



GEF/C.68/Inf.05
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Virtual meeting

GEF TRUST FUND FINANCIAL REPORT

*Summary of Financial Information
As of September 30, 2024*

(Prepared by the Trustee)



Global Environment Facility Trust Fund

Financial Report

Prepared by the Trustee

Summary of Financial Information

As of September 30, 2024



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Introduction

The information contained in this report is prepared based on financial information as of September 30, 2024, except indicated otherwise.

The Global Environment Facility (GEF) was established in 1994 as an independent financial mechanism for providing grants and concessional funding to cover the incremental or additional costs of measures to assist in the protection of the global environment and to promote environmentally sustainable development. Today, the GEF is the largest funder of projects focused on global environmental challenges and a global partnership among 182 countries, international institutions, non-governmental organizations, and the private sector. It provides grants for projects related to the following main areas: (i) biodiversity, (ii) climate change (mitigation and adaptation), (iii) international waters, (iv) land degradation, (v) ozone layer depletion, and (vi) persistent organic pollutants.

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

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

This report provides (i) a snapshot of the financial situation of the GEF Trust Fund as of September 30; (ii) the details of financial activities of the GEF Trust Fund since its inception to September 30, 2024.



GEF Trust Fund Financial Summary as of September 30, 2024

Pledges and Contributions

GEF Contributing Participants have pledged SDR 17,410 million (USDeq. 24,869 million)¹ to date. Of which SDR 17,379 million (USDeq. 24,824 million) has been confirmed by deposit of Instruments of Commitments (IoCs) or Qualified Instruments of Commitment (QIoCs) with the Trustee.

GEF-8 donor pledges totaled SDR 3,299.8 million (USDeq. 4,664 million)², of which donors have deposited 99.9% of the amount with the trustee as IoCs or QIoCs.

Investment Income

As of September 30, 2024, the GEF trust fund accumulated investment earnings amounting to USD 2,136 million, inclusive of investment income received from implementing agencies. Of this, USD 490 million has been earned in the GEF trust fund since the beginning of the GEF-8 replenishment period that opened on July 24, 2022.

Funding Approvals and Commitments

As of September 30, 2024, cumulative funding decisions (approvals by the GEF Council/CEO) amount to USD 23,739 million net of USD 2,004 million in cancellations and reductions at CEO approval/endorsement, and inclusive of USD 8 million pending decisions of intersessional and Council meetings.

Of the total funding decision, cumulative commitments amount to USD 20,760 million including for administrative expenses and funding allocations to the GEF Secretariat.

Cash Transfers

Cash transfers were made on an as-needed basis to meet projected disbursement requirements. As of September 30, 2024, out of the cumulative commitment of USD 20,760 million, the Trustee has transferred USD 17,583 million. A balance of USD 3,177 million remains payable as of September 30, 2024.

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

Funds Held in Trust reflect financial activities related to new donor payments (cash and promissory notes), encashment of promissory notes, investment income, cash transfers, and the revaluation of the balance of promissory notes at month-end. As of September 30, 2024, Funds Held in Trust, including the reserve amount of USD 175 million, total USD 6,509 million, 27% of which represents unencashed promissory notes.

Funds available to support Council or CEO decision amounted to USD 280 million as of September 30, 2024.

¹ Does not include co-financing under the GEF Pilot Program.

² Includes supplemental contributions made by donors since the beginning of GEF-8 period.



1. GEF Trust Fund Summary – Inception through September 30, 2024

	Total (in SDR millions)
<u>Donor Pledges and Contributions (in SDR millions)</u>	
Received IoCs	17,379.46
GEF-4 IoCs not yet deposited	4.00
GEF-5 IoCs not yet deposited	12.35
GEF-6 IoCs not yet deposited	9.93
GEF-8 IoCs not yet deposited	4.00
Total Donor Pledges and Contributions (in SDR millions)	<u>17,409.74</u>

	Total (in USD millions)
<u>Cumulative Resources (in USD millions)</u>	
<u>Resources received</u>	
Cash Receipts	20,209.65
Unencashed promissory notes	1,749.24
Investment Income earned	2,136.26
Total Resources Received	<u>24,095.14</u>
<u>Resources not yet received</u>	
GEF-8 IoCs not yet deposited	5.65
GEF-6 IoCs not yet deposited	15.00
GEF-5 IoCs not yet deposited	10.49
GEF-4 IoCs not yet deposited	5.43
GEF-8 Installment Receivables	1,868.81
Installment Receivables from previous replenishments	89.63
Total resources not yet received	<u>1,995.01</u>
Total Cumulative Resources (A) (in USD millions)	<u>26,090.15</u>

<u>Cumulative Funding Decisions (in USD millions)</u>	
Approvals by Council and CEO	25,734.87
Cancellations and reductions at endorsement	(2,003.63)
Pending Decisions of Intersessional and Council Meetings	7.95
Total Funding Decisions Net of Cancellations (B) (in USD millions)	<u>23,739.18</u>
Cumulative Resources Net of Funding Decisions (A) - (B) (in USD millions)	<u>2,350.97</u>

<u>Funds Available (in USD millions)</u>	
Funds Held in Trust with no restrictions	6,333.88
Approved Amounts Pending Cash Transfers to Agencies	6,053.90
Total Funds Available to Support Council or CEO Decisions (in USD millions)	<u>279.98</u> ^{a/}

a/ Excludes the FX reserve amount of USD 175 million.

