\$ 2,001,229,875
UNDP	1,180,879,842	1,073,646,646
UNEP	375,223,395	299,119,078
Secretariat	3,348,600	2,745,600
EAs	77,490,737	24,746,467
Total IA and EA approvals	\$ 3,939,330,409	\$ 3,401,487,666

The differences between the total Council allocations and the total Trustee commitments in the amounts of \$939,518,005 at June 30, 2005 and \$980,472,011 at June 30, 2004 represent the amounts that have been approved by the Council or the CEO, as applicable, (and endorsed by the CEO if applicable) but not have been committed by the Trustee. The differences between the total Trustee commitments and the total IAs and EAs approvals in the amounts of \$957,974,896 and \$974,950,687, at June 30, 2005 and 2004, respectively, represent the amounts that have been committed by the Trustee but not yet approved by IAs and EAs.

Note 7: Grants and Fees

For the fiscal years ended June 30, 2005 and 2004, grants approved and fees requested by the IAs and EAs are as follows:

	DURING THE PERIOD	
	JUNE 30, 2005	JUNE 30, 2004
GRANTS		
IBRD/IA	\$ 290,627,110	\$ 301,308,955
UNDP	85,944,049	225,000
UNEP	72,714,744	90,507,419
UNIDO	4,689,380	828,000
IFAD	700,000	300,000
Secretariat	603,000	—
ADB	28,475,000	—
IDB	13,925,000	—
Sub-total	497,678,283	393,169,374
FEES		
IBRD/IA	10,530,850	47,646,250
UNDP	21,289,147	16,426,882
UNEP	3,389,573	8,692,710
UNIDO	54,000	108,000
ADB	3,520,840	—
IDB	1,380,050	—
Sub-total	40,164,460	72,873,842
Total	\$ 537,842,743	\$ 466,043,216

Note 8: Investment Income Earned on GEF Grant Funds Held by IAs

Investment income earned by the IAs on GEF grant funds held by the IAs prior to disbursement is reported in the statement of income on a cash basis (i.e., when reported to the Trustee). For the fiscal years ended June 30, 2005 and 2004, the investment income amounts the IAs have reported to the Trustee are \$1,621,871 and zero, respectively.

Notes to Special Purpose Financial Statements

Years Ended June 30, 2005 and 2004

Expressed in U.S. dollars

Note 9: Grant 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 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. IBRD as IA and the International Finance Corporation, acting as executing agency for IBRD as IA, have approved such GEF operations. The Trustee has committed funds 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, the Trustee has reported amounts committed to IBRD as IA for such GEF operations as grant liabilities and cumulative grants. At June 30, 2005 the Trust Fund had transferred grant funds to IBRD as IA totaling \$51,875,000 with repayment provisions.

During the year, an amount of \$3,392,007 comprising \$2,717,581 principal repayment plus interest of \$674,426 was repaid to the Trust Fund, and are reported as income in the statement of income.

Note 10: Administrative Relationships

The Trust Fund is administered by IBRD as Trustee. IBRD also acts as an IA for the GEF. In the normal course of operations, the Trust Fund transfers funds, based on decisions by the Council, to two separate accounts set up for (i) IBRD as Trustee, and (ii) IBRD as IA to carry out their respective responsibilities and roles for the GEF.

Amounts transferred from the Trust Fund to IBRD as Trustee, and IBRD as IA are as follows:

TRANSFERS TO:	FOR THE YEAR ENDED JUNE 30, 2005				LIABILITY AT JUNE 30, 2005	
	GRANTS	FEEs	ADMINISTRATIVE BUDGET	TOTAL	GRANTS	FEEs
IBRD as IA	228,350,000	35,157,000	2,939,274	266,446,274	820,708,500	4,621,100
IBRD as Trustee	—	—	1,450,000	1,450,000	—	—
	228,350,000	35,157,000	4,389,274	267,896,274	820,708,500	4,621,100
TRANSFERS TO:	FOR THE YEAR ENDED JUNE 30, 2004				LIABILITY AT JUNE 30, 2004	
	GRANTS	FEEs	ADMINISTRATIVE BUDGET	TOTAL	GRANTS	FEEs
IBRD as IA	114,877,347	18,399,000	2,768,702	136,045,049	758,431,389	29,247,250
IBRD as Trustee	—	—	874,000	874,000	—	—
	114,877,347	18,399,000	3,642,702	136,919,049	758,431,389	29,247,250

Notes to Special Purpose Financial Statements

Years Ended June 30, 2005 and 2004

Expressed in U.S. dollars

In accordance with the Instrument, and as approved annually by the Council, the Trust Fund provides grant and corporate budget funds to the GEF Secretariat in order to reimburse the GEF Secretariat for administrative expenses incurred in the performance of its corporate management activities.

	TRANSFERS FROM THE TRUST FUND TO GEF SECRETARIAT				LIABILITY AT JUNE 30	
	GRANTS	FEES	ADMINISTRATIVE BUDGET	TOTAL	GRANTS	FEES
For the year ended June 30, 2005	603,000	—	12,926,538	13,529,538	—	—
For the year ended June 30, 2004	—	—	12,584,305	12,584,305	—	—

With respect to the three recipient-executed grants identified above, in one case, the recipient reimbursed the Trust Fund \$161,965 in June 2003, representing the full amount considered ineligible by the Bank'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 has reviewed the findings of this work and, as a result of this review, in May 2005, IBRD deemed it appropriate to reimburse \$2,420,000 million to the Trust Fund. This amount was reported as income in the statement of income.

Note 11: Use of Trust Fund Resources

The IBRD performs various compliance reviews of trust fund activities as part of its regular control framework. These reviews include GEF-financed activities for which IBRD acts as the Implementing Agency. During fiscal year 2002, IBRD as Implementing Agency 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 GEF Council in a letter dated April 21, 2003.

