



# Global Concessional Financing Facility Trust Fund

## Financial Report

Prepared by the Trustee

*As of September 30, 2021*



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## Introduction

The Global Concessional Financing Facility (GCFF) was established in July 2016 as part of the *New Financing Initiative to Support the Middle East and North Africa (MENA) Region* which aims to provide additional financing on more favorable terms to countries in the MENA region impacted by forced displacement, conflict and economic instability. In September 2016, the GCFF was expanded to a global facility in order to provide middle income countries the development support needed to address refugee crises across the globe.

This report covers the financial status of the GCFF Trust Fund, and is produced by the Trustee (World Bank) in accordance with the Trustee's role in the GCFF Operations Manual and Standard Provisions for the Contribution Agreements/Arrangements (Section 6):

*“The Trustee will maintain separate records and ledger accounts with respect to the funds deposited in the Trust Fund and transfers made therefrom. The Trustee will report to the Steering Committee semi-annually on the financial status of the Trust Fund, including information on the status of Contributions, investment income, Allocations, Commitments, transfers and funds available for approval by the Steering Committee.”*



## GCFE Trust Fund Financial Summary as of September 30, 2021

### ***Pledges and Contributions:***

A pledge represents a Supporting Country's expression of intent to make a contribution. Pledges are formalized as Contributions by way of a countersigned Contribution Agreement/Arrangement.

As of September 30, 2021, Contributions and outstanding Pledges to the GCFE Trust Fund totaled USDeq. 811.04 million.<sup>1</sup> Of this amount, USD 776.04 million has been deposited as cash into the GCFE Trust Fund.

### ***Investment Income:***

As of September 30, 2021, the GCFE Trust Fund earned investment income of approximately USD 23.82 million on the liquid balances in the GCFE Trust Fund and investment income received from Implementation Support Agencies (ISA).

### ***Funding Approvals:***

As of September 30, 2021, the GCFE Steering Committee had approved funding from the GCFE Trust Fund totaling USD 720.75 million to cover Concessionality amounts and ISA Costs, as well as Administrative Budget of the GCFE Coordination Unit and Trustee.

### ***Funds Held in Trust:***

Funds Held in Trust<sup>2</sup> reflect contributions paid-in from Supporting Countries, plus investment income, less cash transfers. Funds Held in Trust as of September 30, 2021 amounted to USD 132.50 million.

### ***Funds Available for GCFE Steering Committee Funding Decisions:***

Funds available to support GCFE funding decisions amounted to USD 79.11 million as of September 30, 2021.

<sup>1</sup> This does not include potential pledges that may be provided if a Supporting Country enters into a loan agreement with IBRD wherein grant amounts may be generated to benefit GCFE.

<sup>2</sup> Funds Held in Trust represents balance of cash, investments and unencashed promissory notes (if any) as of the reporting date.

## 1. GCFF Trust Fund Summary – Inception through September 30, 2021

In USD millions

	Total	% of Total
<b>Supporting Country Pledges and Contributions</b>		
Contributions	776.04	95.7%
Pledges outstanding a/	35.00	4.3%
<b>Total Pledges outstanding and Contributions</b>	<b>811.04</b>	<b>100.0%</b>

<b>Cumulative Resources</b>		
<u>Resources received</u>		
Cash Receipts	776.04	93.0%
Investment Income earned b/	23.82	2.9%
<b>Total Resources Received</b>	<b>799.86</b>	<b>95.8%</b>
<u>Resources not yet received</u>		
Contributions not yet received	-	0.0%
Pledges outstanding	35.00	4.2%
<b>Total Resources not yet received</b>	<b>35.00</b>	<b>4.2%</b>
<b>Total Potential Resources (A) (in USD millions)</b>	<b>834.86</b>	<b>100.0%</b>

<b>Cumulative Funding Decisions</b>		
Concessionality	715.04	99.2%
ISA Costs	0.92	0.1%
Administrative Budget	4.80	0.7%
<b>Total Funding Decisions Net of Cancellations (B)</b>	<b>720.75</b>	<b>100.0%</b>
<b>Total Potential Resources Net of Funding Decisions (A) - (B)</b>	<b>114.11</b>	