Note: Totals may not add up accurately due to rounding



2. Cumulative Resources and Funding Decisions

In USD millions

	<u>September 30, 2024</u>	<u>March 31, 2024</u>
1. Cumulative Resources	26,090	25,761
<u>Resources not yet received</u>	<u>1,995</u>	<u>2,239</u>
GEF-4 IoCs not yet deposited with the Trustee	5	5
GEF-5 IoCs not yet deposited with the Trustee	10	10
GEF-6 IoCs not yet deposited with the Trustee	15	15
GEF-8 IoCs not yet deposited with the Trustee	6	6
GEF-8 Installment Receivables	1,869	2,114
Installment Receivables from previous replenishments	90	90
<u>Resources received</u>	<u>24,095</u>	<u>23,521</u>
Cash receipts from installments and encashments	20,210	19,591
Unencashed promissory notes	1,749	1,973
Investment Income earned on undisbursed balances of GEF Trust Fund	2,136	1,958
2. Cumulative Funding Decisions	23,739	23,211
Approvals by Council and CEO	25,735	25,162
Cancellations	(2,004)	(1,959)
Pending decisions of Intersessional and Council Meetings	8	8
3. Cumulative Resources Net of Funding Decisions (3 = 1 - 2)	<u>2,351</u>	<u>2,549</u>

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

Snapshot of cumulative resources and funding decisions:

- The table above shows cumulative resources and cumulative funding decisions of the GEF Trust Fund since inception.
- Of the cumulative resources of USDeq. 26,090 million, USDeq. 1,995 million (8%) represents resources not yet received. Of these, IoCs not yet deposited with the Trustee amount to USDeq. 37 million, GEF-8 installment receivables amount to USDeq. 1,869 million, and installment receivables from previous replenishments amount to USDeq. 90 million.
- Cumulative net funding decisions amounting to USDeq. 23,739 million represents about 91% of the total cumulative GEF resources.
- As of September 30, 2024, cumulative resources net of funding decisions amount to USDeq. 2,351 million.



2a. Cumulative Resources

In USD millions

Instruments of Commitment to be Deposited For Previous Replenishments				
Status as of September 30, 2024				
(Amounts in millions)				
<u>Contributing Participant</u>	<u>Replenishment</u>	<u>Currency of Obligation</u>	<u>Amount in Currency of Obligation</u>	<u>Amount in USD eq. a/</u>
Nigeria	GEF-4	SDR	4.0	5.4
Total GEF-4 IoCs Not Yet Deposited				5.4
Greece	GEF-5	EUR	4.4	5.0
Nigeria	GEF-5	NGN	921.9	0.6
Portugal	GEF-5	EUR	4.4	5.0
Total GEF-5 IoCs Not Yet Deposited				10.5
Russian Federation	GEF-6	USD	15.0	15.0
Total GEF-6 IoCs Not Yet Deposited				15.0
Total GEF-4, GEF-5, and GEF-6 IoCs Not Yet Deposited				30.9

a/ Based on exchange rates as of September 30, 2024.

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

STATUS OF QUALIFIED INSTRUMENTS OF COMMITMENT (QIOC) UNDER GEF-8

The details of QIOCs as of date by contributing participants are given below:

<u>Contributing Participant</u>	<u>Replenishment</u>	<u>USD eq. (millions) a/</u>
Canada	GEF-8	42.37
Denmark	GEF-8	60.03
Finland	GEF-8	25.74
Norway	GEF-8	18.52
United States	GEF-8	300.40
Total		447.05

a/ Based on exchange rates as of September 30, 2024.



INSTALLMENT ARREARS BY REPLENISHMENT

As of September 30, 2024, cumulative arrears amounted to USDeq. 89.63 million under GEF-1, GEF-2, and GEF-3.

Installment arrears by replenishment				
Status as of September 30, 2024 (in millions)				
Contributing Participant	Repl.	Currency	Installment	USDeq.
			Receivable Amount	(millions) a/
Egypt	GEF-1	SDR	0.53	0.72
United States	GEF-2	USD	88.01	88.01
Nigeria	GEF-3	SDR	0.67	0.91
Total				89.63

a/ Based on exchange rates as of September 30, 2024.

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

RESTRICTED RESOURCES AND FOREIGN EXCHANGE RISK

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

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

As of September 30, 2024, the level of reserve currently stood at USD 175 million and was determined based upon simulations of movements in foreign exchange rates over a 24-month horizon of the currencies and amount of promissory note receivables. The Trustee will continue to monitor the level of reserve and adjust the amount annually to reflect variations in GEF-8 donor receivables and unencashed promissory notes, both in the amounts and currency composition.