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

World Bank Reference
TF050551

Financial Statement and
Independent Auditors' Report
June 30, 2005

THE WORLD BANK GROUP
Trust Funds Division
1818 H Street, N.W. Washington, D.C. 20433, USA
Tel.: (202) 458-5800 Fax: (202) 477-7163

INDEPENDENT AUDITORS' REPORT

To: The Council of the Global Environment Facility and International Bank for Reconstruction and Development
as Implementing Agency of the Global Environment Facility Trust Fund

We have audited the accompanying statement of cash receipts, disbursements and fund balance of the Global Environment Facility Trust Fund, International Bank for Reconstruction and Development as an Implementing Agency of the Global Environment Facility Trust Fund as of June 30, 2005 and for the year then ended and for the period from March 14, 1991 (date of inception) to June 30, 2005. This financial statement is the responsibility of the Trust Fund administrator's management. Our responsibility is to express an opinion on this financial statement based on our audits. The financial statement 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, 1997 was audited by other auditors whose report, dated October 2, 1997, expressed an unqualified opinion on that financial statement and included an explanatory paragraph that described the basis of accounting discussed in Note 2 to the financial statement. The financial statement for the period from March 14, 1991 (date of inception) to June 30, 1997 reflects total disbursements of US\$ 318.3 million of the related total for the period March 14, 1991 (date of inception) to June 30, 2004. The other auditor's report has been furnished to us, and our opinion, insofar as it relates to the amounts included for such prior period, is based solely on the report of such auditors.

We conducted our audits 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. The Trust Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included 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 Trust Fund'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 management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2 to the financial statement, this financial statement is prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and International Financial Reporting Standards. This financial statement is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America or International Financial Reporting Standards.

In our opinion, based on our audits and the report of the other auditors, the financial statement referred to above presents fairly, in all material respects, the fund balance of the International Bank for Reconstruction and Development as an Implementing Agency of the Global Environment Facility Trust Fund at June 30, 2005 and the cash receipts and disbursements for the year then ended and for the period from March 14, 1991 (date of inception) to June 30, 2005, on the basis of accounting described in Note 2 to the financial statement.

As discussed in Note 10 to the financial statement, as part of its regular control framework, the International Bank for Reconstruction and Development ("IBRD") performs various compliance reviews of the trust fund activities. These reviews include the Global Environment Facility Trust Fund ("GEF") - financed activities for which IBRD acts as an Implementing Agency. During fiscal year 2002, the Bank as an Implementing Agency brought to the attention of the Trustee and the Chief Executive Officer of the GEF that this work had identified certain matters which could result in ineligible expenditures in three recipient-executed GEF grants. Of the three recipient-executed grants, in one case, the recipient reimbursed the GEF Trust Fund US\$161,965 in June 2003, representing the full amount considered ineligible by the Bank's review, thereby closing this case. No irregularities were identified in the case of the second grant. With respect to the third grant, in May 2005, IBRD reimbursed US\$2.42 million to the GEF Trust Fund.

Deloitte & Touche LLP

October 30, 2005

Member of
Deloitte Touche Tohmatsu

Statement of Cash Receipts, Disbursements and Fund Balance

Expressed in U.S. dollars

	FOR THE YEAR ENDED JUNE 30, 2005	MARCH 14, 1991 (INCEPTION) TO JUNE 30, 2005
TRANSFERS IN FROM TRUSTEE FOR:		
Projects	\$ 228,350,000	\$1,329,842,918
Project Implementation Fees (Note 3)	35,157,000	189,201,674
Corporate Budget (Note 4)	2,939,274	129,285,945
Project Grant to EBRD (Note 5)	—	9,907,650
Project Implementation Fee for EBRD (Note 5)	—	942,000
	266,446,274	1,659,180,187
Investment Income (Note 7)	1,361,092	12,028,538
Return of Funds from Special Deposit Account (Note 8)	493,190	720,566
Repayment of Disbursements with Repayment Provisions (Note 9)	3,392,007	3,392,007
Reimbursement of Ineligible Expenditures (Note 11)	2,420,000	2,420,000
Total Receipts	274,112,563	1,677,741,298
Project Disbursements (Notes 6, 9, 10 and 11)	170,530,924	1,269,672,785
Project Implementation Fees (Note 3)	29,203,896	150,647,386
Corporate Budget Disbursements (Note 4)	2,961,159	129,091,104
Repayment of Disbursements with Repayment Provisions (Note 9)	3,392,007	3,392,007
Reimbursement of Ineligible Expenditures (Note 11)	2,420,000	2,420,000
Project Grant Transfer to EBRD (Note 5)	—	9,907,650
Project Implementation Fee Transfer to EBRD (Note 5)	—	942,000
Total Disbursements	208,507,986	1,566,072,932
Excess of Receipts over Disbursements	65,604,577	111,668,366
Fund Balance, Beginning of Period	46,063,789	—
Fund Balance, End of Period	\$ 111,668,366	\$ 111,668,366
Fund balance consists of:		
Share in Pooled Cash and Investments		\$ 111,668,366

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

Notes to the Statement of Cash Receipts, Disbursements and Fund Balance

June 30, 2005

Expressed in U.S. dollars

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 “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 Trust Fund at book value. The Trust Fund is administered by the International Bank for Reconstruction and Development (“IBRD”) as Trustee. Separate financial statements report the financial position, operations and cash flows of the Trust Fund.

In addition to being Trustee of the Trust Fund, the International Bank for Reconstruction and Development (“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 Trust Fund.

IBRD is a member of the World Bank Group, which also includes the International Finance Corporation, the International Development Association, the Multilateral Investment Guarantee Agency, and the International Centre for Settlement of Investment Disputes. IBRD performs certain administrative, accounting, financial reporting and treasury services related to trust fund activities on behalf of the World Bank Group.

