



Climate Risk and Early Warning Systems Trust Fund

Financial Report

Prepared by the Trustee

As of September 30, 2020



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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 September 30, 2020.



CREWS Trust Fund Financial Summary as of September 30, 2020

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 September 30, 2020, contributions to the CREWS Trust Fund totaled USDeq. 59.70 million. Of this amount, USD 52.68 million has been received by the Trustee and applied to the CREWS Trust Fund.

Investment Income:

As of September 30, 2020, the CREWS Trust Fund earned investment income of approximately USD 0.76 million on the liquidity balances of the Trust Fund. In addition, the cumulative investment income received from the implementing partners is USD 0.58 million.

Funding Approvals:

As of September 30, 2020, the CREWS Steering Committee had approved funding from the CREWS Trust Fund totaling USD 47.49 million, with USD 38.47 million to finance project activities, USD 4.74 million for IP fees and USD 4.28 million for administrative budgets to support the activities of the CREWS Secretariat and Trustee.

Cash Transfers:

The Trustee has transferred a total of USD 45.60 million up to September 30, 2020, of which USD 36.80 million is related to projects.

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 September 30, 2020 amounted to USD 8.41 million.

Funds Available for CREWS Steering Committee Funding Decisions:

Funds available to support CREWS Steering Committee funding decisions amounted to USD 6.52 million as of September 30, 2020.

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

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

In USD millions

	Total	% of Total
<u>Donor Pledges and Contributions</u>		
Contributions	59.70	100.0%
Pledges	-	0.0%
Total Pledges and Contributions	59.70	100.0%
<u>Cumulative Resources</u>		
<u>Resources received</u>		
Cash Receipts	52.68	86.3%
Investment Income earned	0.76	1.2%
Investment Income received from IPs	0.58	0.9%
Total Resources Received	54.01	88.5%
<u>Resources not yet received</u>		
Contributions not yet received	7.03	11.5%
Pledges	-	0.0%
Total resources not yet received	7.03	11.5%
Total Potential Resources (A) (in USD millions)	61.04	100.0%
<u>Cumulative Funding Decisions</u>		
Projects	38.47	81.0%
Fees	4.74	10.0%
Administrative Budget	4.28	9.0%
Total Funding Decisions Net of Cancellations (B)	47.49	100.0%
Total Potential Resources Net of Funding Decisions (A) - (B)	13.55	
<u>Funds Available</u>		
Funds Held in Trust with no restrictions	8.41	
Approved Amounts Pending Cash Transfers	1.89	
Total Funds Available to Support Steering Committee Decisions	6.52	

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



2. Pledges and Contributions as of September 30, 2020

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
France	EUR	22.43	22.43	22.43	-	24.88
Germany	EUR	13.00	13.00	7.00	7.03	7.47
Luxembourg	EUR	1.50	1.50	1.50	-	1.65
Netherlands	USD	3.35	3.35	3.35	-	3.35
Switzerland	CHF	9.00	9.00	9.00	-	9.00
United Kingdom	GBP	2.00	2.00	2.00	-	2.62
Total Contributions Received					7.03	52.68

a/ Valued on the basis of exchange rates as of September 30, 2020

b/ Represents actual USD receipts

Note: totals may not add up due to rounding

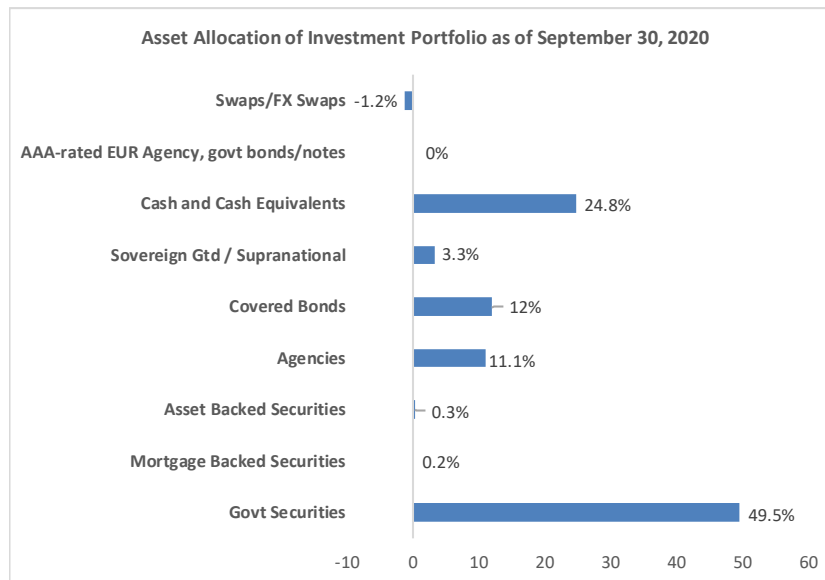


3. Asset Mix and Investment Income

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. 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.

