



Climate Risk and Early Warning Systems Trust Fund

Financial Report

Prepared by the Trustee

As of June 30, 2023



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Introduction

The Climate Risk and Early Warning Systems (CREWS) Initiative was officially launched at the 21st session of the UN Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP21) in Paris, France as part of the Solutions Agenda. It aims to strengthen and increase the capacity for Multi-Hazards Early Warning Systems, to generate and communicate effective impact-based early warnings and risk information for hazardous hydro-meteorological and climate events to protect lives, livelihoods, and property in Least Developed Countries (LDCs) and Small Islands Developing States (SIDS).

The CREWS Trust Fund was established in September 2016. This report covers the financial status of the CREWS Trust Fund, and is produced by the Trustee in accordance with the Trustee's role in the CREWS Governance Document, as set forth under Section 18, which states:

"The Trustee will provide to the Steering Committee regular reports on the financial status of the CREWS Trust Fund."

In addition, Section 8 of the Standard Provisions in the Contribution Agreement/Arrangement states, as follows:

"The Trustee shall maintain separate records and ledger accounts in respect of the funds in the Trust Fund and transfers made therefrom. The Trustee shall report to the Steering Committee annually unless otherwise agreed between the Trustee and the Steering Committee, on the financial status of the Trust Fund, including information on status of Contributions, investment income, commitments, transfers and funds available for allocation by the Steering Committee."

This report covers the financial status of the CREWS Trust Fund as of June 30, 2023.



CREWS Trust Fund Financial Summary as of June 30, 2023

Pledges and Contributions:

A pledge represents a contributor's expression of intent to make a contribution. Pledges are formalized into Contributions by way of a Contribution Agreement/Arrangement between the Contributor and the Trustee.

As of June 30, 2023, contributions and pledges to the CREWS Trust Fund totaled USDeq. 118.21 million. Of this amount, USD 88.62 million has been received by the Trustee and applied to the CREWS Trust Fund.

Investment Income:

As of June 30, 2023, the CREWS Trust Fund earned investment income of approximately USD 2.42 million on the liquid balances of the Trust Fund and investment income received from the implementing partners (IPs).

Funding Approvals:

As of June 30, 2023, the CREWS Steering Committee had approved funding from the CREWS Trust Fund totaling USD 81.54 million, net of returned unused funds, with USD 66.77 million to finance project activities, USD 8.22 million for IP fees and USD 6.55 million for administrative budgets to support the activities of the CREWS Secretariat and Trustee.

Cash Transfers:

The Trustee has transferred the entire amount of funding approvals totaling USD 81.54 million up to June 30, 2023, of which USD 1.21 million was transferred since April 1, 2023.

Funds Held in Trust:

Funds Held in Trust¹ reflect contributions paid-in from contributors and investment income earned, less cash transfers by the Trustee. Funds Held in Trust as of June 30, 2023 amounted to USD 9.50 million.

Funds Available for CREWS Steering Committee Funding Decisions:

Funds available to support CREWS Steering Committee funding decisions amounted to USD 9.50 million as of June 30, 2023.

¹ Funds Held in Trust represent balance of cash, investments and unencashed promissory notes (if any) as of the reporting date.

1. CREWS Trust Fund Summary – Inception through June 30, 2023

In USD millions

| | Total | % of Total |
|---|---------------|---------------|
| <u>Donor Pledges and Contributions</u> | | |
| Contributions | 104.05 | 88.0% |
| Pledges | 14.16 | 12.0% |
| Total Pledges and Contributions | 118.21 | 100.0% |

| | | |
|--|---------------|---------------|
| <u>Cumulative Resources</u> | | |
| <u>Resources received</u> | | |
| Cash Receipts | 88.62 | 73.5% |
| Investment Income earned a/ | 2.42 | 2.0% |
| Total Resources Received | 91.04 | 75.5% |
| <u>Resources not yet received</u> | | |
| Contributions not yet received | 15.42 | 12.8% |
| Pledges | 14.16 | 11.7% |
| Total resources not yet received | 29.58 | 24.5% |
| Total Potential Resources (A) (in USD millions) | 120.62 | 100.0% |

| | | |
|---|--------------|---------------|
| <u>Cumulative Funding Decisions</u> | | |
| Projects | 66.77 | 81.9% |
| Fees | 8.22 | 10.1% |
| Administrative Budget | 6.55 | 8.0% |
| Total Funding Decisions Net of Cancellations (B) | 81.54 | 100.0% |
| Total Potential Resources Net of Funding Decisions (A) - (B) | 39.08 | |

| | | |
|--|-------------|--|
| <u>Funds Available</u> | | |
| Funds Held in Trust with no restrictions | 9.50 | |
| Approved Amounts Pending Cash Transfers | - | |
| Total Funds Available to Support Steering Committee Decisions | 9.50 | |

a/ Represents investment income earned on the liquid balances of the CREWS Trust Fund and investment income received from IPs

