



June 30, 2015 and 2014

# **Global Environment Facility Trust Fund (GEF)**

Administered by the International Bank for Reconstruction and Development as Trustee

**World Bank Reference: TF029840**

**Independent Auditors' Report and Statements of Receipts,  
Disbursements and Fund Balance**

**The World Bank Group**

Trust Funds Division, Accounting and Business Services Department  
Finance and Accounting Vice Presidency

[www.worldbank.org](http://www.worldbank.org)

**Trust Fund for the Global Environment Facility**  
**Statements of Receipts, Disbursements and Fund Balance**

**June 30, 2015 and 2014**

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## **Independent Auditors' Report**

Global Environment Facility (GEF) Council; and  
International Bank for Reconstruction and Development  
as Trustee of the Global Environment Facility Trust Fund – TF029840:

We have audited the accompanying statements of the Global Environment Facility Trust Fund – TF029840 (the Trust Fund) under administration by the International Bank for Reconstruction and Development (the Trustee), which comprise the statements of receipts, disbursements and fund balance (the Statements) as of June 30, 2015 and 2014, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of the Statements in accordance with the modified cash basis of accounting described in note 4; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these Statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trustee's preparation and fair presentation of the Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trustee's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the Statements referred to above present fairly, in all material respects, the receipts, disbursements and fund balance of the Trust Fund as of June 30, 2015 and 2014, in accordance with the modified cash basis of accounting described in note 4.



***Basis of Accounting***

We draw attention to note 4 of the Statements, which describes the basis of accounting. The Statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles (U.S. GAAP) or International Financial Reporting Standards (IFRS). Our opinion is not modified with respect to this matter.

**KPMG LLP**

October 23, 2015

# STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

For The Fiscal Years Ended June 30, 2015 and 2014

Expressed in U.S. dollars unless otherwise noted

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
<b>Receipts</b>			
Contributions received	7	\$ 788,569,178	\$ 723,962,380
Net investment income	6	30,384,964	44,830,528
Investment income earned on GEF grant funds	8	2,233,210	2,140,352
<b>Total receipts</b>		<b><u>821,187,352</u></b>	<b><u>770,933,260</u></b>
<b>Disbursements</b>			
Disbursements for grants and fees	9	980,828,682	823,391,532
Disbursements for administrative budgets:	10		
UNEP (STAP)		2,540,000	2,203,129
Secretariat and Evaluation Office		21,050,779	24,307,896
IBRD/Trustee		3,140,250	3,499,900
<b>Total disbursements</b>		<b><u>1,007,559,711</u></b>	<b><u>853,402,457</u></b>
Excess of disbursements over receipts before foreign currency adjustment		(186,372,359)	(82,469,197)
Foreign currency adjustment		(93,928)	75,643
Excess of disbursements over receipts after foreign currency adjustment		(186,466,287)	(82,393,554)
<b>Fund balance:</b>			
Beginning of the year		<u>3,564,857,024</u>	<u>3,647,250,578</u>
<b>End of the year</b>		<b><u>\$ 3,378,390,737</u></b>	<b><u>\$ 3,564,857,024</u></b>
Fund balance consists of:			
Trust Fund's share of the cash and investment in the Pool	5	<b><u>\$ 3,378,390,737</u></b>	<b><u>\$ 3,564,857,024</u></b>

The accompanying notes are an integral part of the Statements of Receipts, Disbursements and Fund Balance.

# NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

June 30, 2015 and 2014

*Expressed in U.S. dollars unless otherwise noted*

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## Note 1: Organization and Operations

On July 1, 1994 (date of inception, hereinafter referred to as “Inception”), the Global Environment Facility (“GEF”), was formally established as a financial mechanism by the Instrument for the Establishment of the Restructured Global Environment Facility (the “Instrument”). Further, the GEF Trust Fund (the “Trust Fund”) was established pursuant to the terms of the Instrument. Since inception, the Instrument has been amended periodically upon approval by the Assembly of the GEF (governing body of the GEF in which member countries participate) and adoption by the Implementing Agencies (see Note 3) and the Trustee of the Trust Fund (the “Trustee” as defined below).

The GEF provides funding to eligible countries for incremental costs of measures to achieve global environmental benefits in six focal areas specified in the Instrument, as amended: biological diversity, climate change, international waters, land degradation (primarily desertification and deforestation), ozone layer depletion, and persistent organic pollutants. 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 if they achieve global environmental benefits in the focal areas.

The Trust Fund is administered by the International Bank for Reconstruction and Development (“IBRD”) as Trustee. The resources of the Trust Fund, held in trust by the Trustee, are kept separate and apart from the resources of IBRD.

