

59th GEF Council Meeting  
December 7-11, 2020  
Virtual Meeting

## **GEF TRUST FUND FINANCIAL REPORT**

*Summary of Financial Information  
As of September 30, 2020*

(Prepared by the Trustee)



# Global Environment Facility Trust Fund

## Financial Report

Prepared by the Trustee

*Summary of Financial Information*

*As of September 30, 2020*



## Table of Contents

Introduction .....	1
GEF Trust Fund Financial Summary as of September 30, 2020 .....	2
1. GEF Trust Fund Summary – Inception through September 30, 2020.....	3
2. Cumulative Resources and Funding Decisions .....	4
2a. Cumulative Resources .....	5
2b. Investment Management - Asset Mix, Investment Income and ESG rating .....	7
2c. COVID-19 Impact on Investment Performance .....	10
2d. Funding Decisions, Trustee Commitments and Cash Transfers to Agencies .....	12
2e. Report on Financially Closed Projects during GEF-7 Period.....	15
3. Funding Availability .....	16
4. GEF-7 Specific Funding Decisions as of September 30, 2020 .....	17



## Introduction

The information contained in this report is prepared based on financial information as of September 30, 2020, except where indicated otherwise.

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

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

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

This report provides (i) a snapshot of the financial situation of the GEF Trust Fund since its inception to September 30, 2020 and recent developments since October 1, 2020; (ii) the details of financial activities of the GEF Trust Fund; and (iii) an update on the Investment Strategy Options for the GEF.



## GEF Trust Fund Financial Summary as of September 30, 2020

### *Pledges and Contributions*

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

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

### *Investment Income*

As of September 30, 2020, cumulative investment income earned on the GEF Trust Fund balances amounted to USD 1,617 million.

The investment income earned in GEF-7 period until September 30, 2020 amounted to USD 262 million.

### *Funding Approvals and Commitments*

As of September 30, 2020, cumulative funding decisions (approvals by the GEF Council/CEO) amount to USD 19,335.03 million net of USD 1,811 million in cancellations and reductions at endorsement, and inclusive of USD 12 million pending decisions of intersessional and Council meetings.

Of the total funding decision amount of USD 19,335 million, cumulative commitments amount to USD 16,890 million.

### *Cash Transfers*

Cash transfers were made to GEF Agencies on an as-needed basis to meet their projected disbursement requirements. As of September 30, 2020, out of the cumulative commitment of USD 16,890 million (including administrative expenses and funding allocations to the GEF Secretariat), the Trustee has transferred USD 14,394 million. A balance of USD 2,496 million remains payable as of September 30, 2020.

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

**Funds Held in Trust** reflect financial activities related to new contribution payments (cash and promissory notes), encashment of promissory notes, investment income, cash transfers, and the revalued balance of promissory notes at month-end. Funds Held in Trust, including the reserve amount of USD 240 million, total USD 5,346 million as of September 30, 2020, 29% of which represents unencashed promissory notes.

**Funds available to support Council or CEO decision amounted to USD 169 million as of September 30, 2020.** This represents a decrease of USD 373 million compared to March 31, 2020. Donors are expected to pay their 3<sup>rd</sup> installment of their contributions under GEF-7 that are due by November 30, 2020.

**Updates for the period October 1 to November 10, 2020.** Installment payments for GEF-7 from the Netherlands (EUR 20.9 million), Slovenia (EUR 1.19 million) and South Africa (ZAR 23.5 million) were received during this period.

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



## 1. GEF Trust Fund Summary – Inception through September 30, 2020

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

	Total (in USD millions)
<b><u>Cumulative Resources (in USD millions)</u></b>	
<u>Resources received</u>	
Cash Receipts	16,532.23
Unencashed promissory notes	1,554.00
Investment Income earned	1,617.18
<b>Total Resources Received</b>	<b>19,703.41</b>
<u>Resources not yet received</u>	
GEF-7 IoCs not yet deposited	19.00
GEF-6 IoCs not yet deposited	30.89
GEF-5 IoCs not yet deposited	12.79
GEF-4 IoCs not yet deposited	5.63
Installments Receivable from GEF-7	1,359.00
Installment Receivables from previous replenishments	114.00
<b>Total resources not yet received</b>	<b>1,541.31</b>
<b>Total Cumulative Resources (A) (in USD millions)</b>	<b>21,244.72</b>

<b><u>Cumulative Funding Decisions (in USD millions)</u></b>	
Approvals by Council and CEO	21,133.73
Cancellations and reductions at endorsement	(1,810.88)
Pending Decisions of Intersessional and Council Meetings	12.19
<b>Total Funding Decisions Net of Cancellations (B) (in USD millions)</b>	<b>19,335.03</b>
<b>Cumulative Resources Net of Funding Decisions (A) - (B) (in USD millions)</b>	<b>1,909.69</b>

<b><u>Funds Available (in USD millions)</u></b>	
Funds Held in Trust with no restrictions	5,106.00
Approved Amounts Pending Cash Transfers to Agencies	4,937.00
<b>Total Funds Available to Support Council or CEO Decisions (in USD millions)</b>	<b>169.00<sup>a/</sup></b>