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



2. Pledges and Contributions as of June 30, 2023

In millions

| Contributor | Curr | Pledge in Currency of Contribution | Effective (or signed) Contribution | Receipts in Currency of Contribution | Total Outstanding Contributions in USDeq. a/ | Receipts in USD b/ |
|----------------|------|--|--|--|---|-----------------------|
| Australia | AUD | 5.00 | 5.00 | 5.00 | - | 3.70 |
| Canada | CAD | 10.00 | 10.00 | 4.00 | 4.52 | 3.02 |
| Finland | EUR | 5.00 | 5.00 | 5.00 | - | 6.12 |
| France | EUR | 38.43 | 38.43 | 30.43 | 8.68 | 33.98 |
| Germany | EUR | 18.00 | 18.00 | 18.00 | - | 20.06 |
| Luxembourg | EUR | 1.50 | 1.50 | 1.50 | - | 1.65 |
| Monaco | EUR | 0.20 | - | - | - | - |
| Netherlands | USD | 3.35 | 3.35 | 3.35 | - | 3.35 |
| Norway | NOK | 150.00 | - | - | - | - |
| Switzerland | CHF | 13.00 | 13.00 | 11.00 | 2.22 | 11.09 |
| United Kingdom | GBP | 4.30 | 4.30 | 4.30 | - | 5.66 |
| Total | | | | | 15.42 | 88.62 |

a/ Valued on the basis of exchange rates as of June 30, 2023

b/ Represent actual USD receipts

Note: totals may not add up due to rounding

HIGHLIGHTS FOR THE PERIOD APRIL 1, 2023 TO JUNE 30, 2023:

- The Trustee executed a contribution agreement with France for EUR 8 million.
- Under the multi-year contribution arrangement with Canada, the first two instalment payments totaling CAD 4 million were received during the period.
- Pledges of EUR 0.20 million and NOK 150 million were made by Monaco and Norway, respectively.

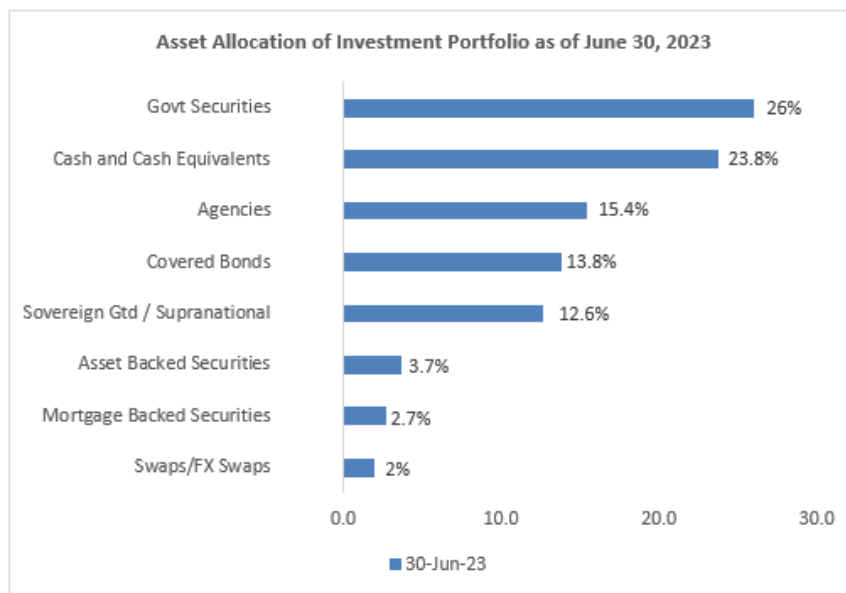


3. Asset Mix and Investment Income

ASSET MIX

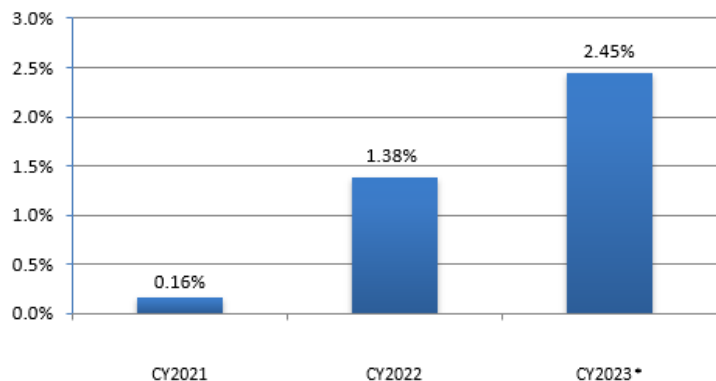
The undisbursed cash balance of the CREWS Trust Fund is maintained in a commingled investment portfolio (“Pool”) for all trust funds managed by IBRD. Funds are managed such that the expected maximum loss, as measured by the CVaR, in the worst 1% of cases will not exceed 0.25% at the portfolio’s investment horizon.