Note 2 — Basis of Accounting

The accompanying financial statement reports the cash receipts and disbursements of IBRD as an Implementing Agency (“IA”) of the GEF Trust Fund and has been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America or International Financial Reporting Standards. Under the cash receipts and disbursements basis of accounting, receipts are recorded when collected rather than when pledged, and disbursements are recorded when paid rather than when incurred. This financial statement is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America or International Financial Reporting Standards.

Transactions recorded in periods subsequent to the financial statement date, including reimbursement of disbursements deemed by management not to be eligible in accordance with the relevant trust fund and/or grant agreements, whether these transactions relate to the reporting period or to prior periods, are reported in the Statement of Cash Receipts, Disbursements and Fund Balance in the period the cash transaction occurs.

Notes to the Statement of Cash Receipts, Disbursements and Fund Balance

June 30, 2005

Expressed in U.S. dollars

IBRD is an international organization which conducts its operations in the currencies of all of its members. Disbursements in currencies other than the reporting currency are translated at the rates of exchange on the transaction dates. Transaction gains or losses, if any, are borne by IBRD.

Note 3 — Project Implementation Fees

On an ongoing basis, the 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 with funds to reimburse certain project implementation expenses associated with the identification, preparation, appraisal, negotiation, supervision and evaluation of GEF projects.

Note 4 — Corporate Budget

In accordance with the Instrument, and as approved annually by the Council, the Trust Fund provides 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. On an annual basis, the Council reviews and approves the corporate budget of the GEF, including the budget for IBRD as IA. 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.

Note 5 — Project Grants and Project Implementation Fees for 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 Implementing Agencies of the GEF, of which IBRD is one.

Pursuant to an agreement between IBRD as IA and EBRD, a grant of \$9,907,650, to support the implementation of an EBRD/GEF Environmental Credit Facility in the Republic of Slovenia together with \$942,000 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 \$9,907,650, and \$942,000, respectively, from the GEF Trustee, for purposes of transferring such funds to EBRD. These funds were transferred to EBRD during the year ended June 30, 2004.

Note 6 — Administrative Arrangements

In addition to the Project Implementation Fees and Corporate Budget it receives (Notes 3 and 4 respectively), IBRD is periodically reimbursed for expenditures made from its own resources in executing activities for the trust fund. Disbursements include amounts for direct staff costs, related benefits and overheads reimbursed to IBRD and incurred for activities consistent with the purpose of the trust fund in accordance with the administration agreements.

Note 7 — Investment Income

Amounts received from the Trust Fund for Project Implementation Fees, but not yet disbursed, are managed by IBRD, which maintains an investment portfolio (the “Pool”) for all of the trust funds administered by the World Bank Group. IBRD maintains all trust fund assets separate and apart from the funds of the World Bank Group. Under the Pool’s investment strategy in effect during the current reporting period, a significant portion of the Pool is invested in liquid instruments such as money market deposits, U.S. Treasury securities and other high-grade bonds.

Investment income 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.

Notes to the Statement of Cash Receipts, Disbursements and Fund Balance

June 30, 2005

Expressed in U.S. dollars

Note 8 — 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 income by IBRD. IBRD as IA has recorded \$493,190 and \$720,566 for the year ended June 30, 2005, and the period March 14, 1991 (date of inception) to June 30, 2005, respectively, as project reflows.

Note 9 — 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, have approved to implement and execute programs of such GEF operations other than grants, with repayment provisions. IBRD as IA has advanced funds 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, IBRD as IA has reported amounts advanced for such GEF operations as Project disbursements. With respect to active grants as at June 30, 2005, the Trust Fund had transferred grant funds to IBRD as IA for such operations totaling \$51,875,000 as grants with repayment provisions. With respect to active grants as at June 30, 2005, IFC, acting as executing agency for IBRD as IA, had disbursed grants with repayment provisions totalling \$21,464,683 to grant recipients, and are included in the line item "Project Disbursements" in the accompanying financial statement. In accordance with the cash receipts and disbursements 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 year ended June 30, 2005, an amount of \$3,392,007, comprising of \$2,717,581 principal repayment plus interest of \$674,426 was repaid to IBRD as IA. Subsequently, this amount was transferred to the GEF Trust Fund during the year ended June 30, 2005.

Note 10 — Commitments and Contingencies

As part of normal operations, the IBRD as Implementing Agency enters into contractual arrangements with external parties to undertake activities permitted under the trust fund. Some of these arrangements may contain predefined payment schedules for which funds are disbursed to external parties from the trust fund via reimbursements to IBRD. In accordance with the cash receipts and disbursements basis of accounting used, disbursements are not recorded in the financial statement until such payments are made.

Note 11 — Reimbursement of Ineligible Expenditures

IBRD performs various compliance reviews of trust fund activities as part of its regular control framework. These reviews include GEF-financed activities for which IBRD acts as the 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.

With respect to the three recipient-executed grants identified above, in one case, the recipient reimbursed the trust fund \$161,965 in June 2003, representing the full amount considered ineligible by the Bank's review, therefore closing the case. No irregularities were identified in the case of the second grant. With respect to the third grant, IBRD management has reviewed the findings of this work and, as a result of this review, in May 2005, IBRD deemed it appropriate to reimburse \$2,420,000 to IBRD as IA.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
GLOBAL ENVIRONMENT FACILITY TRUST FUND
THE SECRETARIAT

World Bank Reference
TF050495 & TF050496

Financial Statement and
Independent Auditors' Report
June 30, 2005

THE WORLD BANK GROUP
Trust Funds Division
1818 H Street, N.W. Washington, D.C. 20433, USA
Tel.: (202) 458-5800 Fax: (202) 477-7163