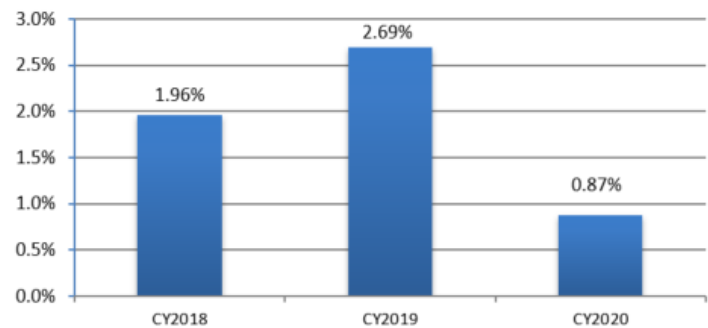
The portfolio allocation by asset class has the largest allocations to government securities and money market instruments.



Note: 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.

INVESTMENT RETURNS

The CREWS funds are invested in accordance with the investment strategy established for all trust funds administered by the World Bank and has earned approximately USD 0.76 million since inception. The portfolio returns through September of calendar year 2020 was 0.87% non-annualized.



*non-annualized



4. Cumulative Funding Decisions

In USD millions

<u>Projects</u>	<u>Implementing Partner</u>	<u>as of September 30, 2020</u>
Afghanistan	IBRD	2.45
	WMO	0.86
Burkina Faso	WMO	1.94
Caribbean	IBRD	2.58
	UNDRR	0.29
	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
Niger	IBRD	2.24
	WMO	0.22
Pacific Islands	IBRD	0.65
	UNDRR	0.53
	WMO	5.25
Papua New Guinea	WMO	1.46
Togo	IBRD	1.15
	WMO	0.97
West Africa	IBRD	1.18
	WMO	3.57
Global	UNDRR	0.50
	WMO	0.44
		38.47
<u>Fees</u>		
IBRD		1.85
UNDRR		0.17
WMO		2.72
		4.74
<u>Administrative Budget</u>		
Secretariat a/		3.66
Trustee		0.62
		4.28
Total Funding Decisions		47.49
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 September 30, 2020 (a)	As of June 30, 2020 (b)	Change since last report (a) - (b)
1. Cumulative Receipts	54.01	53.98	0.03
a. Cash receipts from Contributors	52.68	52.68	-
b. Investment Income earned	0.76	0.75	0.01
c. Investment Income received from IPs	0.58	0.55	0.02
2. Cumulative Cash Transfers	45.60	41.54	4.06
a. Projects	36.80	33.56	3.24
b. Fees	4.52	4.10	0.42
C. Administrative Budget	4.28	3.88	0.40
3. Funds Held in Trust (3 = 1 - 2)	8.41	12.44	(4.03)
4. Funding Decisions Pending Cash Transfer	1.89	5.96	(4.07)
5. Funds available to support Steering Committee decisions (5 = 3 - 4)	6.52	6.48	0.04

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

HIGHLIGHTS FOR THE PERIOD JULY 1, 2020 THROUGH SEPTEMBER 30, 2020:

- **Funds Held in Trust** represent cumulative receipts less cumulative cash transfers, and amount to USD 8.41 million as of September 30, 2020. Funds Held in Trust decreased by USD 4.03 million due to:
 - Cash transfers of USD 4.06 million
 - Offset by investment income of approximately USD 0.03 million during the third quarter of calendar year 2020
- **Funding Availability** increased by USD 0.04 million over the prior reporting period due to:
 - Additional investment income of USD 0.03 million and,
 - Decrease in Funding decisions by USD 0.01 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 a World Bank entity, 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 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
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