



Climate Risk and Early Warning Systems Trust Fund

Financial Report

Prepared by the Trustee

As of June 30, 2024



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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, 2024.



CREWS Trust Fund Financial Summary as of June 30, 2024

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, 2024, contributions and pledges to the CREWS Trust Fund totaled USDeq. 129.68 million. Of this amount, USD 118.60 million has been received by the Trustee and applied to the CREWS Trust Fund.

Investment Income:

As of June 30, 2024, the CREWS Trust Fund earned investment income of approximately USD 4.42 million on the liquid balances of the Trust Fund and investment income received from the implementing partners (IPs).

Funding Approvals:

As of June 30, 2024, the CREWS Steering Committee had approved funding from the CREWS Trust Fund totaling USD 100.45 million, net of returned unused funds, with USD 82.14 million to finance project activities, USD 9.97 million for IP fees and USD 8.35 million for administrative budgets to support the activities of the CREWS Secretariat and Trustee.

Cash Transfers:

The Trustee has transferred USD 96.02 million as of June 30, 2024, including USD 87.97 million to Implementing Partners for project activities.

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, 2024, amounted to USD 27.00 million.

Funds Available for CREWS Steering Committee Funding Decisions:

Funds available to support CREWS Steering Committee funding decisions amounted to USD 22.57 million as of June 30, 2024.

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



1. CREWS Trust Fund Summary – Inception through June 30, 2024

In USD millions

| | Total | % of Total |
|--|---------------|---------------|
| <u>Donor Pledges and Contributions</u> | | |
| Contributions | 133.44 | 96.5% |
| Pledges | 4.81 | 3.5% |
| Total Pledges and Contributions | 138.24 | 100.0% |
| <u>Cumulative Resources</u> | | |
| <u>Resources received</u> | | |
| Cash Receipts | 118.60 | 83.1% |
| Investment Income earned a/ | 4.42 | 3.1% |
| Total Resources Received | 123.02 | 86.2% |
| <u>Resources not yet received</u> | | |
| Contributions not yet received | 14.86 | 10.4% |
| Pledges | 4.81 | 3.4% |
| Total resources not yet received | 19.67 | 13.8% |
| Total Potential Resources (A) (in USD millions) | 142.69 | 100.0% |
| <u>Cumulative Funding Decisions</u> | | |
| Projects | 82.14 | 81.8% |
| Fees | 9.97 | 9.9% |
| Administrative Budget | 8.35 | 8.3% |
| Total Funding Decisions Net of Cancellations (B) | 100.45 | 100.0% |
| Total Potential Resources Net of Funding Decisions (A) - (B) | 42.24 | |
| <u>Funds Available</u> | | |
| Funds Held in Trust with no restrictions | 27.00 | |
| Approved Amounts Pending Cash Transfers | 4.43 | |
| Total Funds Available to Support Steering Committee Decisions | 22.57 | |

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, 2024

In millions

| Contributor | Curr | Pledge in Currency of Contribution | USDeq. a/ | Effective (or signed) Contribution | Receipts in Currency of Contribution | Total Outstanding Contributions in USDeq. b/ | Receipts in USD c/ |
|----------------|------|--|---------------|--|--|---|-----------------------|
| Australia | AUD | 5.00 | 3.70 | 5.00 | 5.00 | - | 3.70 |
| Austria | EUR | 3.00 | 3.23 | 3.00 | 3.00 | - | 3.23 |
| Canada | CAD | 10.00 | 7.41 | 10.00 | 7.00 | 2.19 | 5.22 |
| Finland | EUR | 5.00 | 6.12 | 5.00 | 5.00 | - | 6.12 |
| France | EUR | 46.43 | 51.24 | 46.43 | 38.40 | 8.60 d/ | 42.67 |
| Germany | EUR | 18.00 | 20.06 | 18.00 | 18.00 | - | 20.06 |
| Luxembourg | EUR | 3.00 | 3.23 | 3.00 | 3.00 | - | 3.23 |
| Monaco | EUR | 0.20 | 0.21 | 0.10 | 0 | 0.05 | 0.05 |
| Netherlands | USD | 3.35 | 3.35 | 3.35 | 3.35 | - | 3.35 |
| Norway | NOK | 150.00 | 14.35 | 100 | 75 | 2.35 | 7.30 |
| Switzerland | CHF | 13.00 | 13.32 | 13.00 | 11.50 | 1.67 | 11.65 |
| United Kingdom | GBP | 9.30 | 12.03 | 9.30 | 9.30 | - | 12.03 |
| Total | | | 138.24 | | | 14.86 | 118.60 |