<b>Funds Available</b>		
Funds Held in Trust with no restrictions	132.50	
Approved Amounts Pending Cash Transfers	53.40	
<b>Total Funds Available to Support Steering Committee Decisions</b>	<b>79.11</b>	

a/ This does not include potential pledges that may be provided if a Supporting Country enters into a loan agreement with IBRD wherein grant amounts may be generated to benefit GCFF

b/ Represents investment income earned on the liquid balances of the GCFF Trust Fund and investment income received from ISAs

Note: Sub-totals may not add up to due to rounding

## 2. Pledges and Contributions as of September 30, 2021

*In millions*

Supporting Country	Curr	Pledge in Currency of Contribution	USDeq. a/	Effective (or signed) Contribution in Currency of Contribution					Receipts in Currency of Contribution				Receipts in USD b/
				Global	Lebanon / Jordan	Jordan	Lebanon	Total	Global	Lebanon / Jordan	Jordan	Lebanon	
Canada	CAD	57.00	43.46	17.00	40.00	-	-	57.00	17.00	40.00	-	-	43.46
Canada	USD	2.50	2.50	2.50	-	-	-	2.50	2.50	-	-	-	2.50
Denmark	DKK	507.10	78.92	437.10	-	70.00	-	507.10	437.10	-	70.00	-	78.92
European Commission	EUR	5.00	5.36	-	5.00	-	-	5.00	-	5.00	-	-	5.36
Germany	EUR	91.48	102.41	-	67.65	23.83	-	91.48	-	67.65	23.83	-	102.41
Japan	USD	134.56	134.56	14.56	60.00	25.00	-	99.56	14.56	60.00	25.00	-	99.56
Netherlands	EUR	53.00	61.43	3.00	20.00	-	30.00	53.00	3.00	20.00	-	30.00	61.43
Norway	NOK	524.20	59.99	30.00	494.20	-	-	524.20	30.00	494.20	-	-	59.99
Sweden	SEK	180.00	20.24	-	180.00	-	-	180.00	-	180.00	-	-	20.24
Sweden	USD	30.00	30.00	10.00	20.00	-	-	30.00	10.00	20.00	-	-	30.00
United Kingdom	c/ USD	40.30	40.30	-	-	40.30	-	40.30	-	-	40.30	-	40.30
United Kingdom	GBP	102.50	135.08	8.00	-	94.50	-	102.50	8.00	-	94.50	-	135.08
United States	USD	96.80	96.80	61.80	-	35.00	-	96.80	61.80	-	35.00	-	96.80
<b>Total</b>			<b>811.04</b>										<b>776.04</b>

a/ Represents (1) actual US dollar value of paid-in cash contributions and/or (2) September 30, 2021 value of pledges outstanding and/or unpaid contribution amounts