INDEPENDENT AUDITORS' REPORT

To: The Secretariat and the Council of the Global Environment Facility

We have audited the accompanying statement of cash receipts, disbursements and fund balance of the Trust Fund for the Secretariat of the Global Environment Facility as of June 30, 2005 and for the year then ended and for the period from March 14, 1991 (date of inception) to June 30, 2005. This financial statement is the responsibility of the Trust Fund administrator's management. Our responsibility is to express an opinion on this financial statement based on our audits. The financial statement of the Trust Fund for the Secretariat of the Global Environment Facility for the period March 14, 1991 (date of inception) to June 30, 1997 was audited by other auditors whose report, dated October 2, 1997, expressed an unqualified opinion on that financial statement and included an explanatory paragraph that described the basis of accounting discussed in Note 2 to the financial statement. The financial statement for the period from March 14, 1991 (date of inception) to June 30, 1997 reflects total disbursements of US\$24.3 million of the related total for the period from March 14, 1991 (date of inception) to June 30, 2005. The other auditors' report has been furnished to us, and our opinion insofar as it relates to the amounts included for such prior period, is based solely on the report of such other auditors.

We conducted our audits 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 our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Trust Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included 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 Trust Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report from the other auditors provide a reasonable basis for our opinion.

As described in Note 2 to the financial statement, this financial statement was prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America or International Financial Reporting Standards. This financial statement is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America or International Financial Reporting Standards.

In our opinion, based on our audits and the reports of the other auditors, the financial statement referred to above presents fairly, in all material respects, the fund balance of the Trust Fund for the Secretariat of the Global Environment Facility at June 30, 2005 and the cash receipts and disbursements for the year ended June 30, 2005, and for the period from March 14, 1991 (date of inception) to June 30, 2005, on the basis of accounting described in Note 2 to the financial statement.



November 30, 2005

Member of
Deloitte Touche Tohmatsu

Trust Fund for the Secretariat of the Global Environment Facility

Statement of Cash Receipts, Disbursements and Fund Balance

	FOR THE YEAR ENDED JUNE 30, 2005	MARCH 14, 1991 (DATE OF INCEPTION) TO JUNE 30, 2005
TRANSFERS IN FROM TRUSTEE FOR:		
Corporate Budget (Note 3)	\$10,359,383	\$103,621,424
Monitoring and Evaluation (Note 4)	2,567,155	4,658,755
Grant Commitments (Note 8)	603,000	3,348,600
	<u>13,529,538</u>	<u>111,628,779</u>
Donor Contributions - Monitoring and Evaluation (Note 6)	121,133	653,099
Donor Contributions - WSSD (Note 6)	—	150,000
Total Receipts	<u>13,650,671</u>	<u>112,431,878</u>
Corporate Budget Disbursements (Notes 3 and 9)	11,586,513	99,493,122
Monitoring and Evaluation Disbursements (Notes 4 and 9)	2,644,870	4,806,025
Grant Commitments (Notes 5 and 9)	71,706	2,032,443
Total Disbursements	<u>14,303,089</u>	<u>106,331,590</u>
(Disbursements over Receipts) / Excess of Receipts over Disbursements	(652,418)	6,100, 288
Fund Balance, Beginning of Period	<u>6,752,706</u>	<u>—</u>
Fund Balance, End of Period	<u>6,100,288</u>	<u>6,100, 288</u>
Fund balance consists of:		
Share in Pooled Cash and Investments		<u>\$ 6,100, 288</u>

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

Notes to the Statement of Cash Receipts, Disbursements and Fund Balance

June 30, 2005

Expressed in U.S. dollars

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 “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 Trust Fund at book value. The Trust Fund is administered by the International Bank for Reconstruction and Development (“IBRD”) as Trustee. Separate financial statements report the financial position, operations and cash flows of the Trust Fund.

The Secretariat of the GEF (“the Secretariat”) coordinates the formulation of projects included in the annual work program, oversees its implementation, and makes certain that operational strategy and policies are followed. The Secretariat is supported administratively by IBRD and operates in a functionally independent manner to discharge the responsibilities assigned to it under the Instrument. IBRD performs certain administrative, accounting, financial reporting and treasury services related to trust fund activities on behalf of the Secretariat. The Instrument similarly assigns other responsibilities to the Trustee of the Trust Fund and the implementing agencies.

IBRD is a member of the World Bank Group, which also includes the International Finance Corporation, the International Development Association, the Multilateral Investment Guarantee Agency, and the International Centre for Settlement of Investment Disputes.

Note 2 — Basis of Accounting

The accompanying financial statement reports the cash receipts and disbursements of the Secretariat, and has been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America or International Financial Reporting Standards. Under the cash receipts and disbursements basis of accounting, receipts are recorded when collected rather than when pledged, and disbursements are recorded when paid rather than when incurred. This financial statement is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America or International Financial Reporting Standards.

Transactions recorded in periods subsequent to the financial statement date, including reimbursement of disbursements deemed by management not to be eligible in accordance with the relevant Trust Fund agreements, whether these transactions relate to the reporting period or to

Notes to the Statement of Cash Receipts, Disbursements and Fund Balance

June 30, 2005

Expressed in U.S. dollars

prior periods, are reported in the Statement of Cash Receipts, Disbursements and Fund Balance in the period the cash transaction occurs.

IBRD is an international organization which conducts its operations in the currencies of all of its members. Disbursements in currencies other than the reporting currency are translated at the rates of exchange on the transaction dates. Transaction gains or losses, if any, are borne by IBRD.

Note 3 — Transfers in from Trustee for Corporate Budget

In accordance with the Instrument, and as approved annually by the Council, the Trust Fund provides corporate budget funds to the Secretariat in order to reimburse the Secretariat for administrative expenses incurred in the performance of its corporate management activities. On an annual basis, the Council reviews and approves the corporate budget of the GEF, including the budget for the Secretariat. Using these funds, the Secretariat subsequently reimburses IBRD for certain administrative, accounting, financial reporting, and treasury services performed by IBRD on behalf of the Secretariat.