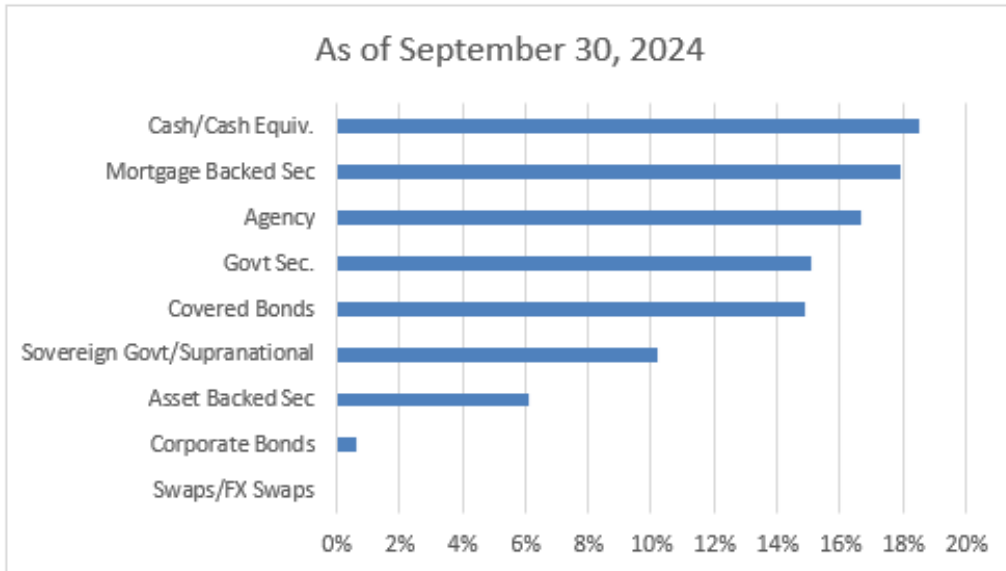
2b. Asset Mix and Investment Income

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

ASSET MIX

GEF Trust Fund assets are invested across four of the World Bank Trust Fund’s investment model portfolios that are predominantly fixed income: (“Model Portfolio 0” for short-term working capital needs, “Model Portfolio 1” with an investment horizon of one year, “Model Portfolio 2” with a broader investment universe and an investment horizon of three years, and “Model Portfolio 8” to map the Sustainable Bond strategy). The investment objectives for the GEF Trust Fund are to optimize investment returns subject to preserving capital and maintaining adequate liquidity to meet foreseeable cash flow needs, within a conservative risk management framework³. While future returns will depend on market conditions, the Trust Fund Investment Pool is actively monitored and adjusted to preserve donor funds over the investment horizons. Over shorter periods, however, market volatility may result in negative actual or ‘mark-to-market’⁴ returns. Overall, the GEF Trust Fund cumulative returns have been driven by its investment in longer-term model portfolios, which may be exposed to higher volatility in returns over shorter periods but are expected to have higher returns over longer periods.

By asset class, the largest allocations as of September 30, 2024, are in cash/cash equivalent, mortgage-backed securities and Agencies.

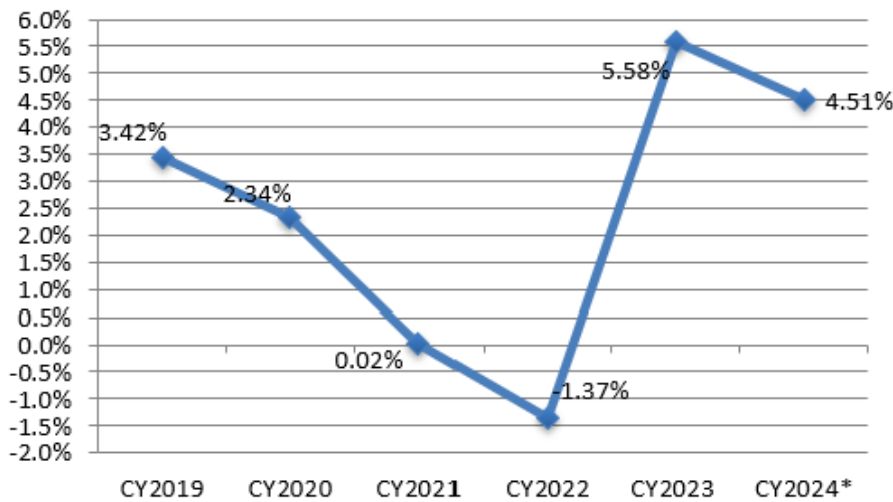


³ World Bank defines the market risk measures and tolerances for Model Portfolios of 1-year or less investment horizon as 99% CVaR be no worse than -0.25%; and for Model Portfolios of longer than 1-year but less or equal to 5-year investment horizon as 99% CVaR be no worse than -1%.

