



June 30, 2019 and 2018

# **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 and Loans Department  
Finance and Accounting Vice Presidency  
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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 statement of receipts, disbursements and fund balance (the "Statement") of the Global Environment Facility Trust Fund - TF029840 (the "Trust Fund") under administration by the International Bank for Reconstruction and Development (the "Trustee") for the fiscal year ended June 30, 2019, and the related notes to the Statement.

We are independent of the Trust Fund and Trustee of the Trust Fund in accordance with the ethical requirements that are relevant to our audit of the Statement in the United States of America, together with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements, respectively.

## **Responsibilities of Management and Those Charged With Governance for the Statement**

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

Those charged with governance are responsible for overseeing the Trust Fund's financial reporting process.

## **Auditors' Responsibility**

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement, whether due to fraud or error. Reasonable assurance is a high level of assurance but is not a guarantee that an audit will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. We design audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances. 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, structure, and content of the Statement, including disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

As part of an audit, we exercise professional judgment and maintain professional skepticism throughout the audit. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Fund to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies or material weaknesses in internal control that we identify during our audit.

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 accompanying Statement referred to above presents fairly, in all material respects, the receipts, disbursements and fund balance of the Trust Fund for the year ended June 30, 2019, in accordance with the modified cash basis of accounting described in Note 4 of the Statement.

**Predecessor Auditors' Opinion on 2018 Statement**

The Statement for the year ended June 30, 2018 was audited by other auditors whose report, dated October 4, 2018, expressed an unmodified opinion on such Statement.

**Basis of Accounting**

We draw attention to Note 4 of the Statement, which describes the basis of accounting. The Statement is prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America or International Financial Reporting Standards as issued by International Accounting Standards Board. Our opinion is not modified with respect to this matter.

*Deloitte & Touche LLP*

September 26, 2019

# STATEMENTS OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE

For the Fiscal Years Ended June 30, 2019 and 2018

Expressed in U.S. dollars unless otherwise noted

	Notes	<u>2019</u>	<u>2018</u>
<b>Receipts</b>			
Contributions received	6	\$ 851,054,186	\$ 742,303,413
Net investment income	7	130,653,401	58,378,832
Investment income earned on GEF funds	8	<u>7,115,176</u>	<u>3,928,086</u>
<b>Total receipts</b>		<b><u>988,822,763</u></b>	<b><u>804,610,331</u></b>
<b>Disbursements to Agencies, net</b>			
For projects and fees	9	767,744,808	750,558,503
For administrative budgets:	10		
Secretariat and Evaluation Office		27,037,000	27,261,837
IBRD as Trustee		<u>2,913,369</u>	<u>3,294,019</u>
<b>Total disbursements</b>		<b><u>797,695,177</u></b>	<b><u>781,114,359</u></b>
Excess of receipts over disbursements before foreign currency adjustment		191,127,586	23,495,972
Foreign currency adjustment		<u>(976)</u>	<u>(4,363)</u>
Excess of receipts over disbursements after foreign currency adjustment		191,126,610	23,491,609
<b>Fund balance:</b>			
Beginning of the year		<u>3,591,354,772</u>	<u>3,567,863,163</u>
End of the year		<b><u>\$ 3,782,481,382</u></b>	<b><u>\$ 3,591,354,772</u></b>
Fund balance consists of:			
Trust Fund's share of the cash and investment in the Pool	5	<u>\$ 3,782,481,382</u>	<u>\$ 3,591,354,772</u>

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

## 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 the following focal areas specified in the Instrument, as amended: biological diversity, climate change, international waters, land degradation (primarily desertification and deforestation), and chemicals and waste.