b/ Represents actual USD receipts

c/ Represents grant amount only

*Note: totals may not add up to due to rounding*



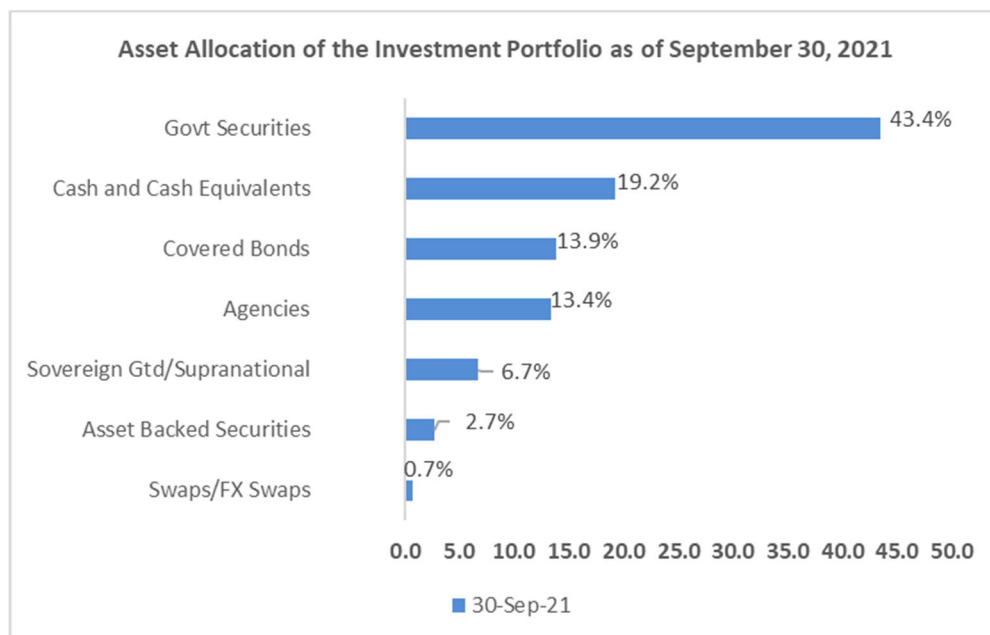
### 3. Asset Mix and Investment Income

#### ASSET MIX

Funds held in trust by the World Bank (as the Trustee) are maintained in a commingled investment portfolio (the “Pool”) for all trust funds administered by the World Bank. Within this pool, the GCFE funds are invested in a short term, high quality fixed income portfolio with an investment horizon of up to one year.

On July 1, 2015, the World Bank formally adopted the Conditional Value-at-Risk (CVaR) measure as the risk constraint in the management of trust funds. Funds are managed such that the expected maximum loss, as measured by the CVaR, at the portfolio’s investment horizon, is not to exceed 1% with 99% confidence.

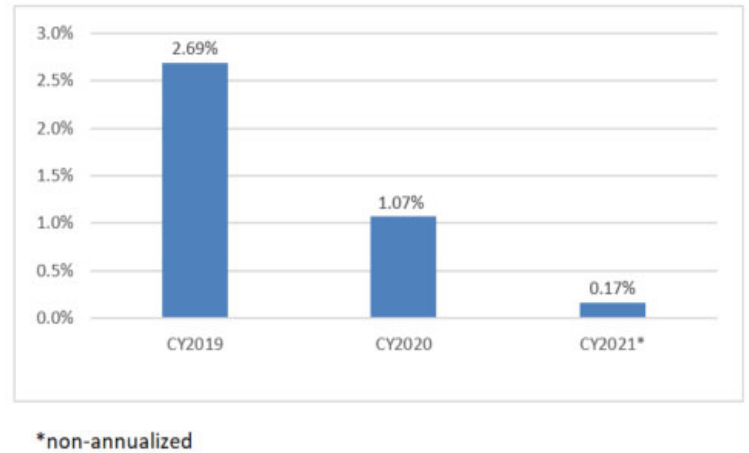
The portfolio allocation by asset class has the largest allocations to government securities and money-market instruments.





## INVESTMENT RETURNS

The GCFF funds are invested in accordance with the investment strategy established for all trust funds administered by the World Bank. Funds are managed such that the expected maximum loss, as measured by the CVaR, in the worst 1% of cases will not exceed 0.25% at the portfolio’s investment horizon. The GCFF fund liquid portfolio earned approximately USD 2.82<sup>3</sup> million in investment income since inception. The portfolio returns during the three quarters of calendar year 2021 was 0.17%, non-annualized. The portfolio’s lower returns can be attributed to an environment of rising yields during the period.



## ESG SUMMARY REPORT – GCFF INVESTMENT PORTFOLIO

As per the investment management strategy implemented by the World Bank, the funds held in trust benefit from the approach to Sustainable and Responsible Investment (SRI), which considers and incorporates Environmental, Social, and Governance (ESG) factors into Trustee’s investment processes. The implementation of ESG Integration falls within the purview of existing authorizations by the World Bank Board. Based on the endorsement by the World Bank management, starting from July 2019, the Trustee has applied ESG Integration as the default SRI approach for all portfolios managed by the World Bank, including for the GCFF Trust Fund assets.