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

Note: Totals may not add up accurately due to rounding



## 2. Cumulative Resources and Funding Decisions

In USD millions

	<u>September 30, 2020</u>	<u>March 31, 2020</u>
<b>1. Cumulative Resources</b>	<b>21,245</b>	<b>20,935</b>
<u>Resources not yet received</u>	<u>1,541</u>	<u>1,701</u>
GEF-7 IoCs not yet deposited with the Trustee	19	18
GEF-6 IoCs not yet deposited with the Trustee	31	31
GEF-5 IoCs not yet deposited with the Trustee	13	12
GEF-4 IoCs not yet deposited with the Trustee	6	5
Installment Receivables from GEF-7	1,359	1,518
Installment Receivables from previous replenishments	114	115
<u>Resources received</u>	<u>19,703</u>	<u>19,234</u>
Cash receipts from installments and encashments	16,532	16,045
Unencashed promissory notes	1,554	1,600
Investment Income earned on undisbursed balances of GEF Trust Fund	1,617	1,590
<b>2. Cumulative Funding Decisions</b>	<b>19,335</b>	<b>18,600</b>
Approvals by Council and CEO	21,134	20,292
Cancellations	(1,811)	(1,704)
Pending decisions of Intersessional and Council Meetings	12	12
<b>3. Cumulative Resources Net of Funding Decisions (3 = 1 - 2)</b>	<b><u>1,910</u></b>	<b><u>2,335</u></b>

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

### Snapshot of cumulative resources and funding decisions:

- The table above shows cumulative resources and cumulative funding decisions of the GEF Trust Fund since inception.
- Of the cumulative resources of USDeq. 21,245 million, USDeq. 1,541 million (7%) represents resources not yet received. Of these, IoCs not yet deposited with the Trustee total USDeq. 68 million, GEF-7 installments receivables amount to USDeq. 1,359 million, and installment receivables from previous replenishments amount to USDeq. 114 million.
- Cumulative net funding decisions amounting to USDeq. 19,335 million representing about 91% of the total cumulative GEF resources.
- As of September 30, 2020, cumulative resources net of funding decisions amount to USDeq. 1,910 million.



## 2a. Cumulative Resources

In USD millions

Instruments of Commitment to be Deposited					
Status as of September 30, 2020					
(Amounts in millions)					
Contributing Participant	Replenishment	Currency of Obligation	Amount in Currency of Obligation	Amount in USDeq. a/	Percentage
Nigeria	GEF-4	SDR	4.0	5.6	100.0%
<b>Total GEF-4 IoCs Not Yet Deposited</b>				<b>5.6</b>	<b>100.0%</b>
Greece	GEF-5	EUR	4.4	5.2	40.7%
Nigeria	GEF-5	NGN	921.9	2.4	18.7%
Portugal	GEF-5	EUR	4.4	5.2	40.7%
<b>Total GEF-5 IoCs Not Yet Deposited</b>				<b>12.8</b>	<b>100.0%</b>
Brazil b/	GEF-6	USD	15.9	15.9	51.4%
Russian Federation	GEF-6	USD	15.0	15.0	48.6%
<b>Total GEF-6 IoCs Not Yet Deposited</b>				<b>30.9</b>	<b>100.0%</b>
<b>Total GEF-4, GEF-5, and GEF-6 IoCs Not Yet Deposited</b>				<b>49.3</b>	<b>c/</b>

a/ Based on exchange rates as of September 30, 2020.

b/ An amount of USD 7.31 million has been received and payment arrangements are being finalized with Brazil.

c/ Excludes the balance of GEF-7 expected pledge amount of SDR 13.4 million (USDeq. 18.41 million).

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

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

As of September 30, 2020, Brazil, Canada, Finland, and Norway are the Contributing Participants that have deposited a QIOC under GEF-7.

Contributing Participant	Replenishment	USD Eq. (millions) a/
Brazil	GEF-7	3.00
Canada	GEF-7	66.91
Finland	GEF-7	21.08
Norway	GEF-7	13.74
<b>Total</b>		<b>104.72</b>

a/ Based on exchange rates as of September 30, 2020.





#### INSTALLMENT ARREARS BY REPLENISHMENT

As of September 30, 2020, cumulative arrears amounted to USDeq. 115.8 million. Of this amount, USDeq. 112.5 million represents arrears under GEF-1, GEF-2 and GEF-3. The GEF-5 and GEF-6 arrears totaled USDeq. 3.2 million.

Contributing Participant	Repl.	Currency	Installment Receivable Amount	USD eq. (millions)
Egypt	GEF-1	SDR	0.5	0.7
United States	GEF-2	USD	110.8	110.8
Nigeria	GEF-3	SDR	0.7	0.9
Pakistan	GEF-5	PKR	499.6	3.0
Pakistan a/	GEF-6	USD	0.2	0.2
				<b>115.8</b>

a/ Installment receivable balance under negotiation.

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

#### RESTRICTED RESOURCES AND FOREIGN EXCHANGE RISK

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

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

As of September 30, 2020, the Trustee has determined the level of reserve as USD 240 million for GEF-7 period. The Trustee will continue to monitor the level of reserve and adjust periodically based on multiple factors including the foreign exchange fluctuations.