a/ Represents (1) actual US dollar value of paid-in cash contributions and/or (2) June 30, 2024 value of pledges outstanding and/or unpaid contribution amounts
b/ Valued on the basis of exchange rates as of June 30, 2024
c/ Represent actual USD receipts
d/ EUR 8 million of France's contribution was received on July 10, 2024
Note: totals may not add up due to rounding



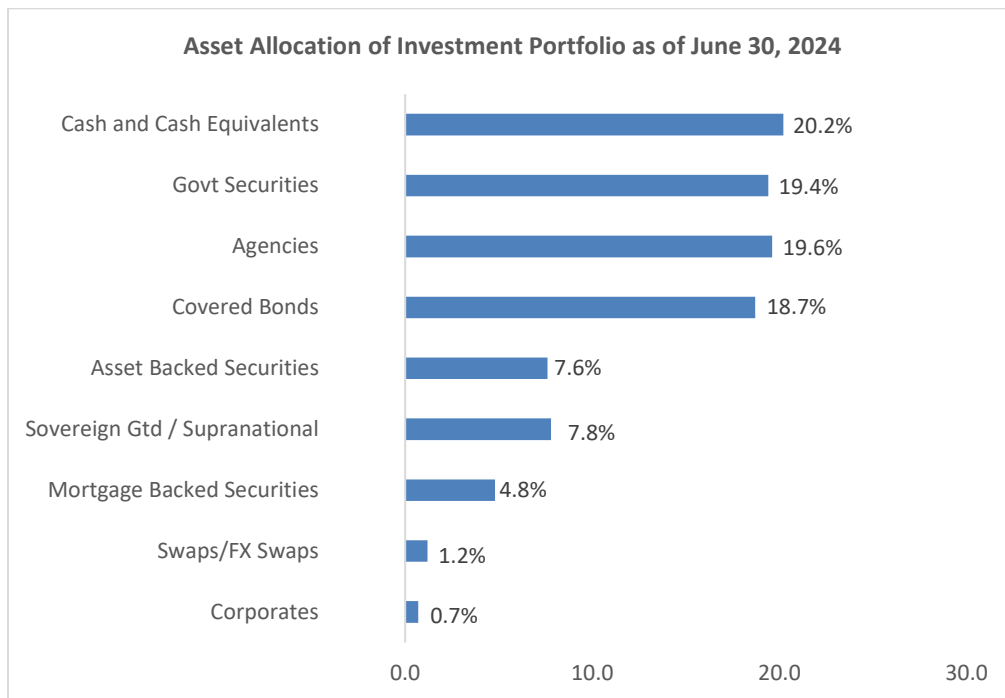
3. Asset Mix and Investment Income

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 CREWS funds are invested in a short term, high quality fixed income portfolio with an investment horizon of up to one year.

The investment objectives for the CREWS 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 framework².

By asset class, as of June 30, 2024, the portfolio is concentrated in government securities, cash & money market instruments, and covered bonds.

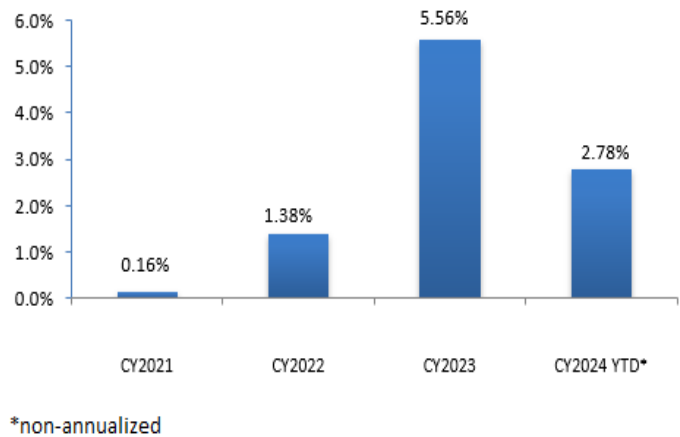


² World Bank defines the market risk measures and tolerances for Model Portfolios of 1-year or less investment horizon as 99% CVaR be no worse than -0.25%; and for Model Portfolios of longer than 1-year but less or equal to 5-year investment horizon as 99% CVaR be no worse than -1%.