The responsibilities of the Trustee include the mobilization of resources for the Trust Fund, financial management of the Trust Fund, investment of funds as well as disbursement of funds to the Implementing Agencies (“IAs”), Executing Agencies (“EAs”) and GEF Project Agencies (see Note 3), in accordance with the provisions of the Instrument and decisions made by the Council.

## Note 2: Summary of Replenishments

As of June 30, 2015, there have been six replenishment cycles under which the Trustee was authorized to accept contributions to the Trust Fund, as follows:

GEF-1: July 1, 1994 – June 30, 1998: \$2.01 billion

GEF-2: July 1, 1998 – June 30, 2002: \$2.67 billion

GEF-3: July 1, 2002 – June 30, 2006: \$2.93 billion

GEF-4: July 1, 2006 – June 30, 2010: \$3.34 billion

GEF-5: July 1, 2010 – June 30, 2014: \$4.34 billion

GEF-6: July 1, 2014 – June 30, 2018: \$4.43 billion

# NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

June 30, 2015 and 2014

*Expressed in U.S. dollars unless otherwise noted*

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On July 30, 2014, the World Bank Executive Directors adopted IBRD Resolution No. 2014-0002 entitled "Global Environment Facility Trust Fund Sixth Replenishment of Resources (the "GEF-6 Resolution") thereby authorizing the IBRD, as Trustee of the Trust Fund, to manage the resources made available under the sixth replenishment of resources to the Trust Fund (the "GEF-6").

## **Note 3: Implementing and Executing Agencies and GEF Project Agencies**

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"), the Trustee and the Scientific and Technical Advisory Panel (STAP). GEF resources are allocated to each of those parties pursuant to the terms of the Instrument. In addition, the GEF Council decided in 2003 that the GEF Monitoring and Evaluation Unit shall operate functionally independent and report directly to the GEF Council.

The Secretariat coordinates the formulation of projects included in the annual work program, oversees its implementation, and ensures that operational strategy and policies are followed. The Secretariat is supported administratively by IBRD but operates in an independent manner to discharge the responsibilities assigned to it under the Instrument.

The GEF Chief Executive Officer ("CEO") is appointed by the Council on the joint recommendation of the IAs and heads the Secretariat. In addition to the three Implementing Agencies above, the following organizations receive funding from the GEF:

- Asian Development Bank (ADB)
- African Development Bank/African Development Fund (collectively AfDB)
- Conservation International (CI)
- European Bank for Reconstruction and Development (EBRD)
- Food and Agriculture Organization of the United Nations (FAO)
- Fundo Brasileiro para a Biodiversidade (FUNBIO)
- Inter-American Development Bank (IADB)
- International Fund for Agriculture and Development (IFAD)
- International Union for Conservation of Nature and Natural Resources (IUCN)
- The Development Bank of Southern Africa (DBSA)
- United Nations Industrial Development Organization (UNIDO)
- World Wildlife Fund (WWF-US)

# NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

June 30, 2015 and 2014

*Expressed in U.S. dollars unless otherwise noted*

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## Note 4 - Significant Accounting Policies

### *Basis of preparation*

The Statements of Receipts, Disbursements and Fund Balance (the Statements) have been prepared on the cash receipts and disbursements basis of accounting, modified to record the Trust Fund's share in the pooled cash and investments at fair value (modified cash basis of accounting). Accordingly, net investment income includes the Trust Fund's share of realized and unrealized investment income/loss (see Note 5).

The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP) or International Financial Reporting Standards (IFRS); therefore, the Statement is not intended to be a presentation in conformity with U.S. GAAP or IFRS. Receipts, with the exception of net investment income, as described above and in Note 6, are reported when collected (i.e., when credited to the Trust Fund) rather than when pledged/earned, and disbursements are reported when paid (i.e., when debited to the Trust Fund) rather than when incurred. For example, the following transactions may be incurred in a different period than reported: (1) contributions not credited to the Trust Fund at the period end date due to timing or other reasons; (2) distributions, including approved grant payments, not debited to the Trust Fund at period end due to timing or other reasons; and (3) any refunds of previous disbursements deemed by the Trustee, to be ineligible in accordance with the Trust Fund agreement.

The Statements do not include receipts, disbursements and fund balance of the IAs, the Secretariat, STAP, the Evaluation Office, the EA or GEF Project Agencies. Furthermore, for purposes of these Statements, amounts relating to UNEP include STAP, and similarly, amounts relating to the Secretariat include the Evaluation Office which is responsible for undertaking evaluations that involve a set of projects from more than one IA, EA or GEF Project Agency.

### *Treatment of foreign currency transactions*

The Statements are presented in U.S. dollars, which is the Trust Fund's functional and presentation currency. Transactions in currencies other than U.S. dollars are reported as follows:

- (i) Contributions received by the Trust Fund in various currencies are converted into U.S. dollars by IBRD, as Trustee, upon receipt of funds and receipt of countersigned administration agreements. Foreign currency transaction gains or losses, if any, on conversion of the contributions are borne by the Trust Fund and are reported in contributions.
- (ii) Disbursement to Agencies in currencies other than the U.S. dollars, if any, are reported at the rates of exchange prevailing on the date of transaction and hence does not result in any exchange gain/loss to the Trust Fund.



# NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

June 30, 2015 and 2014

*Expressed in U.S. dollars unless otherwise noted*

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- (iii) At the end of each reporting period, fund balances that are not denominated in U.S. dollars, are revalued at the market rates of exchange prevailing at the end of the respective reporting period. Any adjustment resulting from currency exchange rate changes is recognized as foreign currency adjustment.

*Use of Estimates* - The preparation of the Statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions based upon information available as of the date of these Statements. Actual results could differ from these estimates. Areas in which management makes estimates and assumptions in determining the amounts to be recorded include the fair value of Trust Fund's share of the pooled cash and investments.

## **Note 5 - Trust Fund's Share of the Cash and Investments in the Pool**

Amounts paid into the Trust Fund but not yet disbursed, are managed by IBRD, which maintains an investment portfolio (the Pool) for all of the trust funds administered by IBRD, the International Development Association, the International Finance Corporation, the Multilateral Investment Guarantee Agency, and the International Centre for Settlement of Investment Disputes (collectively, the World Bank Group). IBRD, on behalf of the World Bank Group, maintains all trust fund assets separate and apart from the funds of the World Bank Group.

The Pool is a trading portfolio and is reported at fair value, with realized and unrealized gains/losses included in net investment income. The share in pooled cash and investments represents the Trust Fund's share of the Pool's fair value at the end of each reporting period. The Trust Fund's share in the Pool is not traded in any market; however, the underlying assets within the Pool are traded, and reported at fair value. All investment decisions are made and performance is monitored at the Pool level.

Generally, the Pool includes cash and liquid financial instruments such as government and agency obligations, time deposits, money market securities, and asset-backed securities. Additionally, the Pool includes equity securities, derivative contracts such as currency forward contracts, currency swaps, interest rate swaps, and contracts to purchase or sell mortgage-backed securities to-be-announced (TBAs). Payables and receivables associated with the investment activities are also included in the Pool. The Pool may also include securities pledged as collateral under repurchase agreements as well as derivatives with other counterparties. The Pool may also include securities receivable from resale agreements as well as derivatives for which it has accepted collateral.

The Pool is divided into sub-portfolios to which allocations are made based on fund-specific investment horizons, risk tolerances and/or other eligibility requirements for trust funds with common characteristics as determined by IBRD, on behalf of the World Bank Group. An individual sub-portfolio may hold all or a portion of the types of financial instruments held by the Pool.

# NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

June 30, 2015 and 2014

*Expressed in U.S. dollars unless otherwise noted*

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The Trust Fund's share of the cash and investments in the Pool has a fair value of \$3,378,390,737 and \$3,564,857,024 as of June 30, 2015 and 2014, respectively.

## **Note 6 - Net Investment Income**

Net investment income consists of the Trust Fund's allocated share of the following: interest income earned by the Pool, realized gains/losses from sales of securities, and unrealized gains/losses resulting from recording the assets held by the Pool at fair value.

## **Note 7: Contributions Received**

The Trust Fund receives its funding primarily from contributions, arising in the course of ordinary activities, provided by the participants contributing to the Trust Fund ("Contributing Participants"). Contributing Participants provide Instrument of Commitment (IoCs) as a means of indicating their commitment to contribute to the Trust Fund. The IoCs can be qualified or unqualified. Contributing Participants satisfy their obligations under the IoCs through the payment of cash or by depositing non-negotiable, non-interest-bearing demand promissory notes, or similar obligations with the Trustee in accordance with the payment schedules set forth in the respective replenishment resolutions. In accordance with the modified cash basis of accounting, IoCs and promissory notes are not recorded in the Statements, but rather, cash contributions received in order to extinguish the IoCs or promissory notes are recorded.

# NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

June 30, 2015 and 2014

Expressed in U.S. dollars unless otherwise noted

Cash contributions received during the fiscal year ended June 30, 2015 and 2014, are presented below.