Considering and incorporating ESG factors into investment processes should, all things being equal, lead to portfolios that have stronger ESG profiles compared to portfolios that do not explicitly consider these ESG issues. ESG Integration has become part of the existing investment processes and is intended to help fulfil the existing investment objectives. The application of ESG Integration as part of the investment process would not involve any changes in the current investment objectives or risk limits for the GCFF Trust Fund portfolio.

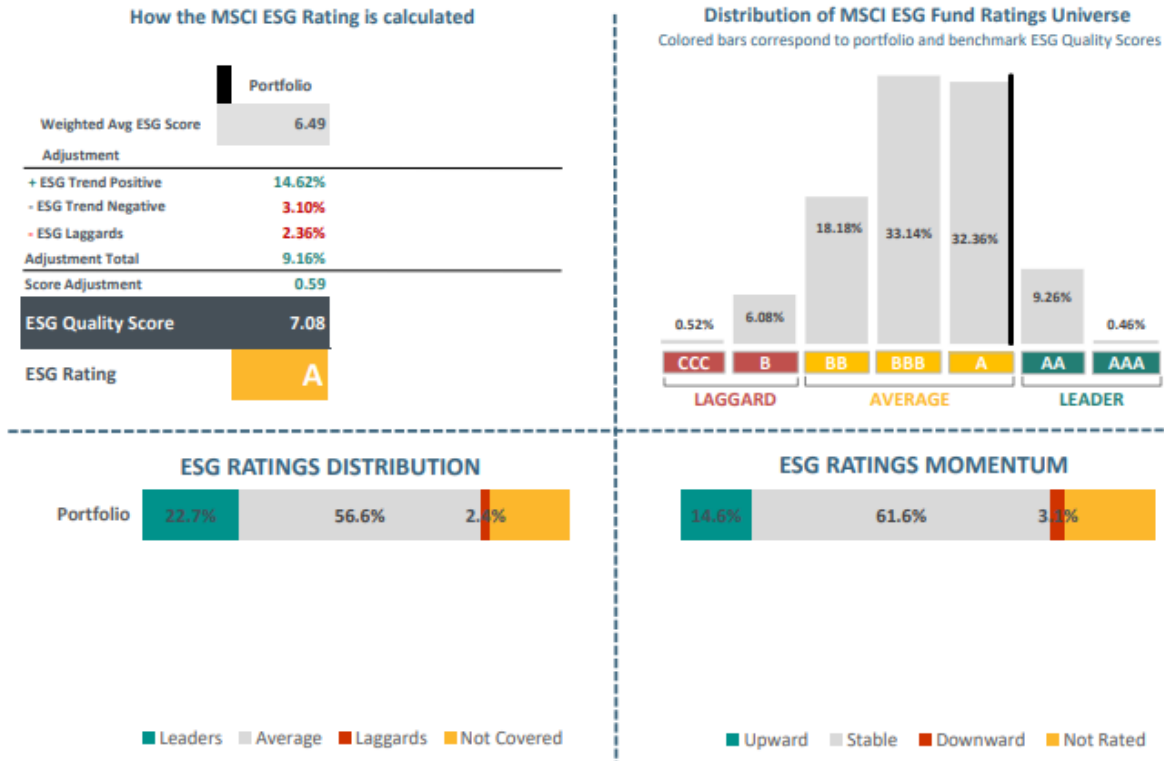
The GCFF investment portfolio is primarily comprised of short-term high-grade fixed-income securities (sovereign, supranational and agency securities and bank deposits), and as at September 30, 2021, the portfolio has an ESG Quality Score\* of 7.08 and an ESG Rating\* of A. Based on its ESG positioning in the MSCI ESG Fund Ratings Universe (upper right of Figure 1), which is deemed to be the more consistent reference indicator, GCFF’s investment portfolio falls in the top decile of the ratings universe. This reflects high capability of GCFF portfolio’s holdings in terms of managing key medium to long term risks and opportunities arising from Environmental, Social and Governance factors.