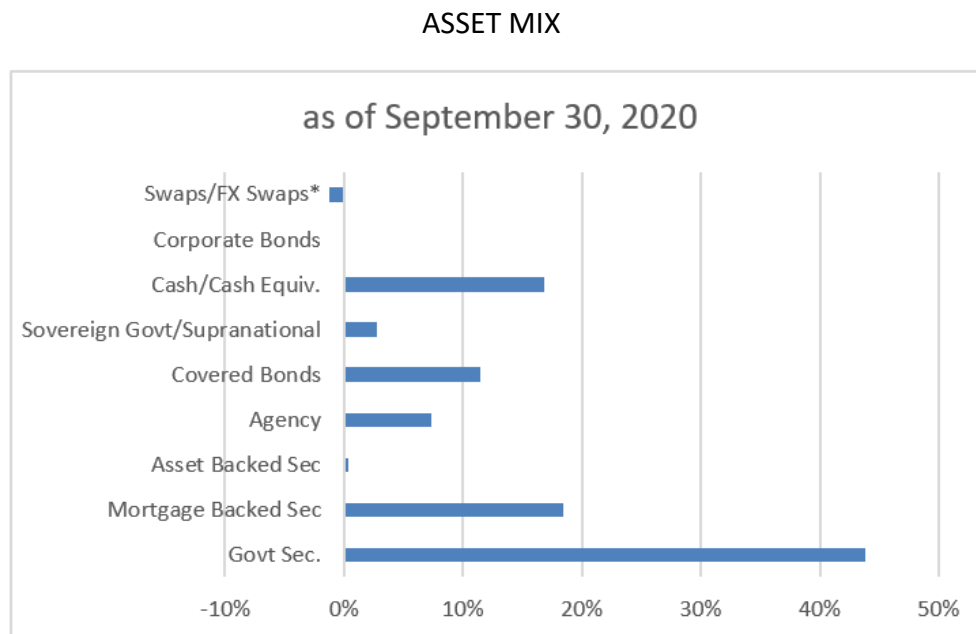


## 2b. Investment Management - Asset Mix, Investment Income and ESG rating

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

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

By asset class, the largest allocations as of September 30, 2020 are to government securities, mortgage backed securities, and cash and cash equivalents.



\*The negative position in swaps is primarily due to changes in foreign currency exchange (FX) rates in cross currency basis swaps. Such swap instruments are used to implement currency hedges on bond positions within the portfolio. These hedges remain in place.

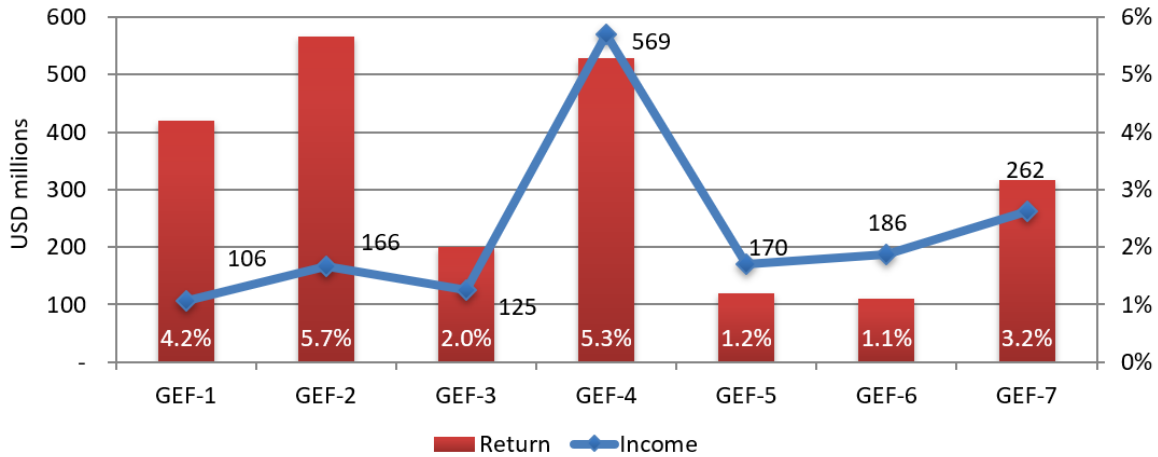
<sup>2</sup> Risk tolerance is defined as the expected maximum loss, as measured by the Conditional Value-at-Risk (CVaR), at the portfolio’s investment horizon, not to exceed 1% at portfolio’s investment horizon, with 99% confidence.