Note 4 — Monitoring and Evaluation Unit

Administratively, the M&E Unit is located within the GEF Secretariat and reports directly to the GEF Council. The M&E Unit is responsible for all corporate M&E activities, including the development of M&E policies and guidelines, implementation of the annual project performance review, focal area and cross-cutting evaluations, country portfolio reviews and the evaluation of GEF's overall performance.

Effective July 1, 2003, the corporate budget of the M&E unit is reported separately from the corporate budget of the Secretariat. Funding for M&E activities prior to July 1, 2003 were included in the line item "Transfers in

from Trustee for Corporate Budget', as described in Note 3. Similarly, corporate budget disbursements associated with M&E activities prior to July 1, 2003 are included in the 'Corporate Budget Disbursements' line item. Transfers in of \$2,567,155 and corporate budget disbursements of \$2,644,870 for the year ended June 30, 2005 represent amounts relating to the fiscal year ended June 30, 2005, and do not include any amounts which may have been received or disbursed by the Secretariat for M&E activities prior to July 1, 2003, given that the M&E unit was made an independent unit effective July 1, 2003.

Using these funds, the M&E unit subsequently reimburses IBRD for certain administrative, accounting, financial reporting and treasury services performed by IBRD in connection with M&E activities.

Note 5 — Administrative Arrangements

In addition to the Corporate Budget and Monitoring and Evaluation funds it receives (Notes 3 and 4 respectively), IBRD is periodically reimbursed for expenditures made from its own resources in executing activities for the trust fund. Grant Commitment disbursements include amounts for direct staff costs, related benefits and overheads reimbursed to IBRD, and incurred for activities consistent with the purpose of the trust fund in accordance with the administration agreements.

Note 6 — Donor Contributions

Contributions received in various currencies are converted into U.S. dollars by IBRD. The M&E Unit has received Donor contributions totaling \$121,133 and \$653,099 for the year ended June 30, 2005, and for the period March 14, 1991 (date of inception) to June 30, 2005, respectively, to support a study of the Nature of Local Benefits in GEF Program areas.

Notes to the Statement of Cash Receipts, Disbursements and Fund Balance

June 30, 2005

Expressed in U.S. dollars

Prior to the fiscal year ended June 30, 2005, the M&E unit previously received Donor contributions totaling \$150,000 to fund the development of lessons-learned case studies on environmental enterprises for presentation at the World Summit on Sustainable Development ("WSSD").

Note 7 — Investment Income

Funds held by the Secretariat, but not yet disbursed, are managed by IBRD, which maintains an investment portfolio (the "Pool") for all of the trust funds administered by the World Bank Group. IBRD maintains all trust fund assets separate and apart from the funds of the World Bank Group. Under the Pool's investment strategy in effect during the current reporting period, a significant portion of the Pool is invested in liquid instruments such as money market deposits, U.S. Treasury securities and other high-grade bonds.

Investment income earned on funds held by the Secretariat is credited to the Trust Fund, and therefore is not reflected in the accompanying financial statement.

Note 8 — Approved Grant Commitments

Cumulative funds received for grant commitments totaling \$3,348,600 include \$748,600 as part of the GEF Country Dialogue Workshops, a joint project managed by United Nations Development Programme ("UNDP"), United Nations Environment Programme ("UNEP") and IBRD in cooperation with the Secretariat.

In addition, the Secretariat was previously authorized by the contributing participants to commit \$2,600,000 with respect to the Programme for Measuring Incremental Costs for the Environment ("PRINCE") project. As of June 30, 2005, the PRINCE project has been completed.

Note 9 — Commitments and Contingencies

As part of normal operations, the Secretariat may enter into contractual arrangements with external parties to undertake activities permitted under the trust fund. Some of these arrangements may contain predefined payment schedules for which funds are disbursed to external parties from the trust fund. In accordance with the cash receipts and disbursements basis of accounting used, disbursements are not recorded in the financial statement until such payments are made.

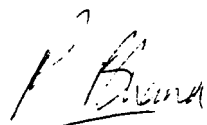
AUDIT OPINION

I have audited the accompanying Statement of Income and Expenditure and notes thereto of the United Nations Development Programme (UNDP) Trust Fund for the Global Environment Facility (GEF) for the twelve months ended 31 December 2004. The financial statements are the responsibility of UNDP management. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted my audit in accordance with the common auditing standards of the Panel of external Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency and in conformity with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes the examining, on a test basis, and where considered by the auditor to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for the audit opinion.

In my opinion, the Statement of Income and Expenditure and notes thereto fairly presents, in all material respects, the operations of the Trust Fund for the Global Environment Facility for the twelve months ended 31 December 2004.

Furthermore, in my opinion, the transactions of the Trust Fund for the GEF that has come to my notice or which I have tested as part of my audit, have in all significant respects been in accordance with the Instrument for the establishment of the Global Environment Facility and the decisions taken by the GEF Council.