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, Executing Agencies and GEF Project Agencies (“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, 2019, there have been seven 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

GEF-7: July 1, 2018 – June 30, 2022: \$4.07 billion

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

June 30, 2019 and 2018

Expressed in U.S. dollars unless otherwise noted

On August 9<sup>th</sup>, 2018, the World Bank Executive Directors adopted IBRD Resolution No. 2018-0008 entitled "Global Environment Facility Trust Fund Seventh Replenishment of Resources (the "GEF-7 Resolution") thereby authorizing IBRD, as Trustee of the Trust Fund, to manage the resources made available under the seventh replenishment of resources to the Trust Fund (the "GEF-7").

### Note 3 – Implementing Agencies and Executing / 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, the Independent Evaluation Office ("IEO") and the Scientific and Technical Advisory Panel ("STAP"). GEF resources are allocated to each of those parties pursuant to the terms of the Instrument.

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 Executing/ GEF Project Agencies receive funding from the GEF:

- Asian Development Bank (ADB)
- African Development Bank/African Development Fund (collectively AfDB)
- Conservation International (CI)
- Development Bank of Latin America (CAF)
- European Bank for Reconstruction and Development (EBRD)
- Food and Agriculture Organization of the United Nations (FAO)
- Foreign Economic Cooperation Office, Ministry of Environmental Protection of China (FECO)
- 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)
- West African Development Bank (BOAD)

## **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 of 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 gains/losses (see Note 5 and 7).

The modified cash basis of accounting is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (U.S. GAAP) or International Financial Reporting Standards (IFRS); therefore, the Statements are 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 one period and reported in a different period (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 Instrument.

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

### *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 received in the Statements.
- (ii) Disbursement to Agencies in currencies other than 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.
- (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

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

June 30, 2019 and 2018

Expressed in U.S. dollars unless otherwise noted

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adjustment resulting from currency exchange rate changes is recognized as foreign currency adjustment in the Statements.

### *Use of estimates*

The preparation of the Statements requires management to make estimates and assumptions based upon information available as of the date of the Statements. Actual results could differ from these estimates. Management makes estimates and assumptions in determining the amounts to be recorded in the fair value of modified cash basis trust funds' share of the pooled cash and investments (see notes 5 and 7).

### **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 the 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 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, receivables from resale agreements and 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.

The Trust Fund's share of the cash and investments in the Pool has a fair value of \$3,782,481,382 and \$3,591,354,772 as of June 30, 2019 and 2018, respectively.



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

June 30, 2019 and 2018

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

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### **Note 6 - Contributions Received**

The Trust Fund receives its funding primarily from contributions, provided by the participants contributing to the Trust Fund ("Contributing Participants"). Contributing Participants provide Instrument of Commitments (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 / similar obligations are not recorded in the Statements, but rather, cash contributions in order to extinguish the IoCs or promissory notes / similar obligations are recorded, when received. Cash contributions received during the fiscal year ended June 30, 2019 and 2018, are presented below.

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

June 30, 2019 and 2018

Expressed in U.S. dollars unless otherwise noted

Contributing Participants	Amounts Received	
	2019	2018
Australia	\$ 24,887,996	\$ 15,259,146
Austria	16,491,093	19,799,577
Bangladesh	-	25,000
Belgium	17,022,000	21,875,460
Brazil	1,499,935	-
Canada	63,092,027	19,616,415
China	10,487,980	-
Czech Republic	1,345,941	1,361,290
Denmark	68,464,779	15,886,128
Finland	5,409,310	24,098,944
France	71,507,500	70,260,000
Germany	79,368,038	83,931,580
India	3,750,000	3,000,000
Ireland	1,614,597	1,703,921
Italy	36,062,629	20,003,438
Japan	111,290,911	99,911,952
Korea, Republic of	3,832,475	-
Luxembourg	1,099,413	1,088,671
Mexico	18,114,026	-
Netherlands	23,642,080	20,467,489
New Zealand	3,898,894	917,559
Norway	15,007,090	5,822,222
Pakistan	-	1,346,584
Slovenia	1,065,882	1,065,371
South Africa	1,649,702	1,170,005
Spain	16,392,800	6,724,300
Sweden	38,565,348	28,108,979
Switzerland	26,737,192	31,910,127
United Kingdom	49,179,548	57,347,010
United States	139,575,000	189,602,245
<b>Total Contributions</b>	<b>\$ 851,054,186</b>	<b>\$ 742,303,413</b>

### Note 7 - 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. In addition, Net investment income includes investment income earned on undisbursed GEF funds held by IBRD as IA, GEF secretariat and IEO.