Contributing Participants	Amounts Received	
	2015	2014
Australia	\$ 16,148,896	\$ 17,780,476
Austria	9,839,097	10,181,850
Belgium	22,805,460	22,584,500
Brazil	1,084,715	8,110,264
Canada	67,070,557	25,137,262
China	4,682,500	3,445,000
Czech Republic	1,342,924	-
Denmark	36,398,153	18,106,757
Finland	27,428,968	18,634,980
France	70,260,000	46,861,916
Germany	96,342,997	107,608,606
India	3,000,000	2,250,000
Ireland	1,825,489	1,928,013
Italy	24,639,120	32,798,038
Japan	85,067,266	93,556,403
Korea, Republic of	1,750,966	1,703,335
Luxembourg	1,078,689	1,332,715
Mexico	15,552,747	2,169,065
Netherlands	25,506,257	25,787,559
New Zealand	1,465,603	1,681,396
Norway	7,787,078	14,110,554
Pakistan	1,614,948	236,393
Portugal	332,603	409,770
Russian Federation	-	2,500,000
Slovenia	675,168	945,151
South Africa	1,383,485	1,292,749
Spain	19,169,904	-
Sweden	17,010,089	22,039,756
Switzerland	27,923,791	31,709,205
Turkey	172,453	431,911
United Kingdom	62,646,255	64,878,756
United States	136,563,000	143,750,000
<b>Total Contributions</b>	<b>\$ 788,569,178</b>	<b>\$ 723,962,380</b>

# NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

June 30, 2015 and 2014

*Expressed in U.S. dollars unless otherwise noted*

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## **Note 8: Investment Income Earned on GEF Grant Funds**

As part of its operations, the Trust Fund may disburse large amounts to the IAs, EAs and GEF Project agencies (“agencies”) in order for them to execute GEF projects. These agencies may not immediately further disburse these funds, due to the nature of the projects. The agencies earn interest income on these funds while being held in their separately managed accounts pending disbursement. The agencies are required, by virtue of financial procedure agreements (“FPA”s) between the agencies and the Trustee, to report and remit this income to the Trust Fund upon request by the Trustee. In accordance with the modified cash basis of accounting, investment income on such GEF Grant Funds is recognized when received by the Trust Fund.

## **Note 9: Disbursements for Grants and Fees**

The Council has delegated to the GEF CEO its authority to approve projects whose funding size is \$2 million or less and enabling activities which are subject to expedited processes. Grants are payable to the IAs, the EAs and GEF Project Agencies upon their request, and after they have also approved the projects. The Trust Fund then disburses grant funds to the IAs, EAs as well as GEF Project Agencies, who have entered into arrangements with the Trustee for their direct access to GEF resources to fund such approved GEF projects.

Grants exceeding \$2 million, or grants for enabling activities which are not subject to expedited processes, must be approved by the Council and further endorsed by the GEF CEO.

The Trust Fund pays fees to the IAs and the EAs to cover expenses associated with the project cycle management of GEF projects. Fees are paid to the IAs, the EAs and GEF Project Agencies upon their request.

# NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

June 30, 2015 and 2014

Expressed in U.S. dollars unless otherwise noted

For the fiscal year ended June 30, 2015 and 2014, disbursements for grants and fees are as follows:

	Disbursements	
	2015	2014
<b>Grants</b>		
ADB	\$ 15,698,780	\$ 16,898,000
AfDB	5,206,484	4,600,000
CI	583,135	-
EBRD	2,300,000	9,290,909
FAO	-	52,000,000
GEF Secretariat	23,552,000	670,000
IADB	13,000,000	14,000,000
IBRD, as IA	507,000,000	288,000,000
IFAD	14,712,820	(34,847)
UNDP	252,000,000	233,000,000
UNEP	60,000,000	60,000,000
UNIDO	15,000,000	41,971,256
World Wildlife Fund	-	659,673
<b>Sub-total</b>	<b>\$ 909,053,219</b>	<b>\$ 721,054,991</b>
<b>Fees</b>		
ADB	\$ 1,128,009	\$ 1,124,454
CI	481,281	-
EBRD	218,500	928,091
FAO	7,023,462	7,171,861
IADB	6,248,862	3,162,003
IBRD, as IA	16,833,139	28,084,558
IFAD	1,093,697	-
UNDP	30,560,116	43,470,276
UNEP	7,798,762	8,747,861
UNIDO	-	9,141,467
World Wildlife Fund	389,635	505,970
<b>Sub-total</b>	<b>\$ 71,775,463</b>	<b>\$ 102,336,541</b>
<b>Total</b>	<b>\$ 980,828,682</b>	<b>\$ 823,391,532</b>

# NOTES TO THE STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

June 30, 2015 and 2014

*Expressed in U.S. dollars unless otherwise noted*

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## **Note 10: Disbursements for Administrative Budgets**

In accordance with the Instrument, the Council approves administrative budgets of the IAs, EAs, STAP, the Secretariat and Evaluation Office for administrative expenses incurred in the performance of their respective functions. In addition, the Trustee is reimbursed annually from the resources of the Trust Fund for expenses it incurs in the administration of the Trust Fund and for expenses incurred in administratively supporting the Secretariat. Administrative budget is paid to the entities upon their request.

## **Note 11: Subsequent Events**

Management has evaluated subsequent events through October 23, 2015, the date these Statements were available to be issued and there are no subsequent events that would require adjustment to or disclosure in the Statements.