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



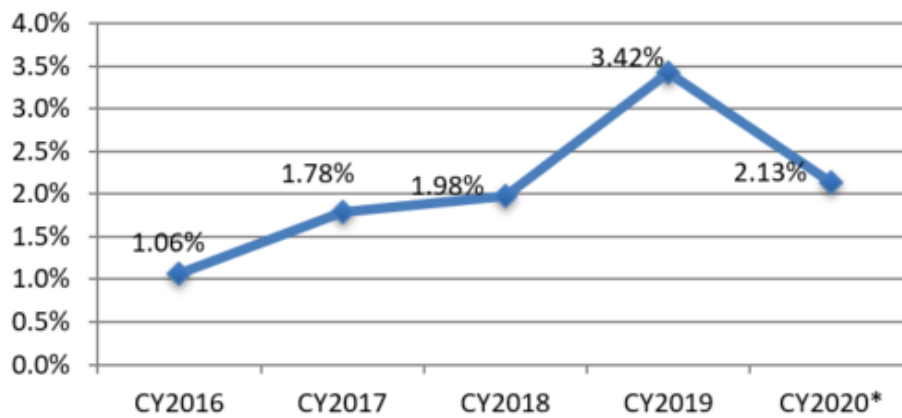
## INVESTMENT INCOME

Cumulative investment income earned since the beginning of GEF Pilot phase through September 30, 2020 is USD 1,617 million. In the GEF-7 period the investment income received is USD 262 million, representing a 3.2% annualized average return.



## INVESTMENT RETURNS

Returns for the first nine months of 2020 were 2.13%, continuously backed by running lower in yields resulting from the Fed's monetary easing measures in response to COVID-19, which in particular benefitted the longer duration portfolios during the first half of CY2020.



\*non-annualized investment returns as of September 30, 2020



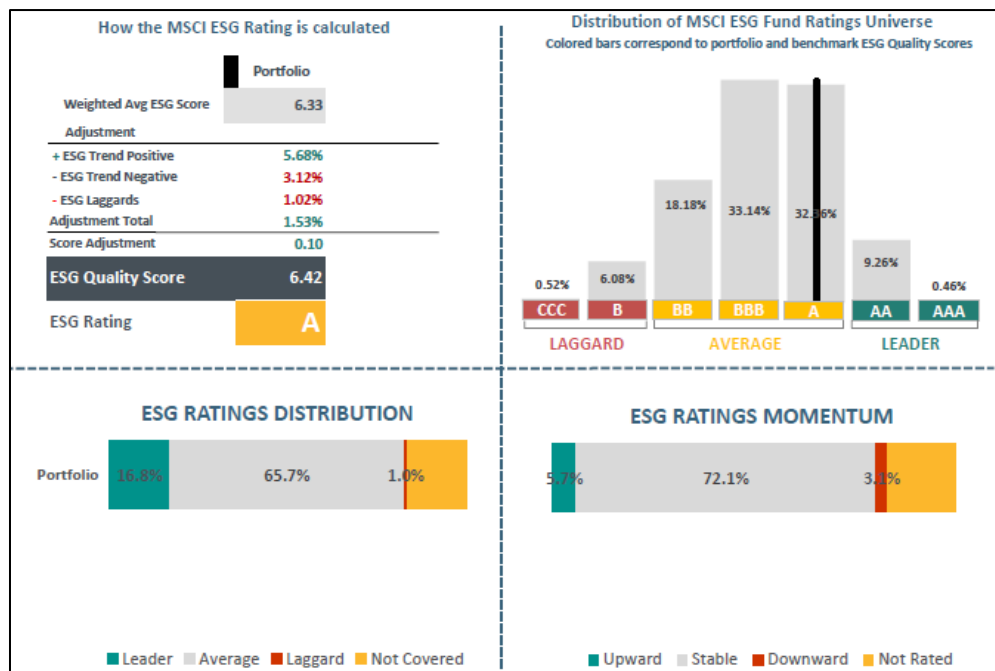
## ESG RATING OF THE GEF TRUST FUND

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

ESG Integration is part of the existing investment process and is intended to help fulfil the existing investment objectives and improve the risk/return profile of the portfolios for which it is used. The focus on looking at potential risks and opportunities of various ESG factors should, all things being equal, lead to portfolio profiles that have stronger ESG profiles compared to portfolios that do not explicitly consider these ESG issues.

Noting that the GEF investment portfolio is primarily comprised of high-grade fixed-income securities (sovereign, supranational and agency securities and bank deposits), the composition has not changed since the formal implementation of ESG Integration. As a result, there has not been any shift in the overall ESG profile of the portfolio from an ESG ratings perspective.

The ESG rating profile<sup>4</sup> of the GEF Trust Fund as at end-September 2020 shows an ESG Quality Score of 6.42 and an ESG Rating of A, which is among the high-rated portfolios that uses MSCI for ratings.



<sup>4</sup> ESG Quality Score measures the ability of underlying holdings to manage key medium to long term risks and opportunities arising from ESG factors. It is based on MSCI ESG Ratings and measured on a scale of 0 to 10 (worst to best). 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.



## 2c. COVID-19 Impact on Investment Performance

Since the outbreak of the COVID-19 pandemic in early 2020, financial markets have reacted drastically with volatility spiking rapidly and liquidity strained momentarily following landslide sell-offs across almost all asset classes. Central banks around the world have since responded with unprecedented large-scale monetary easing measures including committing to ultra-low interest rates for the foreseeable future, which led directly to the stabilization of market sentiments. However, at the macro level, massive unemployment, credit downgrades and subdued consumer demand are still the greatest headwinds to economic recovery and long-term sustainable growth.