INVESTMENT RETURNS

The CREWS Trust Fund liquid portfolio earned USD 4.40 million³ in investment income since inception. The portfolio returns during the first half of the calendar year 2024 was 2.78%. Fixed income portfolio performance was positive during the fourth quarter of FY2024. Fourth quarter of fiscal year 2024 started with sharp spikes in treasury yields owing to upward surprises in inflation and economic activity resulting in markets pricing just one interest rate cut in 2024. The US 10-year treasury yields spiked 48 bps to 4.68% in April. US Treasury yields declined during May as inflation came in lower than expected. Fed officials maintained the need to see sustained



improvement in inflation towards the 2% target before any changes to the monetary policy. Further softening of inflation and economic data in June lead to rates rally and heightened market expectations that the Fed is closer to achieving its 2% inflation target, which could open the door to interest rate cuts. Treasury yields were 10-15 bps lower across the curve with Ten-year yields getting as low as 4.22% during the month. The fixed income portfolios continue to be duration neutral to the benchmark.

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.

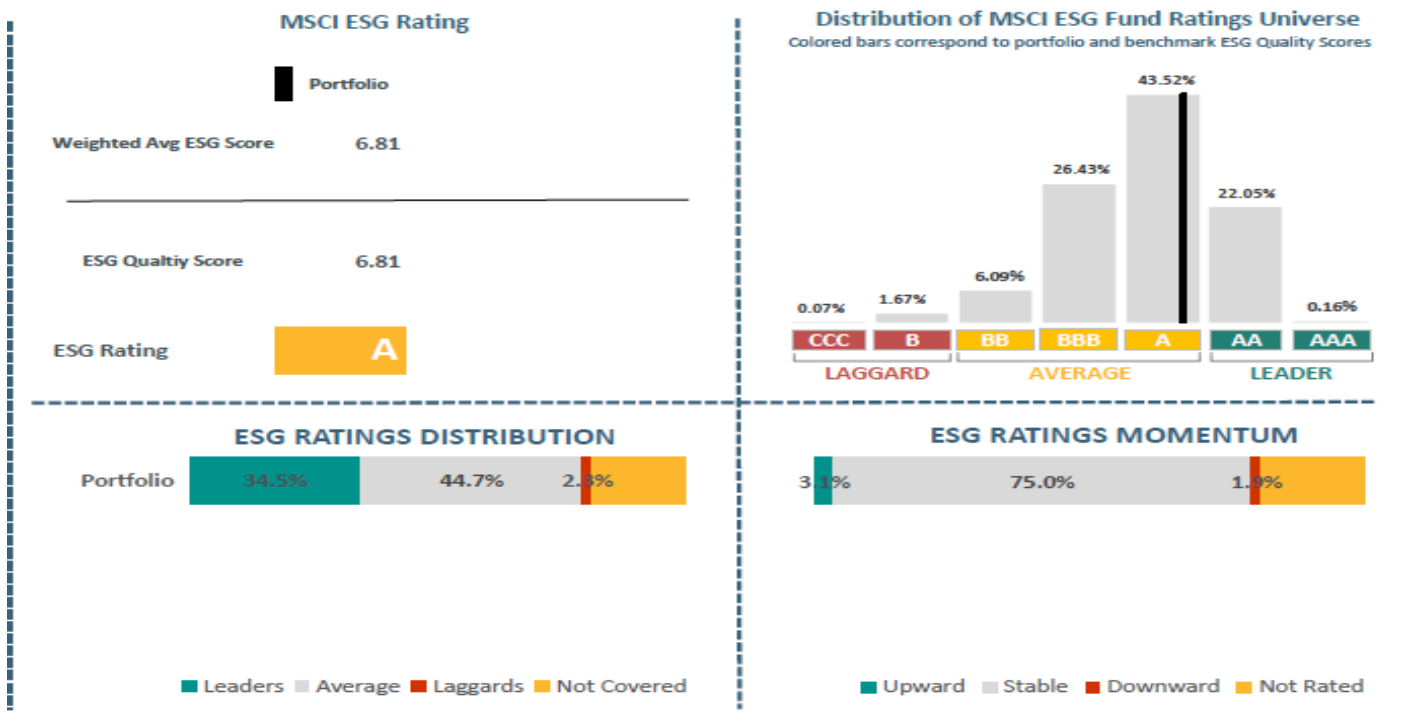
The CREWS investment portfolio is primarily comprised of short-term high-grade fixed-income securities (sovereign, supranational and agency securities and bank deposits), and as of June 30, 2024, the portfolio has an ESG Quality