⁴ Mark-to-market returns or losses represent unrealized returns or losses reported via accounting entries rather than the actual sale of a security.



INVESTMENT RETURNS



*non-annualized investment returns as of September 30, 2024

Fixed income portfolio performance was positive during the first quarter of FY2025. First quarter of fiscal year 2025 marked by heightened volatility across the markets, as investors navigated mixed signals from a cooling labor market and a pivotal Federal Reserve policy decision. The Federal Open Market Committee opted for an aggressive start to the easing cycle with a 50bps cut, sending front-end yields and the USD sharply lower. However, as market participants absorbed the hawkish tone in the Summary of Economic Projections (SEP), long-end rates reversed earlier gains. By the end of the quarter, the U.S.

2-year yield had settled at 3.64%, while the 10-year yield closed at 3.78%. Economic indicators reflected a softer labor market, declining inflation, and solid economic growth, with second-quarter real GDP increasing by an annualized 3%. Despite the easing, the Federal Reserve maintained a hawkish stance in SEP, lowering expectations for further aggressive cuts and signaling the possibility of two more 25bps reductions by year-end. The fixed income portfolios continue to be duration neutral to the benchmark.

ESG RATING OF THE GEF TRUST FUND

Starting from July 2019, the Trustee has applied ESG Integration as the default SRI (Sustainable and Responsible Investment) approach for all portfolios managed by the World Bank, including for the GEF Trust Fund assets. The implementation of ESG Integration falls within the purview of existing authorizations by the World Bank Board, and thus would not involve any changes in the current investment objectives or risk limits for the GEF Trust Fund portfolio.

The GEF investment portfolio is primarily comprised of high-grade fixed-income securities (sovereign, supranational and agency securities, and bank deposits) and, as of September 2024, the portfolio has an ESG Quality Score⁵ of 6.77 and an ESG Rating⁶ of A. Based on its ESG positioning in the MSCI ESG Fund Ratings Universe (upper right of below chart), which

^{5/6} ESG Quality Score is based on MSCI ESG Ratings and measured on a scale of 0 to 10 (worst to best) following a rule-based methodology. ESG Ratings Momentum represents the percentage of a portfolio's market value coming from holdings that have had an ESG Ratings upgrade, and those with a downgrade, since their previous ESG Rating assessment. The ESG Quality Score is calculated as a weighted average of ESG scores of individual holdings adjusted by ESG Ratings Momentum and ESG laggards (if any). The weight applied to the individual ESG scores is determined by the portfolio weight of individual holdings as of the reporting date. Based on the above, the ESG Quality Score, which is subject to potential skewing effect from any factor in the calculation, could slightly vary between different reporting dates along with changes in individual holdings and their portfolio weights as well as changes in ESG Ratings Momentum. Please see details on MSCI ESG Ratings Methodology [here](#).

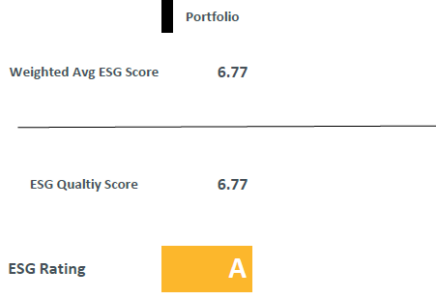


is deemed to be the more consistent reference indicator, GEF's investment portfolio falls within the Average group of the ratings universe. This reflects average capability of GEF portfolio's holdings in terms of managing key medium to long term risks and opportunities arising from Environmental, Social and Governance factors.

Portfolio
GEF

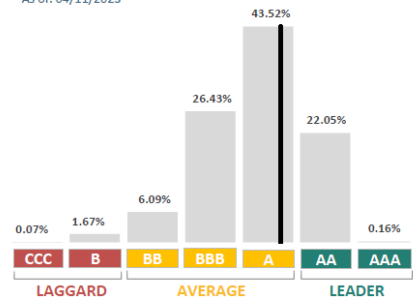


MSCI ESG Rating



Distribution of MSCI ESG Fund Ratings Universe

Colored bars correspond to portfolio and benchmark ESG Quality Scores
As of: 04/11/2023