With preservation of capital as the primary investment objective for the WBTF Pool, the World Bank Treasury has not only consistently delivered positive returns while keeping the risk profiles of each model portfolio within respective prescribed risk tolerances, but has also dynamically adjusted asset allocations to capitalize on market opportunities as well as to rigorously manage risk profiles throughout the pandemic-induced volatile period.

### **- Performance and Risk**

At end-June 2020, the WBTF Pool had a total size of US\$31.8 billion and posted total returns of 1.19% in the first 6 months of 2020 with all<sup>5</sup> constituent model portfolios also recording positive performances ranging from 62 basis points for the very short duration portfolios to over 2% for the model portfolios with durations in the 3-5 year area. In terms of investment income, this translates into US\$367 million generated for development purposes over the period.

For the full fiscal year 2020, the WBTF Pool had total returns of 2.52%, translating into US\$757 million of investment income earned over the period. All<sup>6</sup> constituent model portfolios had positive returns, ranging from 1.8% for the short duration portfolios, to almost 5% for the longer duration portfolios.

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

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

To generate the investment returns and manage risk, World Bank Treasury adjusts the asset allocation of the model portfolio in the WBTF Pool dynamically. This approach allows World Bank Treasury to (1) take advantage of attractive market sectors on an opportunistic basis should risk premia temporarily deviate from their expected levels or market dislocations cause pricing anomalies, and (2) adjust exposure to certain market sectors should volatility, liquidity or valuation outlooks increase the likelihood of the model portfolios breaching their risk limits. Throughout February and March, World Bank Treasury reduced exposure to some market sectors such as Mortgage-Backed Securities in response to (i) reduced market liquidity, and (ii) increased price volatility in the asset class induced by unprecedented interest rate

<sup>5</sup> Except the EUR Cash Model Portfolio that has structurally negative yields

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



and economic conditions. Furthermore, the aftermath of the financial markets crisis continues to present some opportunities to adjust asset allocations to increase the expected returns on the model portfolios and consequently, the WBTF Pool as a whole.

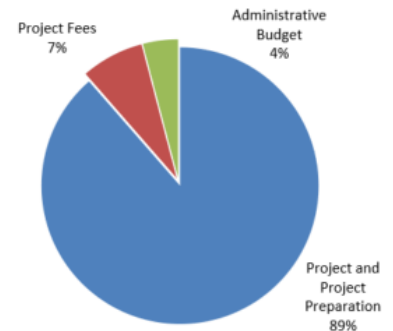
Overall, the WBTF Pool has consistently delivered investment returns in line with the risk return profiles of each model portfolios and met the overarching investment objective of capital preservation and liquidity on demand. With COVID-19 remaining an overbearing menace to both public health and global economic activity, we expect markets to continue to reflect an outlook for depressed growth going forward with interest rates remaining low. In addition to the U.S. Presidential election in November and its aftermath will likely keep market volatility through the rest of 2020. The Trustee will continue to monitor the market conditions and the portfolio performance to keep the GEF trust fund updated through the semi-annual Trustee reports submitted to Council.



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

### CUMULATIVE FUNDING DECISIONS

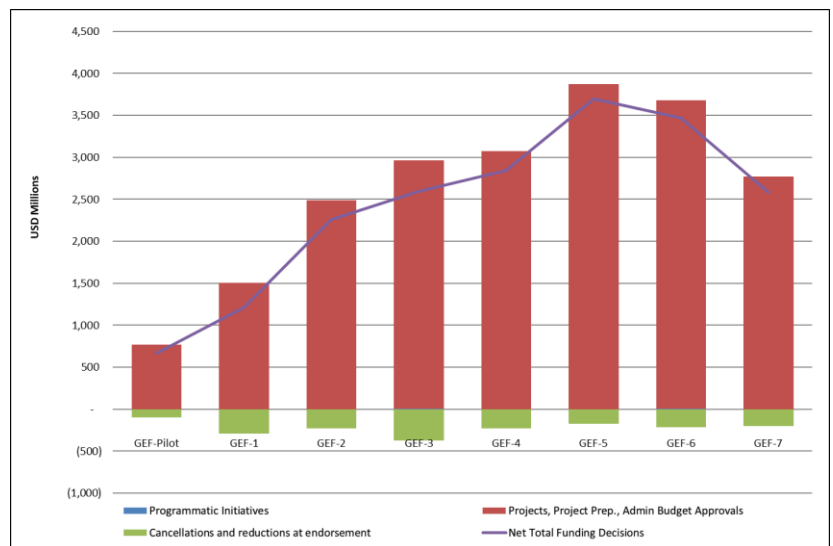
Since inception to September 30, 2020 funding approvals made by the Council and CEO total USD 21,134 million, of which 89% was approved for Projects and Project Preparation activities, 7% for Agency Fees and 4% for Administrative budgets.