³ Excludes investment income earned on unused funds received from Ips.



Score⁴ of 6.81 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 more consistent reference indicator, CREWS’s investment portfolio falls in the second quartile of the ratings universe. This reflects average 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



⁴ 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, 2024</u> |
|--------------------------------|-----------------------------|----------------------------|
| Afghanistan | IBRD | 2.01 |
| | WMO | 1.30 |
| Burkina Faso | WMO | 1.94 |
| Caribbean | IBRD | 2.58 |
| | UNDRR | 4.27 |
| | WMO | 5.38 |
| Chad | IBRD | 1.50 |
| | WMO | 1.33 |
| Congo, DR | IBRD | 2.51 |
| | WMO | 0.26 |
| Djibouti | UNDRR | 1.05 |
| | WMO | 2.21 |
| 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 | 4.23 |
| | WMO | 2.08 |
| Window | | 1.57 |
| | | 82.14 |
| <u>Fees</u> | | |
| IBRD | | 2.69 |
| UNDRR | | 1.79 |
| WMO | | 5.29 |
| Accelerated Support | | 0.20 |
| | | 9.97 |
| <u>Administrative Budget</u> | | |
| Secretariat a/ Trustee | | 7.30 |
| | | 1.05 |
| | | 8.35 |
| Total Funding Decisions | | 100.45 |

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, 2024 (a) | As of March 31, 2024 (b) | Change since last report (a) - (b) |
|---|-------------------------------|--------------------------------|---------------------------------------|
| 1. Cumulative Receipts | 123.02 | 117.90 | 5.13 |
| a. Cash receipts from Contributors | 118.60 | 113.98 | 4.62 |
| b. Investment Income earned a/ | 4.42 | 3.92 | 0.50 |
| 2. Cumulative Cash Transfers | 96.02 | 83.31 | 12.71 |
| a. Projects | 78.43 | 66.97 | 11.47 |
| b. Fees | 9.54 | 8.30 | 1.24 |
| C. Administrative Budget | 8.05 | 8.05 | - |
| 3. Funds Held in Trust (3 = 1 - 2) | 27.00 | 34.58 | (7.58) |
| 4. Funding Decisions Pending Cash Transfer | 4.43 | 0.44 | 3.99 |
| 5. Funds available to support Steering Committee decisions (5 = 3 - 4) | <u>22.57</u> | <u>34.14</u> | <u>(11.57)</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, 2024, THROUGH JUNE 30, 2024:

- **Cash Receipts**, The Trustee received funds from Canada of CAD 3 million, Norway NOK 25 million and from Principality of Monaco EUR 0.05 million.
- **Funds Held in Trust**, representing cumulative receipts less cumulative cash transfers, amount to USD 27 million as of June 30, 2024. Funds Held in Trust decreased by USD 7.58 million over the prior reporting period due to:
 - Cash transfers of USD 12.71 million;
 - Offset by cash receipts of USD 5.13 million, comprising of cash receipts from Contributors of USD 4.62 million and additional investment income of approximately USD 0.50 million during the last quarter of fiscal year 2024;
- **Funding Availability** decreased by USD 11.57 million over the prior reporting period largely due to cash transfers of USD 12.71 million offset by cash receipts from contributors and additional investment income.



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 |