<sup>3</sup> Includes investment income received from ISAs





Figure 1: MSCI ESG Portfolio Summary – Global Concessional Financing Facility Trust Fund



*\*Note: 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 from:*

<https://www.msci.com/documents/1296102/4769829/MSCI+ESG+Ratings+Methodology+-+Exec+Summary+Dec+2020.pdf/15e36bed-bba2-1038-6fa0-2cf52a0c04d6?t=1608110671584>.



## 4. Cumulative Funding Decisions as of September 30, 2021

In USD millions

Concessionality	ISA	Global	Lebanon / Jordan	Jordan	Lebanon	Total
Colombia - Fiscal Sustainability, Competitiveness and Migration Development	IBRD	31.50	-	-	-	31.50
Colombia - Improving Quality of Healthcare Services and Efficiency	IBRD	37.60	-	-	-	37.60
Colombia - Resilient and Inclusive Housing	IBRD	21.70	-	-	-	21.70
Colombia - Social and Economic Integration of Migrants	IBRD	26.40	-	-	-	26.40
Colombia - Program to Support Policy Reforms for Social & Economic Inclusion of Venezuelan Migrant Population	IADB	17.59	-	-	-	17.59
Ecuador - Second Inclusive and Sustainable Growth Development Policy Financing	IBRD	6.00	-	-	-	6.00
Ecuador - Third Inclusive and Sustainable Growth Development Policy Financing	IBRD	14.10	-	-	-	14.10
Jordan - Economic Opportunities	IBRD	-	11.24	39.76	-	51.00
Jordan - Ain Ghazal Wastewater	EBRD	-	1.95	-	-	1.95
Jordan - Energy and Water Development Policy Loan	IBRD	-	-	25.00	-	25.00
Jordan - West Irbid Wastewater	EBRD	-	2.50	-	-	2.50
Jordan - Emergency Health	IBRD	-	7.95	5.95	-	13.90
	IsDB	-	12.01	8.99	-	21.00
Jordan - Emergency Health (Add'l Financing)	IBRD	-	18.17	40.73	-	58.90
Jordan - Education Reform Support	IBRD	-	41.88	10.42	-	52.30
Jordan - Education Reform Support (Add'l Financing)	IBRD	-	3.49	15.11	-	18.60
Jordan - First Equitable Growth and Job Creation	IBRD	11.26	18.45	81.29	-	111.00
Jordan - Youth, Technology and Jobs Project	IBRD	-	-	36.90	-	36.90
Jordan - COVID19 Emergency Response Add'l Financing	IBRD	-	11.92	0.58	-	12.50
Lebanon - Roads and Employment	IBRD	-	28.91	-	16.49	45.40
Lebanon - Health Resilience	IBRD	-	24.16	-	0.04	24.20
	IsDB	-	5.89	-	0.01	5.90
Lebanon - Greater Beirut Public Transport	IBRD	25.39	32.35	-	12.07	69.80
Lebanon - Municipal Investment Program	IBRD	-	1.77	-	7.53	9.30
		<b>191.54</b>	<b>222.64</b>	<b>264.73</b>	<b>36.13</b>	<b>715.04</b>
<b>ISA Costs</b>						
EBRD		-	0.17	-	-	0.17
IsDB		-	0.05	0.01	0.00	0.07
IADB		0.04	-	-	-	0.04
IBRD		0.23	0.19	0.18	0.05	0.64
		<b>0.26</b>	<b>0.41</b>	<b>0.20</b>	<b>0.05</b>	<b>0.92</b>
<b>Administrative Budget</b>						
Coordination Unit		0.31	1.77	0.59	0.05	2.71
Trustee		0.21	1.33	0.51	0.03	2.09
		<b>0.52</b>	<b>3.10</b>	<b>1.10</b>	<b>0.08</b>	<b>4.80</b>
<b>Total Funding Decisions</b>		<b>192.32</b>	<b>226.15</b>	<b>266.03</b>	<b>36.26</b>	<b>720.75</b>