### FUNDING DECISIONS BY REPLENISHMENT

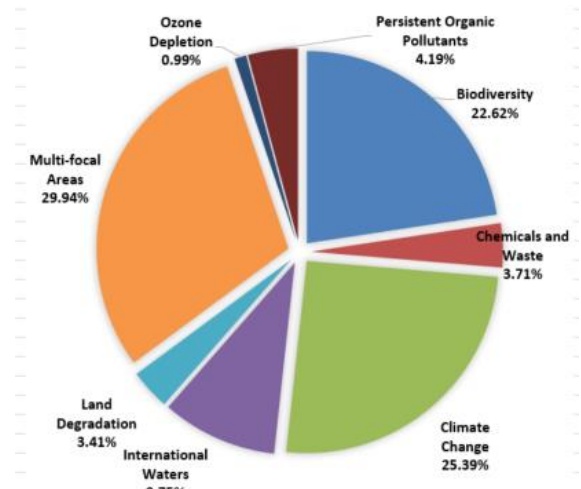
Funding decisions by replenishment show the cumulative Project/Program funding decisions of USD 19,335 million net of cancellations and reductions at endorsement of USD 1,811 million and including pending decisions on intersessional and Council meetings of USD 12 million.

Net funding decisions include an amount of USD 147 million resulting from claw back of unused balances of 47 programs from previous replenishments which were cancelled during the GEF-7 period until September 30, 2020.



### FUNDING DECISIONS BY FOCAL AREA

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

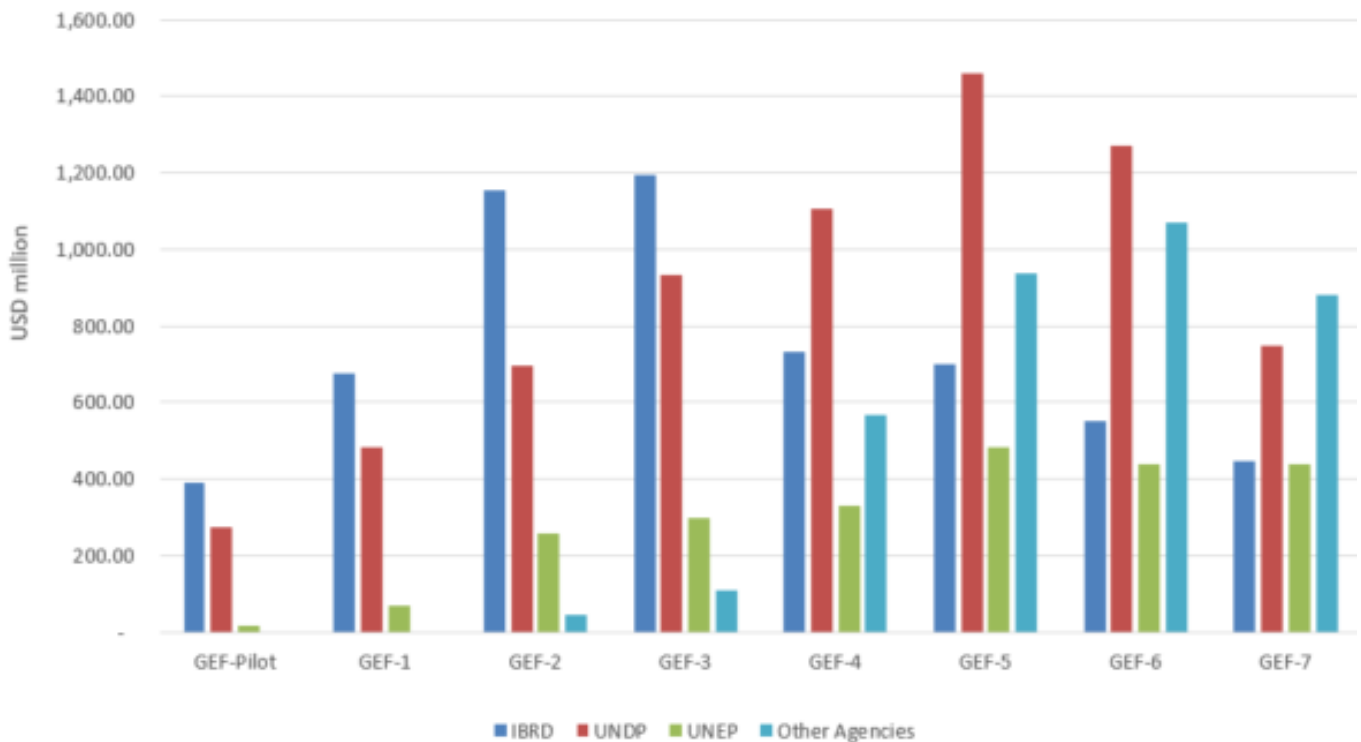
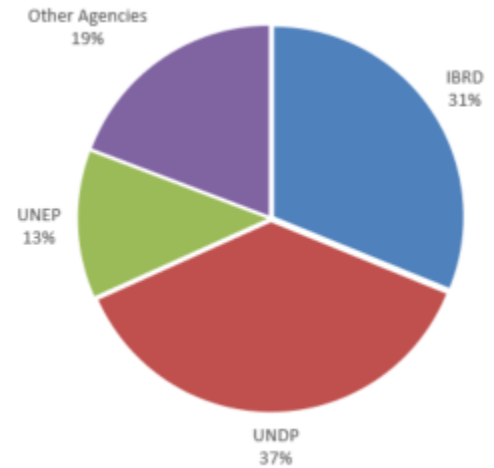




### FUNDING DECISIONS BY AGENCY

Of the cumulative approvals for projects (including related fees), 68% were for implementation by IBRD and UNDP. UNEP's share of the total is 13% while the remaining Agencies implemented 19% of the funding.