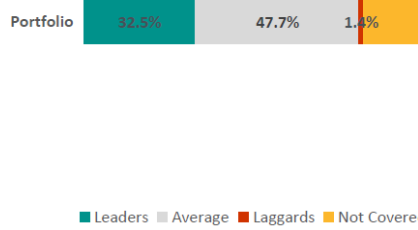
PORTFOLIO ESG RATING SUMMARY

ESG Quality **Average**

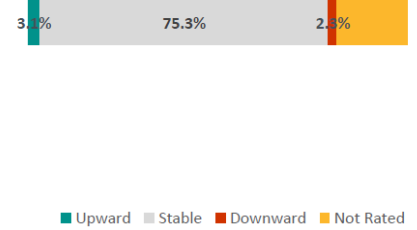
ESG Ratings Distribution

ESG Ratings Momentum

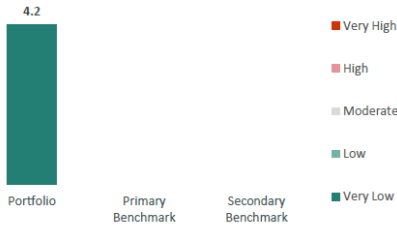
ESG RATINGS DISTRIBUTION



ESG RATINGS MOMENTUM

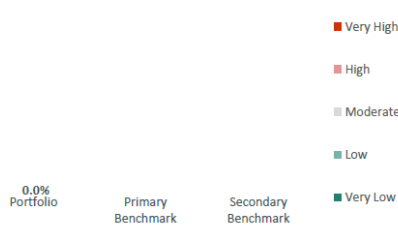


Carbon Risk
(T CO2E/\$M SALES)



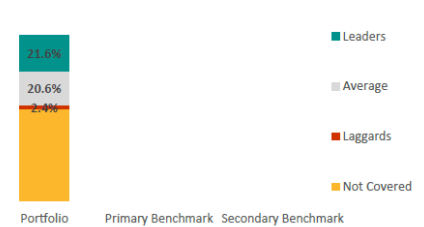
Very Low Carbon Risk

Reputational Risk
(Very Severe Controversy Exposure)



Very Low Reputational Risk

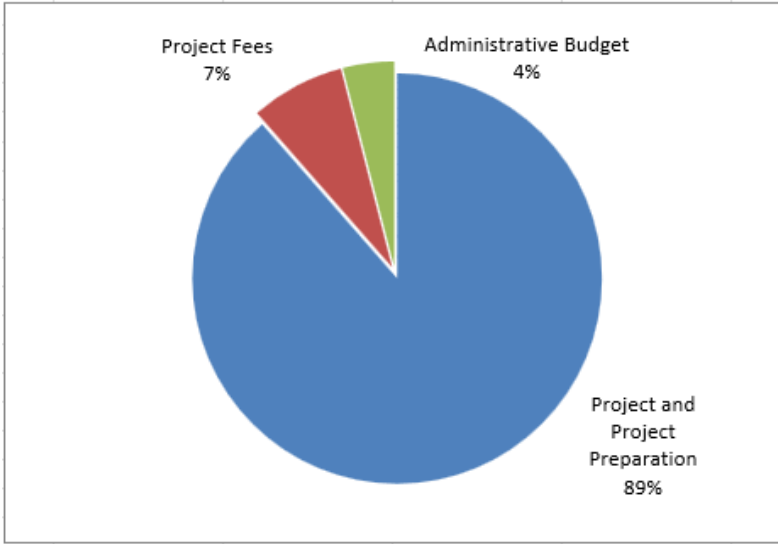
Governance Risk
(Global Percentile)





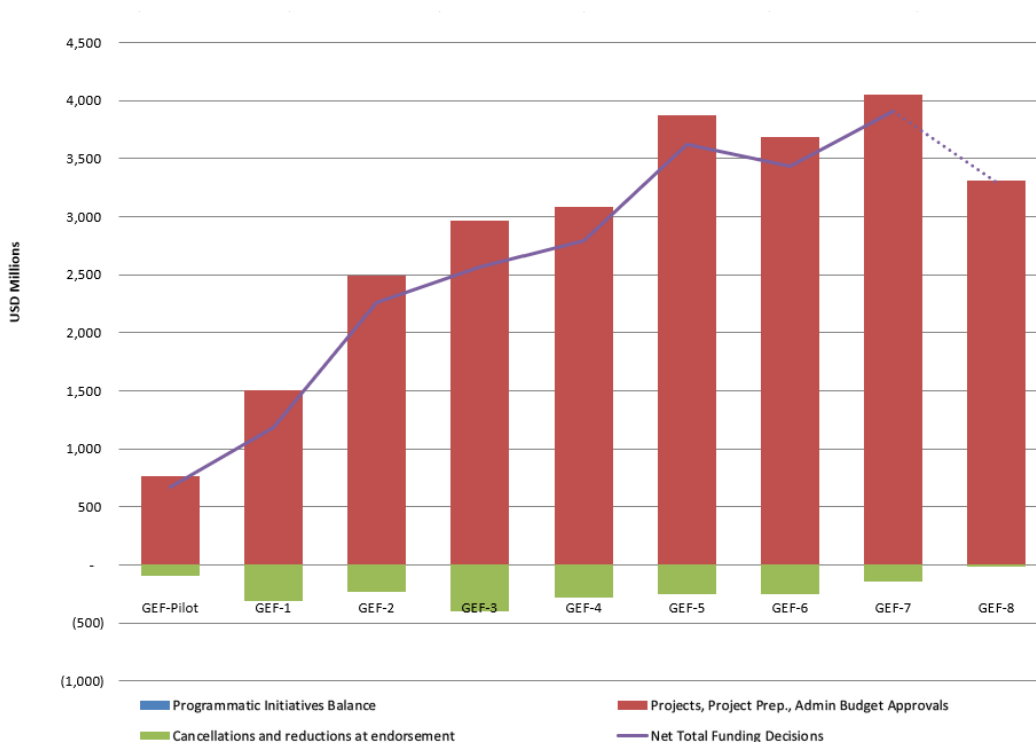
2c. Funding Decisions, Trustee Commitments and Cash Transfers to Agencies