Note: totals may not add up due to rounding



## 5. Funds Available as of September 30, 2021

In USD millions

	<u>Total</u>	<u>Global</u>	<u>Lebanon / Jordan</u>	<u>Jordan</u>	<u>Lebanon</u>
<b>1. Cumulative Receipts</b>	<b>799.86</b>		<b>192.37</b>	<b>304.31</b>	<b>266.12</b>
a. Cash receipts from Supporting Countries	776.04	187.34		291.58	262.47
b. Investment Income earned a/	23.82	5.03		12.73	3.65
					34.65
					2.41
<b>2. Cumulative Cash Transfers</b>	<b>667.36</b>		<b>148.26</b>	<b>224.37</b>	<b>266.03</b>
a. Concessionality	661.75	147.55		220.87	264.73
b. ISA Costs	0.81	0.19		0.40	0.20
c. Administrative Budget	4.80	0.52		3.10	1.10
					28.60
					0.02
					0.08
<b>3. Funds Held in Trust ( 3 = 1 - 2 )</b>	<b>132.50</b>		<b>44.11</b>	<b>79.94</b>	<b>0.10</b>
<b>4. Funding Decisions Pending Cash Transfer</b>	<b>53.40</b>		<b>44.06</b>	<b>1.77</b>	<b>-</b>
<b>5. Funds available to support Steering Committee decisions ( 5 = 3 - 4 )</b>	<b>79.11</b>		<b>0.05</b>	<b>78.16</b>	<b>0.10</b>

a/ represents investment income earned on the liquid balances of the GCFE Trust Fund and investment income received from ISAs

Note: totals may not add up due to rounding

## Glossary

Term	Definition
Cash and Investments	The Trust Fund's share in the co-mingled cash and investment pool.
Cash Contribution	Contribution or Installment provided in the form of cash, including promissory note encashments
Cash Transfer	Cash payment made to an Implementation Support Agency under a Financial Procedures Agreement
Contribution	The funds provided and to be provided by a Supporting Country to a Trust Fund, as specified in the Contribution Agreement/Arrangement, or in the Instrument of Commitment
Contribution Agreement/Arrangement	An agreement or arrangement between a World Bank entity, as Trustee, and a Supporting Country, setting forth specific terms for the receipt and use of a specific Contribution for a specific Trust Fund
Contribution Paid-In	Contribution or Installment provided in the form of cash, Promissory Note or other instruments acceptable to the Trustee
Contribution Receivable	Any portion of a Contribution that is not a Qualified Contribution to be received in the form of Cash or Promissory Note
EBRD	European Bank for Reconstruction and Development
Financial Intermediary Fund (FIF)	Financial arrangements that leverage a variety of public and private resources in support of global development initiatives and partnership. These Funds involve financial engineering or complex finance schemes, or where the Bank provides a specified set of administrative, financial or operational services
Financial Procedures Agreement	An agreement or arrangement between a World Bank entity, as Trustee, and Partner Entity for the commitment and transfer of funds by the Trustee to the Partner Entity under terms that do not involve Bank responsibility post-transfer
Funding Availability	Assets available to support funding decisions, as calculated under a specific basis of commitment.
Funds Held in Trust	Cash and Investments plus unencashed Promissory Note balance
IBRD	International Bank for Reconstruction and Development
Implementation Support Agency	Any agency receiving funds from a FIF, which is responsible for managing those funds for project activities as approved by the governing body
Investment Income	Returns (realized and unrealized) on cash and investments, allocated to individual Trust Funds
IsDB	Islamic Development Bank
Pledge	A Contributor's expression of its intention to make a Contribution
Promissory Note (if applicable)	A document consisting of a promise to pay that is non-interest bearing and payable on demand