The Agencies' share of funding approvals changes over time. IBRD's share fell from 57% in the GEF Pilot to 18% in GEF-7. UNDP's share decreased from 40% in the GEF Pilot to 30% in GEF-7. UNEP's share increased from 3% in the GEF Pilot to 17% in GEF-7. The combined share of the 15 other Agencies increased from 2% in GEF-2 to 35% in GEF-7.



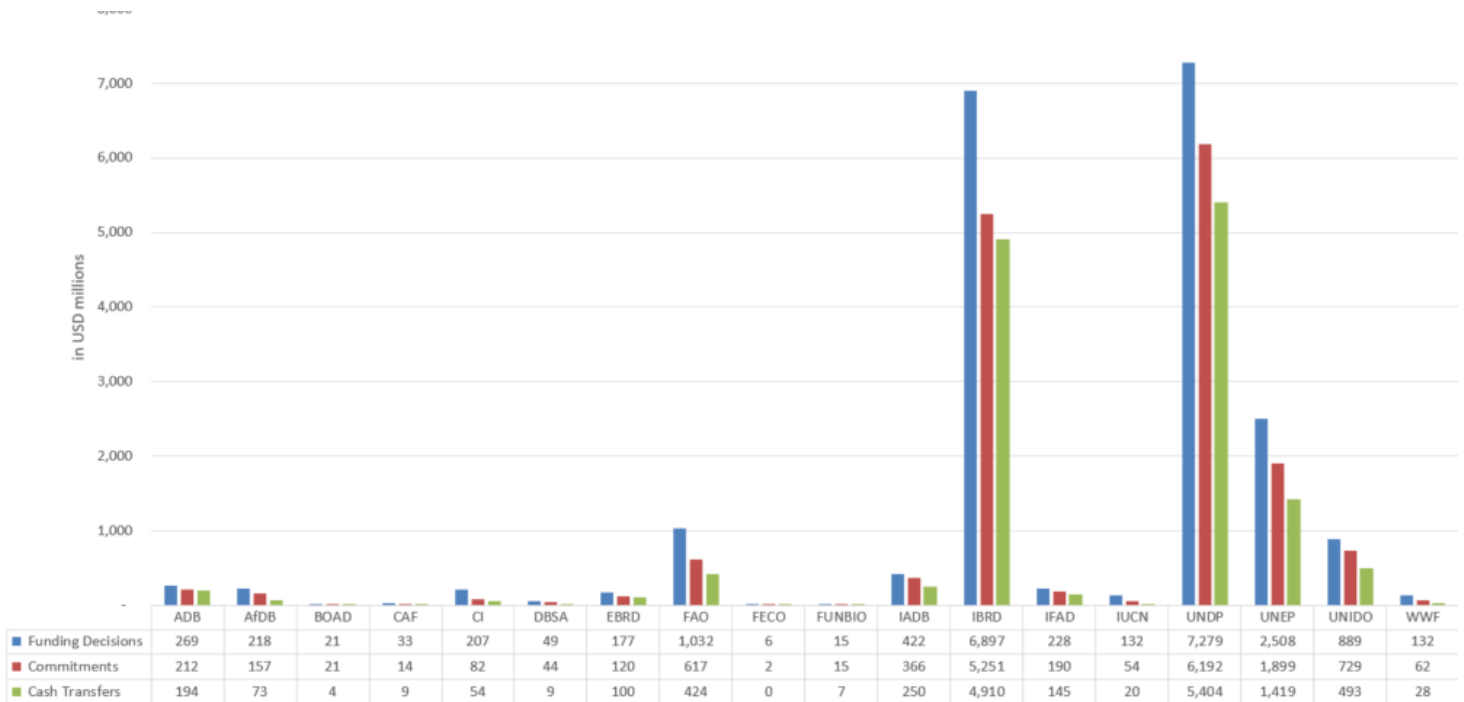




## FUNDING DECISIONS, TRUSTEE COMMITMENTS AND CASH TRANSFERS TO AGENCIES

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

As of September 30, 2020, cumulative funding decisions (gross)<sup>7</sup> to Agencies comprising of Projects, Project Preparation Grants and Agency Fees excluding administrative expenses and funding allocations to the GEF Secretariat totaled USD 20,514 million<sup>8</sup>. Of this amount, USD 16,026 million had been committed following the approval or endorsement by the GEF CEO. At the request of Agencies, a total amount of USD 13,540 million had been transferred.



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

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



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

From the inception of the GEF-7 replenishment period through September 30, 2020, 864 projects and project preparation grants had been reported as financially closed with unused amounts totaling USD 121.4 million. The bulk of these projects were from previous replenishments. Only four GEF-7 project preparation grants had been financially closed.

Of the total 864 grants financially closed during the GEF-7 replenishment period, 134 projects and project preparation grants, with cancelled amounts totaling \$27.65 million, were child projects under Umbrellas. These were part of the amount clawed back by Trustee, in collaboration with the GEF Secretariat and Agencies, from cancellations of Umbrella balances from previous replenishments.