CUMULATIVE FUNDING DECISIONS



Since inception to September 30, 2024, funding approvals made by the Council and CEO total USD 25,735 million, of which 89% was approved for Projects and Project Preparation activities, 7% for Agency Fees and 4% for administrative budgets.

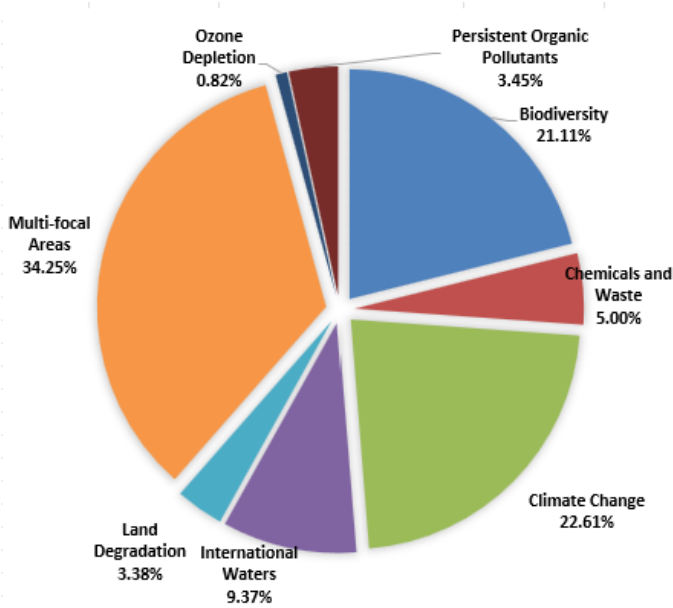
FUNDING DECISIONS BY REPLENISHMENT



Funding decisions by replenishment show the cumulative Project / Program funding decisions of USD 23,739 million net of cancellations and reductions at endorsement of USD 2,004 million and including pending decisions on intersessional and Council meetings of USD 8 million.