Pramesh Bhana
Director, External Audit, South Africa
United Nations Board of Auditors
25 November 2005

Statement of Income and Expenditure for the 12 Months Ended 31 December 2004 for GEF Trustee

In U.S. thousands of dollars

	<u>2004</u>	<u>2003</u>
INCOME		
Voluntary contributions — Note 1	\$105,404	\$215,689
Interest income	623	(96)
Other income	137	246
	<u>106,164</u>	<u>215,839</u>
EXPENDITURE		
Programme expenditure	144,065	129,466
Administrative costs	15,424	17,695
Other expenditure	9	18
	<u>159,498</u>	<u>147,179</u>
Excess (shortfall) of income over expenditure	(53,334)	68,660
Savings on prior biennium's obligations	(224)	(230)
Refunds to donors and transfers to/from Other Funds	(17,897)	(17,415)
Reserves & fund balances, beg. of period	91,730	40,715
Reserves & fund balances, end of period	\$ 20,275	\$ 91,730

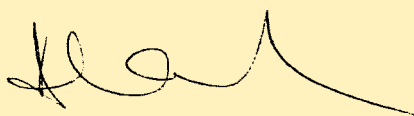
Approved Project Commitments from GEF Funds

Cumulative to 31 December 2004

In U.S. thousands of dollars

Full-sized Technical assistance	\$ 1,039,994
Small Grants Programme	172,651
Medium-sized	70,240
Enabling Activity	93,894
PRIF and other	18,742
PDF-A	5,313
PDF-B	50,987
PDF-C	2,058
Total approved project commitments	\$ 1,453,879

I certify, in all material respects, that the information contained in this statement reflects the activities for the Global Environment Facility financed from contributions received from the World Bank, as GEF Trustee.



Darshak Shah
Director and Comptroller
Office of Finance, BOM
United Nations Development Programme

Notes to the Statement

Note 1: Voluntary contributions comprise:

	2004	2003
(IN U.S. THOUSANDS OF DOLLARS)		
GEF Trustee on behalf of the World Bank	\$ 105,404	\$ 215,469
UNEP	—	220
Total voluntary contributions	\$ 105,404	\$ 215,689

Note 2: This Statement of Income and Expenditure has been prepared on an accrual basis of accounting except for voluntary contributions which are on a cash basis in line with UNDP accounting policies. Therefore this statement includes the following unliquidated obligations:

	2004	2003
(IN U.S. THOUSANDS OF DOLLARS)		
Unliquidated obligations—Projects	\$10,133	\$9,343
Unliquidated obligations—Administrative	—	—
Total unliquidated obligations	\$10,133	\$9,343

Prior biennium's Administrative obligations not used are recorded as savings in the subsequent period.

Outstanding advances receivable/(payable) made to executing agencies are (as at 31 December):

	2004	2003
(IN U.S. THOUSANDS OF DOLLARS)		
Government	\$13,390	\$11,970
Executing Agencies	(8,878)	(7,251)
Total outstanding advances receivable/(payable)	\$ 4,512	\$ 4,719

Note 3: Unexpended resources

The GEF Trust Fund has received letters of commitments from the World Bank as trustee to the Global Environment Facility for \$1,792,623,000 (2003: \$1,469,098,000).

United Nations Nations Unies

BOARD OF AUDITORS

NEW YORK

FAX: (212) 963-3684

AUDIT OPINION

I have audited the Statement of Assets, Liabilities, Reserves and Fund Balance as at 31 December 2004, Statement of Income and Expenditures and Changes on Reserves and Fund Balance and Statement of Cash Flows of the United Nations Environment Programme (UNEP) Trust Fund for the Global Environment Facility (GEF) for the financial period ended 31 December 2004. These financial statements are the responsibility of UNEP management. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted my audit in accordance with the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency and in conformity with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, and as considered by the auditor to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for the audit opinion.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Fund for the GEF as at 31 December 2004 and the results of operations and cash flows for the period then ended.

Further, in my opinion, the transactions of the Trust Fund for the GEF that have come to my notice or which I have tested as a part of my audit, have in all significant respects been in accordance with the Instrument for the establishment of the Global Environment Facility and the decisions taken by the GEF Council.



Sabiniano G. Cabatuan
Director, External Audit, Philippines
United Nations Board of Auditors
21 November 2005

Statement of Income and Expenditure and Changes in Reserves and Fund Balance

for the First Year of the Biennium 2004–2005 Ended 31 December 2004

In U.S. thousands of dollars

	2004	2003
	USD	USD
INCOME		
Voluntary contributions	\$24,621	\$52,075
Interest income	293	1,233
Miscellaneous income	49	17
Total Income	24,963	53,325
EXPENDITURE		
Staff and other personnel costs	14,029	11,757
Contractual services	27,091	20,059
Travel	3,244	2,274
Operating expenses	10,004	8,273
Acquisitions	2,684	2,269
Other expenditures	—	(9)
Total Expenditure	57,052	44,623
Excess/(shortfall) of income over expenditure	(32,089)	8,702
Prior year adjustment	(1,278)	(7,205)
Net excess/(shortfall) of income over expenditure	(33,367)	1,497
Provisional savings on or cancellation of prior periods' obligations	5	(821)
Reserves and fund balances, beginning of period	76,613	75,937
Reserves and fund balances, end of period	\$43,251	\$76,613



David Hastie
Acting Chief
Budget and Financial Management Service, UNON
20 April 2005

Statement of Assets, Liabilities, Reserves, and Fund Balance

as at 31 December 2004

In U.S. thousands of dollars

	2004	2003
	USD	USD
ASSETS		
Cash and term deposits	\$ 17,158	\$ 71,925
Other accounts receivable	35,050	32,113
Deferred charges	279	73
Total Assets	52,487	104,111
LIABILITIES		
Interfund payable	1,149	21,256
Other accounts payable	2,259	3,239
Reserve for obligations	5,828	3,003
Total Liabilities	9,236	27,498
RESERVES AND FUND BALANCES		
Cumulative surplus	43,251	76,613
Total Reserves and Fund Balances	43,251	76,613
Total Liabilities, Reserves, and Fund Balances	\$52,487	\$104,111



David Hastie
Acting Chief
Budget and Financial Management Service, UNON
20 April 2005