<u>Project Type</u>	<u>Number of Projects Closed</u>	<u>Total Unused Amount at Financial Closure</u> (in USD millions)
Project Preparation	352	6.62
Projects	512	114.78
Full-Size	249	103.93
Medium-Size	119	7.22
Enabling Activities	144	3.63
<b>Total</b>	<b>864</b>	<b>121.40</b>



### 3. Funding Availability

In USD millions

	As of Sep 30, 2020 (a)	As of Mar 31, 2020 (b)	Change (a) - (b)
<b>1. Funds Held In Trust</b>	<b>5,346</b>	<b>5,469</b>	<b>(123)</b>
a. Cash and investments	3,792	3,869	(77)
b. Unencashed promissory notes	1,554	1,600	(46)
<b>2. Restricted Funds</b>	<b>240</b>	<b>240</b>	<b>-</b>
a. Deferred Contribution in respect to the pro rata right	-	-	-
b. Reserve to cover foreign exchange rate fluctuations	240	240	-
<b>3. Funds Held in Trust with no Restrictions ( 3 = 1 - 2 )</b>	<b>5,106</b>	<b>5,229</b>	<b>(123)</b>
<b>4. Approved Amounts Pending Cash Transfers to Agencies</b>	<b>4,937</b>	<b>4,686</b>	<b>251</b>
a. Trustee committed	2,529	2,604	(75)
b. Approved by Council but not yet CEO Endorsed	2,396	2,070	326
c. Requested amounts for financing pending decision	12	12	(0)
<b>5. Funds Available to Support Council or CEO Decisions ( 5 = 3 - 4 )</b>	<b>169</b>	<b>542</b>	<b>(373)</b>

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

#### Highlights for the period April 1, 2020 through September 30, 2020:

- **Funding Availability** decreased by USDeq. 373 million over the prior reporting period as a result of:
  - A net decrease in **Funds Held in Trust** by USD eq. 123 million driven by cash transfers to Agencies exceeding contribution receipts from donors and investment income earned;
  - A net increase in **Approved Amounts Pending Cash Transfers to Agencies** by USD 251 million reflecting the increase in funding approvals exceeding cash transfers and funding cancellations during this period.



## 4. GEF-7 Specific Funding Decisions as of September 30, 2020

In USD millions

<b>1. Target Replenishment Funding a/</b>			<b>4,068</b>
<b>2. Projected Available Resources during the GEF-7 Period</b>			<b>1,725</b>
Estimated Funds Available to Support Council or CEO Financing Decisions			169
	Potential Amount Available	of which Projected to be Available	
Receivables			1,473
Arrears b/	114	114	
GEF-7 Installments			
- due in FY21	676	676	
- due in FY22	683	683	
IoCs not yet Deposited with the Trustee			68
GEF-7 c/	19	19	
Previous Replenishments d/	49	49	
Projected Investment Income e/	-	-	-
Projected Reflows during GEF-7 f/	15	15	15
<b>Total</b>	<b>1,556</b>	<b>1,556</b>	
<b>3. GEF-7 Specific Funding Decisions</b>			<b>2,518</b>
Approvals by Council			2,377
Projects and Fees		1,199	
Admin. Budget		71	
Special Initiatives		0.4	
Programmatic Initiatives		1,106	
Approvals by CEO			127
Projects and Fees (MSPs. EEAs)		79	
Project Preparation Activities and Fees		48	
Net Changes to Initial Approvals g/		-	14
Reductions (cancellations) on GEF-7		14	
Pending decisions on Intersessional and Council meetings			-
Projects, Fees, Admin Budget, Special Initiatives, Programmatic Initiatives		-	

**4. GEF-7 "Envelope" as of September 30, 2020 ( 4 = 2 + 3 )** **4,243**

**5. Changes in funding envelope (USDeq.) in GEF-7 period ( 5 = 4 - 1 )** **175**

a/ Represents the target replenishment level as agreed, including new resources from donors, projected investment income, and carryover of amounts from previous replenishments.

b/ Includes arrears from the US for GEF-2 in the amount of USD 110.8 million, Egypt for GEF-1 in the amount of SDR 0.5 million, Nigeria for GEF-3 in the amount of SDR 0.7 million and Pakistan for GEF-5 in the amount of PKR 249.82 million.

c/ Represents the balance of GEF-7 expected pledges.

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

e/ The investment income earned since the beginning of GEF-7 period is USD 262 million, as against the amount of USD 149.5 million projected for the entire GEF-7 period.

f/ Umbrella balance cancellations from previous replenishments that were expected during GEF-7 period was \$60 million. In collaboration with the GEF Secretariat and the Agencies, and in accordance with the policy on umbrella balance cancellations (GEF/C.55.04/Rev.01), the Trustee was able to claw back \$147 million of cancellations from 47 umbrellas from previous replenishments. The balance of \$15 million represents expected reflows from Non-grant instruments during GEF-7 period.

g/ To fit the GEF Secretariat's STAR model, net changes to pre-GEF-7 projects were excluded from the calculation.

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