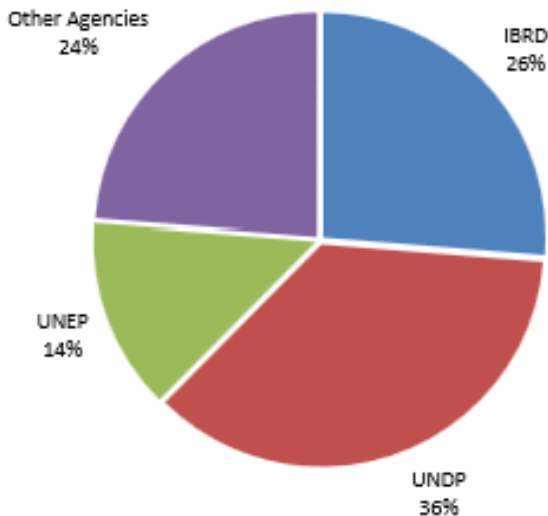


FUNDING DECISIONS BY FOCAL AREA



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

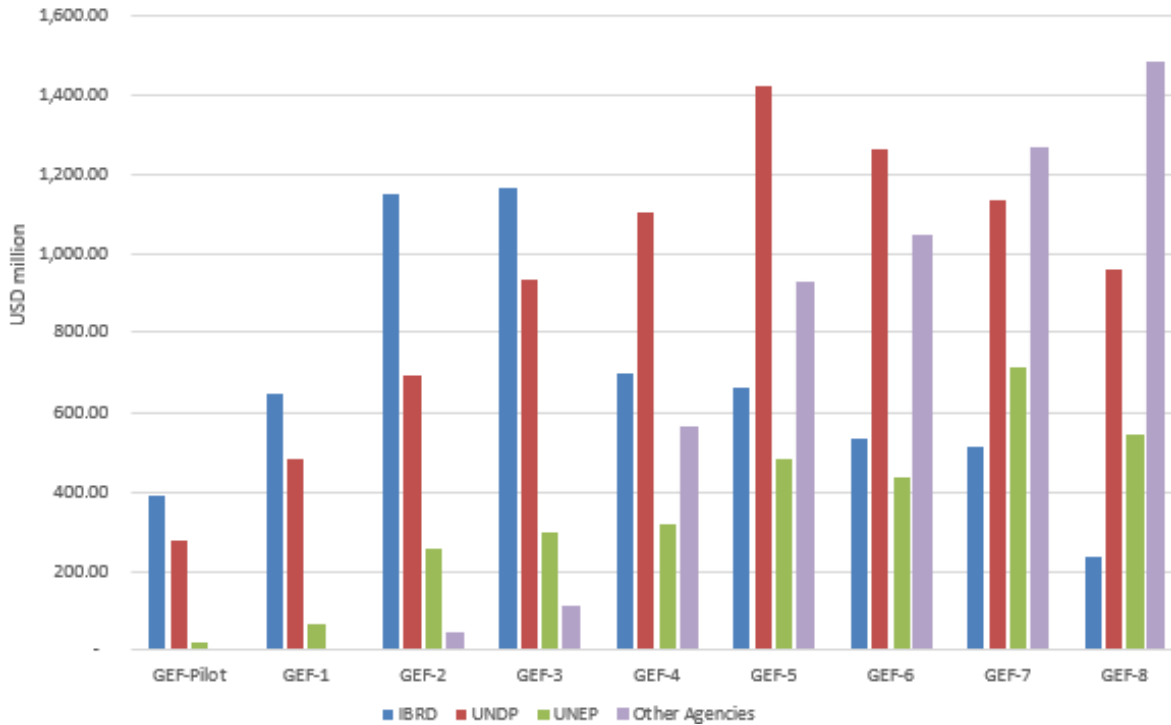
FUNDING DECISIONS BY AGENCY



62% of the cumulative approvals for projects (including related fees) were for implementation by IBRD and UNDP. UNEP's share of the total is 14% while the remaining Agencies implemented 24% of the funding.



The Agencies' share of funding approvals changes over time. IBRD's share fell from 57% in the GEF Pilot to 7% in GEF-8. UNDP's share decreased from 40% in the GEF Pilot to 30% in GEF-8. UNEP's share increased from 3% in the GEF Pilot to 17% in GEF-8. The combined share of other Agencies increased from 2% in GEF-2 to 46% in GEF-8.