Statement of Cash Flows

for the First Year of the Biennium 2004–2005 Ended 31 December 2004

In U.S. thousands of dollars

	2004 USD	2003 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Net excess/(shortfall) of income over expenditure	\$(33,367)	\$1,497
(INCREASE)/DECREASE IN		
Other accounts receivable	(2,937)	(6,931)
Deferred charges	(206)	(55)
INCREASE/(DECREASE) IN		
Other accounts payable	(980)	(341)
Reserves for obligations	(2,825)	(1,527)
Less: interest income	(293)	(1,232)
Net cash from operating activities	(34,958)	(8,589)
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES		
Increase/(decrease) in interfund payable	(20,107)	17,963
Plus: interest income	293	1,232
Net cash flow from investing and financing activities	(19,814)	19,195
CASH FLOW FROM OTHER SOURCES		
Provisional savings on or cancellation of prior periods' obligations	5	(821)
Net cash flow from other sources	5	(821)
NET INCREASE/(DECREASE) IN CASH AND SHORT-TERM DEPOSITS	(54,767)	9,785
Cash and short-term deposits, beginning of period	71,925	62,140
Cash and short-term deposits, end of period	\$17,158	\$71,925



David Hastie
Acting Chief
Budget and Financial Management Service, UNON
20 April 2005



The GEF Family

Council Members and Alternates	65
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(Bolivia)

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(Argentina)

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RAMOS, Teresa

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(Portugal)

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DUARTE, Villanova
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AGHA, Tanwir
Alternate: LUTFI, Sultan (Jordan)
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GARCIA-THÄRN, Amalia
Alternate: GARCIA-THÄRN, Amalia (Sweden)
KARANKO, Kari
Countries: Estonia, **Finland**, Sweden

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Alternate: D'ONOFRIO, Gaetano (Italy)
Countries: **Italy**

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Alternate: HERMANN, Walter (Germany)
Countries: **Germany**

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Alternate: AISI, Robert G. (Papua New Guinea)
Countries: Cook Islands, Fiji, **Indonesia**, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Philippines, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu

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VASUDEV, Chander Mohan (India)
Alternate: AHMED, Khan (Bangladesh)
ALI KHAN, Akbar (Bangladesh)
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Alternate: WOLDEYOHANNIS, Mogos (Eritrea)
Countries: Comoros, **Djibouti**, Eritrea, Ethiopia, Kenya, Madagascar, Mauritius, Rwanda, Seychelles, Sudan, Tanzania, Uganda

Member: WHEATLEY, Josceline (UK)
Alternate: HATHAWAY, Roy (UK)
Countries: **United Kingdom**
Member: WOROU, Theophile (Benin)
Alternate: OTENG-YEBOAH, Alfred (Ghana)
Countries: **Benin**, Côte d'Ivoire, Ghana, Guinea, Nigeria, Sierra Leone, Togo

Member: ZOU, Jiayi (China)
Alternate: YANG, Jinlin (China)
Countries: **China**

The latest list of GEF's Primary In-Country Contacts is available online at www.thegef.org/participants/focal_points/focal_points.html

as of December 31, 2005

*Countries in bold currently hold rotating Council Member position.

The Constituencies of the following new member countries have yet to be determined: Bosnia-Herzegovina, Equatorial Guinea, Gabon, Israel, Liberia, Libya, Malta, Sao Tome and Principe, Serbia and Montenegro and Timor-Leste DR.



NGO Regional Contacts

CENTRAL NGO FOCAL POINT

Liliana HISAS
GEF NGO Regional Focal Point for
South America
Fundacion Ecologica Universal - FEU
Av. Corrientes 1393, 7 floor
Buenos Aires (C1043ABA)
Argentina
Tel: 54 11 43730552
Fax: 54 11 43731243
E-Mail: lhisas@feu999.org

AFRICA

INDIGENOUS PEOPLES

Lucy MULENKEI
Indigenous Information Network
Box 74908-00200
City Square
Nairobi
Kenya
Tel: 254 273958
Fax: 254 2729607
E-Mail: iin@iin.co.ke

NORTHERN AFRICA

Salah Sahabi
Association Recherche Climat
Environnement (ARCE)
BP 4250 Ibn Rochd, 31037
Oran, Algeria
Tel: (213) 41 42 31 16
Fax: (213) 41 53 07 38/41 42 58 67
E-mail: salah_sahabi@yahoo.com

SOUTHERN AFRICA

Dorothy MANUEL
Zero Regional Environment
Organization
158 Fife Avenue, Greenwood
P.O. Box 5338

Harare, Zimbabwe
Tel: (+263 4) 720405/706998
Fax: (+263 4) 720405/706998
E-mail: dorothy@zeroregional.com

WESTERN AFRICA

Djimingue NANASTA
GEF NGO Regional Focal Point for
Western Africa
ENDA Tiers Monde-Programme
Energie
54, Rue Carnot
BP 3370
Dakar
Senegal
Tel: 221 822 5983
Fax: 221 821 7595
E-Mail: energy2@enda.sn

ASIA

PACIFIC

Rex HOROI
Executive Director
Foundation of the Peoples of the
South Pacific International
Suva
Fiji
Tel: 679 331 2250
Fax: 679 331 2298
E-Mail: rex.horoi@fspi.org.fj

WESTERN ASIA

Khadija RAZAVI
GEF NGO Regional Focal Point for
Western Asia
Centre for Ecodevelopment Studies
and Applications (CENESTA)
West 10 Juybar Street Fatemi Place
14157 Tehran
Iran

Tel: 98 21 8957922
Fax: 98 21 2954217
E-Mail: Khadija@cenesta.org

EUROPE

Roman PUKALOV
GEF NGO Regional Focal Point for
Europe
Greenpeace
Moscow, Novaya Bashilovka 6
Russia
E-Mail:
baikal.russia@diala.greenpeace.org