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



INVESTMENT RETURNS

The CREWS Trust Fund liquid portfolio earned USD 2.42 million² in investment income since inception. The portfolio returns during the first two quarters of calendar year 2023 was 2.45%, non-annualized.



*non-annualized

² Includes investment income received from IPs



ESG SUMMARY REPORT – CREWS INVESTMENT PORTFOLIO

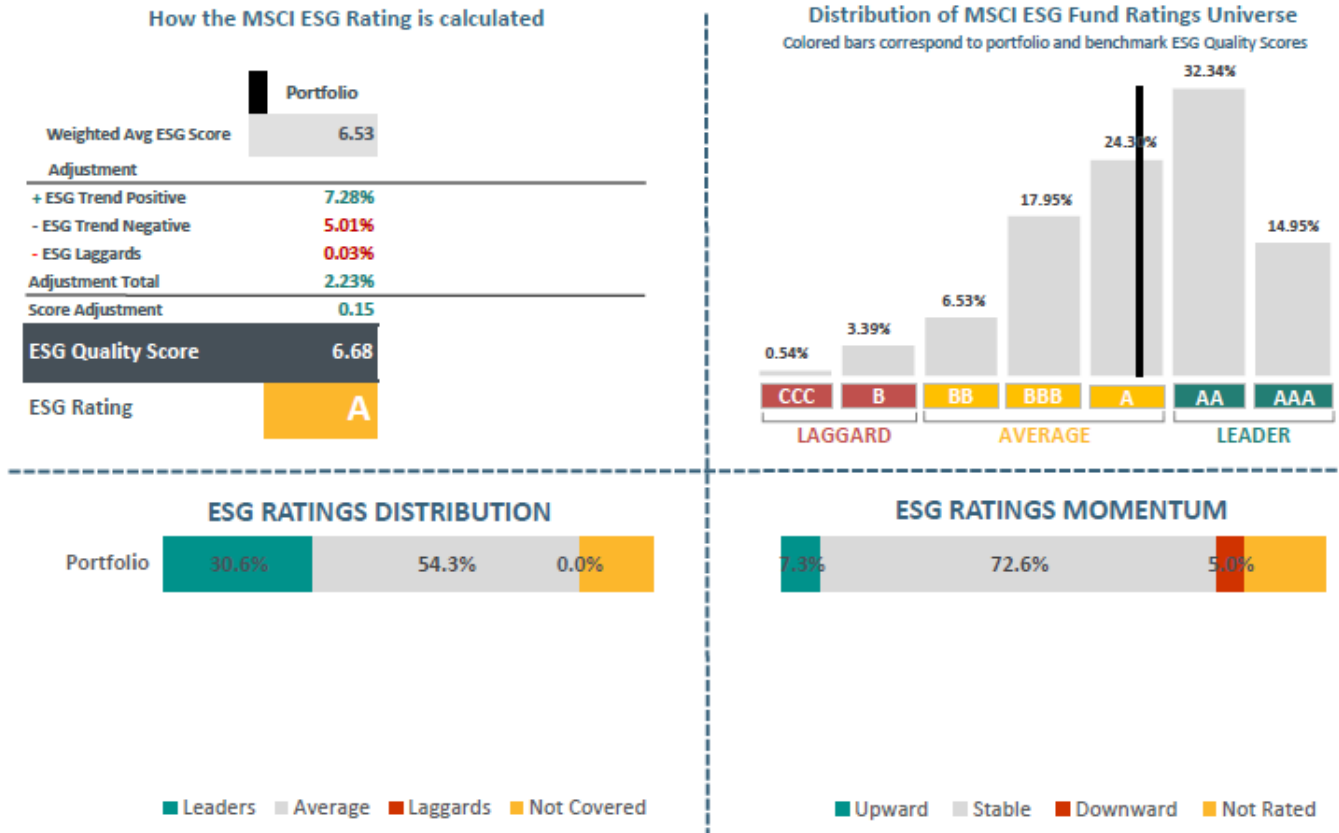
As per the investment management strategy implemented by the World Bank, the funds held in trust benefit from the approach to Sustainable and Responsible Investment (SRI), which considers and incorporates Environmental, Social, and Governance (ESG) factors into Trustee’s investment processes. The implementation 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 CREWS 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 CREWS Trust Fund portfolio.