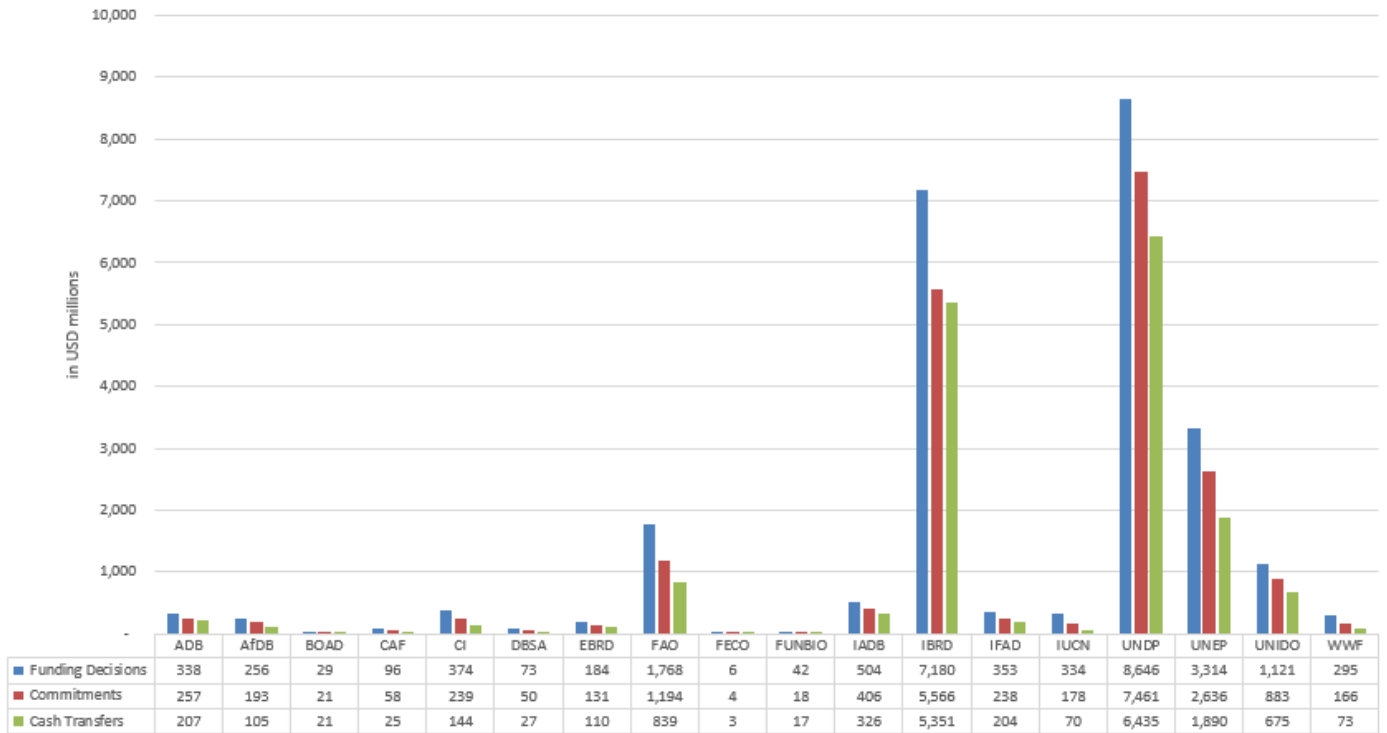
FUNDING DECISIONS, TRUSTEE COMMITMENTS AND CASH TRANSFERS TO AGENCIES

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

As of September 30, 2024, cumulative funding decisions (gross)⁷ to Agencies comprising of Projects, Project Preparation Grants, and Agency Fees excluding administrative expenses and funding allocations to the GEF secretariat totaled USD 24,915 million⁸. Of this amount, USD 19,697 million had been committed following the approval or endorsement by the GEF CEO. At the request of Agencies, USD 16,523 million has been transferred from the Trustee to the Agencies.

⁷ Reflects initial Council and CEO approvals prior to drops and subsequent cancellations.

⁸ Excludes the program/umbrella balances.





3. Funding Availability

In USD millions

	As of Sept 30, 2024 (a)	As of Mar 31, 2024 (b)	Change (a) - (b)
1. Funds Held In Trust	6,509	6,320	188
a. Cash and investments	4,760	4,348	412
b. Unencashed promissory notes	1,749	1,973	(224)
2. Restricted Funds	175	175	-
a. Reserve to cover foreign exchange rate fluctuations	175	175	-
3. Funds Held in Trust with no Restrictions (3 = 1 - 2)	6,334	6,145	188
4. Approved Amounts Pending Cash Transfers to Agencies	6,054	5,907	(147)
a. Trustee committed	3,176	3,202	(26)
b. Approved by Council but not yet CEO Endorsed	2,870	2,696	173
c. Requested amounts for financing pending decision	8	9	(0)
5. Funds Available to Support Council or CEO Decisions (5 = 3 - 4)	280	239	41

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

Highlights for the period April 1, 2024, through September 30, 2024:

- **Funding Availability** increased by USDeq. 41 million over the prior reporting period as a result of:
 - A net increase in **Funds Held in Trust** by USD eq. 188 million driven by cash receipts from donors and investment income offset by cash transfers to Agencies; and
 - A net increase in **Approved Amounts Pending Cash Transfers to Agencies** by USD eq. 147 million reflecting the increase in funding approvals exceeding cash transfers and funding cancellations during this period.



4. GEF-8 Envelope as of September 30, 2024

In USD millions

1 Target Replenishment Funding a/			5,354
2. Projected Available Resources during the GEF-8 Period			2,287
Estimated Funds Available to Support Council or CEO Financing Decisions			280
	Potential Amount Available	of which Projected to be Available	
Receivables			1,958
Arrears b/	90	90	
GEF-8 Installments due in FY25	911	911	
GEF-8 Installments due in FY26	958	958	
IoCs not yet Deposited with the Trustee			37
GEF-8 c/	6	6	
Previous Replenishments d/	31	31	
Projected Investment Income e/	-	-	-
Projected Reflows during GEF-8 f/	12	12	12
3. GEF-8 Specific Funding Decisions			3,171
Approvals by Council			3,123
Projects and Fees		1,158	
Admin. Budget		98	
Special Initiatives		0.1	
Programmatic Initiatives		1,867	
Approvals by CEO			63
Projects and Fees (MSPs, EEAs)		45	
Project Preparation Activities and Fees		18	
Net Changes to Initial Approvals g/		(15.0)	(15)
Reductions (cancellations) on GEF-8			
Pending decisions on Intersessional and Council meetings			-
Projects, Fees, Admin Budget, Special Initiatives, Programmatic Initiatives			-
4. GEF-8 "Envelope" as of September 30, 2024 (4 = 2 + 3)			5,458
5. Changes in funding envelope (USDeq.) in GEF-8 period (5 = 4 - 1)			104

a/ Represents the target replenishment level as agreed, including new resources from Donors, projected investment income, and carryover of amounts from previous replenishments. This also includes supplemental resources received from donors since the beginning of GEF-8 period July 25, 2022.

b/ Includes arrears from the US for GEF-2 in the amount of USD 88 million, Egypt for GEF-1 in the amount of SDR 0.5 million, and Nigeria for GEF-3 in the amount of SDR 0.7 million.

c/ Represents GEF-8 IoCs to be received by the Trustee as of September 30, 2024.

d/ GEF-6 IoC not received from Russia, GEF-5 IOCs not received from Greece, Nigeria, and Portugal and GEF-4 IoC not received from Nigeria.

e/ The investment income earned in GEF-8 period is currently USD 489.53 million, as against the projected amount of USD 196 million.

f/ Projected reflows from Non-Grant instruments during GEF-8 period

g/ To fit the GEF Secretariat's STAR model, pre-GEF-8 project net changes were excluded from the calculation.

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