LATIN AMERICA AND THE CARIBBEAN

CARIBBEAN

Joth SINGH
Executive Director
Caribbean Conservation Association
(CCA) Chelford
Bush Hill
The Garrison
St. Michael
Barbados
Tel: 246 426 5373
Fax: 246 429 8483
E-Mail: ccadirector@caribsurf.com

Leslie John WALLING
Caribbean Conservation Association
(CCA)
"Chelford", Bush Hill, The Garrison
St. Michael, Barbados
Tel: (246) 426 5373
Fax: (246) 429 8483
E-mail: cca@ccanet.net

MESOAMERICA

Jesus CISNEROS
GEF NGO Regional Focal Point for
Mesoamerica
Oficina Regional para Mesoamérica,
Unión Mundial para la
Naturaleza (UICN-ORMA)
IUCN Mesoamerica Regional Office
P.O. Box 146-2150
Moravia
Costa Rica
Tel: 506 2410101
Fax: 506 2409934
E-Mail: jesus.cisneros@iucn.org

SOUTH AMERICA

German ROCHA
Corporación País Solidario "CPS"
Calle 70 No. 13-29
Bogota, Colombia
Tel: (571) 2495336
Fax: (571) 2491044
E-mail: cpscol@yahoo.com,
cenprof@sky.net.co

NORTH AMERICA

Gary ALLPORT
National Audubon Society
700 Broadway
New York, New York 10003
United States
Tel: 202 8612242 ext 3032
Fax: 202 861 4290
E-Mail: gallport@audubon.org

Scientific and Technical Advisory Panel Members

Ms. Yolanda Kakabadse
Chairperson, STAP
Fundacion Futuro Latinoamericano
Mariano Echeverria 843
Quito
Ecuador
E-Mail: yolandak@uio.satnet.net

Dr. Habiba Gitay
Vice Chairperson, STAP
Millennium Ecosystem Assessment
Capacity Building Coordinator
(visiting Fellow at the Australian
National University)
9910 Chase Hill Court
Vienna, VA 22182
USA
E-Mail: habiba.gitay@anu.edu.au

Dr. Cristian Samper
Director
Smithsonian Institution
National Museum for Natural History
10th & Constitution Avenue, NW
Suite 421
Washington, DC 20560-0106
USA
E-Mail: samperc@si.edu

Prof. Brian Huntley
Chief Executive
National Botanical Institute
Kirstenbosch
Private Bag X7
Claremont 7735, Cape Town
South Africa
E-Mail: Huntley@sanbi.org
Laidler@sanbi.org

Dr. Peter J. Schei
DG PJS
Fridtjof Nansen Institute
PO Box 326
NO-1326
Lysaker
Norway
E-Mail: pjs@fni.no

Prof. Peter Hennicke
President
Wuppertal Institute for Climate,
Environment, and Energy
Doppersberg 19
42103 Wuppertal
Germany
E-Mail: Peter.hennicke@wupperinst.org
sylvia.borbonus@wupperinst.org

**Dr. Anjali Rambaud-Measson
Shanker**
IED Innovation Energie
Développement
2, Chemin de la Chauderaie
69340 Francheville
France
E-Mail: a.shanker@ied-sa.fr

Dr. Timothy O. Williams
Chief Programme Officer
(Agriculture)
Special Advisory Services Division
Commonwealth Secretariat
Marlborough House
Pall Mall
London, SW1Y 5HX
UK
E-Mail: t.williams@commonwealth.int
wiltmt@aol.com

Prof. Anne R. Kapuscinski
Director
Institute for Social, Economic, and
Ecological Sustainability (ISEES)
University of Minnesota
186 McNeal Hall
1985 Buford Avenue
St. Paul, MN 55108
USA
E-Mail: kapus001@umn.edu

Mrs. Angela Cropper
2 Mt. Anne Drive, Second Avenue
Cascade
Port of Spain
Trinidad and Tobago
E-Mail: acropper@thecropperfoundation.org
Copy to: Keisha Garcia at
kgarcia@thecropperfoundation.org

Prof. Anand Patwardhan
Indian Institute of Technology
Shailesh J. Mehta School of
Management
Powai
Mumbai 400076
India
E-Mail: anand@iitb.ac.in
apat@yahoo.com
edtifac@tifac.org.in

Prof. Thomas B. Johansson
Professor and Director
International Institute for Industrial
Environmental Economics
Lund University
PO Box 196
221 00 Lund
Sweden
E-Mail: thomas.b.johansson@iiiee.lu.se

Prof. Saburo Matsui
Professor
Graduate School of Global
Environmental Studies
Department of Technology & Ecology
Kyoto University
Yoshida Honmachi
Sakyo-ku, Kyoto City
Kyoto 606-8501
Japan
E-Mail: matsui@eden.env.kyoto-u.ac.jp

Prof. Sani Ibrahim
Associate Professor
School of Chemical Sciences
Universiti Sains Malaysia
11800 USM, Pulau Pinang
Malaysia
E-Mail: sani@usm.my
sanihim@yahoo.com

Prof. Hubertus Savenije
Department Water Management
(Hydrology and Ecology)
Delft University of Technology
Stevinweg 1 - Room 4.94
2628 CN Delft
The Netherlands
E-Mail: h.h.g.savenije@citg.tudelft.nl

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Information used in this report was provided by the GEF, the World Bank, the World Health Organization, the United Nations, and several nongovernmental organizations.

PRODUCTION CREDITS

Text: James D. Spellman
Editors: Clare Fleming and Sarwat Hussain
Production: Asha Richards, Rick Ludwick, Nora Ridolfi
Design: Patricia Hord, Graphik Design
Printing: York Graphic Services

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GLOBAL
ENVIRONMENT
FACILITY

For more information contact:

Global Environment Facility
1818 H Street NW
Washington, DC 20433 USA
Tel: 202-473-0508
Fax: 202-522-3240
Email: Secretariat@theGEF.org

www.theGEF.org