The CREWS investment portfolio is primarily comprised of short-term high-grade fixed-income securities (sovereign, supranational and agency securities and bank deposits), and as of June 30, 2023, the portfolio has an ESG Quality Score* of 6.68 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, CREWS’s investment portfolio falls in the average decile of the ratings universe. This reflects high capability of CREWS portfolio’s holdings in terms of managing key medium to long term risks and opportunities arising from Environmental, Social and Governance factors.



Figure 1: MSCI ESG Portfolio Summary – Climate Risk and Early Warning Systems 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 [here](#).*



4. Cumulative Funding Decisions

In USD millions

| <u>Projects</u> | <u>Implementing Partner</u> | <u>as of June 30, 2023</u> |
|-------------------------------------|-----------------------------|----------------------------|
| Afghanistan | IBRD | 2.45 |
| | WMO | 0.86 |
| Burkina Faso | WMO | 1.94 |
| Caribbean | IBRD | 2.58 |
| | UNDRR | 1.17 |
| | WMO | 2.28 |
| Chad | IBRD | 1.50 |
| | WMO | 1.33 |
| Congo, DR | IBRD | 2.51 |
| | WMO | 0.26 |
| Haiti | WMO | 1.33 |
| Mali | IBRD | 2.78 |
| | WMO | 0.22 |
| Malawi | IBRD | 1.40 |
| | WMO | 1.29 |
| Niger | IBRD | 2.24 |
| | WMO | 0.22 |
| Pacific Islands | IBRD | 0.65 |
| | UNDRR | 0.53 |
| | WMO | 5.24 |
| Papua New Guinea | WMO | 1.46 |
| Togo | IBRD | 1.15 |
| | WMO | 0.97 |
| SouthEast Asia | IBRD | 0.99 |
| | UNDRR | 0.75 |
| | WMO | 3.16 |
| Africa | IBRD | 6.78 |
| | UNDRR | 4.82 |
| | WMO | 11.95 |
| Global | UNDRR | 0.50 |
| | WMO | 0.76 |
| Accelerated Support | | 0.71 |
| | | 66.77 |
| <u>Fees</u> | | |
| IBRD | | 2.69 |
| UNDRR | | 1.01 |
| WMO | | 4.43 |
| Accelerated Support | | 0.08 |
| | | 8.22 |
| <u>Administrative Budget</u> | | |
| Secretariat a/ | | 5.67 |
| Trustee | | 0.89 |
| | | 6.55 |
| Total Funding Decisions | | 81.54 |

a/ includes support from Implementing Partners, provided through staff secondments

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

5. Funds Available

In USD millions

| | As of June 30, 2023 (a) | As of March 31, 2023 (b) | Change since last report (a) - (b) |
|---|-------------------------------|--------------------------------|---------------------------------------|
| 1. Cumulative Receipts | 91.04 | 87.78 | 3.26 |
| a. Cash receipts from Contributors | 88.62 | 85.60 | 3.02 |
| b. Investment Income earned a/ | 2.42 | 2.17 | 0.24 |
| 2. Cumulative Cash Transfers | 81.54 | 80.33 | 1.21 |
| a. Projects | 66.77 | 65.83 | 0.93 |
| b. Fees | 8.22 | 8.12 | 0.10 |
| C. Administrative Budget | 6.55 | 6.37 | 0.18 |
| 3. Funds Held in Trust (3 = 1 - 2) | 9.50 | 7.45 | 2.05 |
| 4. Funding Decisions Pending Cash Transfer | - | 0.79 | (0.79) |
| 5. Funds available to support Steering Committee decisions (5 = 3 - 4) | <u>9.50</u> | <u>6.66</u> | <u>2.84</u> |

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

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

HIGHLIGHTS FOR THE PERIOD APRIL 1, 2023 THROUGH JUNE 30, 2023:

- **Funds Held in Trust**, representing cumulative receipts less cumulative cash transfers, amount to USD 9.50 million as of June 30, 2023. Funds Held in Trust increased by USD 2.05 million over the prior reporting period due to:
 - Total cash receipts of USD 3.26 million, comprising cash receipts from Contributors of USD 3.02 million and additional investment income of approximately USD 0.24 million during the second quarter of calendar year 2023;
 - Offset by cash transfers of USD 1.21 million
- **Funding Availability** increased by USD 2.84 million over the prior reporting period largely due to:
 - Total cash receipts of USD 3.26 million during the period as mentioned above;
 - Offset by new funding decisions, net of returned unused funds, totaling USD 0.42 million



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 Implementing Partner under a Financial Procedures Agreement |
| Contribution | The funds provided and to be provided by a Contributor 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 World Bank, as Trustee, and a Contributor, 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. |
| 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 World Bank, 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 |
| Implementing Partner (IP) | 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 |
| 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 |
| UNDRR | United Nations Office for Disaster Risk Reduction |
| WMO | World Meteorological Organization |