### Note 8 - Investment Income earned on GEF Funds

As part of normal operations, the Trust Fund disburses funds to the Agencies in order for them to execute GEF projects. These agencies may not immediately disburse these funds, due to the nature of the projects.

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

June 30, 2019 and 2018

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

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Furthermore, the agencies earn interest income on these funds while the funds are being held, pending their 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 Funds is recognized when received by the Trust Fund.

### **Note 9 - Disbursements for Projects and Fees, net**

The Council has delegated to the GEF CEO, its authority to approve projects whose funding size is \$2 million or less and enabling activities that are subject to expedited processes. Projects exceeding \$2 million, or projects for enabling activities that are not subject to expedited processes, must be approved by the Council and further endorsed by the GEF CEO.

For approved GEF projects, funds are payable to the Agencies who have entered into FPAs with the Trustee for their direct access to GEF resources. The Trust Fund disburses funds to the Agencies upon their request for these approved GEF projects. The Trust Fund pays fees to the Agencies, upon their request, to cover expenses associated with the project cycle management of GEF projects. These disbursements are reported net of refunds in the Statements, on account of reflows generated by projects and unused funds, if any, which are returned by Agencies to the Trust Fund.

For the fiscal year ended June 30, 2019 and 2018, disbursements to Agencies for Projects and fees, net are as follows:

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

June 30, 2019 and 2018

Expressed in U.S. dollars unless otherwise noted

	<b>Disbursements to Agencies</b>	
	<b>2019</b>	<b>2018</b>
<b>For Projects</b>		
ADB	\$ 21,332,133	\$ 4,500,776
AfDB	2,080,000	7,150,000
BOAD	-	2,899,230
CAF	1,995,000	1,540,000
CI	7,466,792	19,658,150
DBSA	-	5,647,855
EBRD *	(195,244)	5,494,772
FAO	51,700,000	35,200,000
FECO	178,486	23,800
FUNBIO	-	1,500,000
IADB *	(2,636,554)	61,399,355
IBRD/IA	100,000,000	136,933,716
IFAD	18,256,406	-
IUCN	5,000,000	2,000,000
UNDP	323,000,000	283,000,000
UNEP	100,000,000	80,000,000
UNIDO	86,327,150	28,569,970
WWF-US	2,608,615	4,966,763
<b>Sub-total</b>	<b>\$ 717,112,784</b>	<b>\$ 680,484,387</b>
<b>For Fees</b>		
ADB	\$ 1,279,219	\$ 454,750
BOAD	-	726,190
CAF	179,550	328,790
CI	1,032,100	1,323,415
DBSA	-	846,730
EBRD	6,750	249,208
FAO	8,506,928	2,952,899
FECO	32,128	-
FUNBIO	-	725,490
IADB	713,516	6,899,471
IBRD/IA	-	13,362,318
IUCN	500,000	250,000
UNDP	15,019,787	33,028,836
UNEP	12,143,424	7,336,351
UNIDO	10,895,547	-
WWF-US	323,075	1,589,668
<b>Sub-total</b>	<b>\$ 50,632,024</b>	<b>\$ 70,074,116</b>
<b>Total</b>	<b>\$ 767,744,808</b>	<b>\$ 750,558,503</b>

\*Includes reflows generated by projects and returned by Agencies to the Trust Fund

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

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

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### **Note 10 - Disbursements for Administrative Budgets, net**

In accordance with the Instrument, the Council approves administrative budgets of the Agencies, STAP, the Secretariat and IEO 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. These are reported net of refunds to Trustee, in the Statements.

### **Note 11 - Subsequent Events**

Management has evaluated subsequent events through September 26, 2019, 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.