



# Climate Risk and Early Warning Systems Trust Fund

## Financial Report

Prepared by the Trustee

*As of September 30, 2021*



## Table of Contents

### Table of Contents

|   |    |
|---|----|
| Introduction .....  | 3  |
| CREWS Trust Fund Financial Summary as of September 30, 2021 .....       | 4  |
| 1. CREWS Trust Fund Summary – Inception through September 30, 2021..... | 5  |
| 2. Pledges and Contributions as of September 30, 2021.....              | 6  |
| 3. Asset Mix and Investment Income.....                                 | 7  |
| 4. Cumulative Funding Decisions .....                                   | 10 |
| 5. Funds Available .....  | 11 |
| Glossary.....   | 12 |



## Introduction

The Climate Risk and Early Warning Systems (CREWS) Initiative was officially launched at the 21<sup>st</sup> 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, 2021.



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

### ***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, 2021, contributions to the CREWS Trust Fund totaled USDeq. 70.70 million. Of this amount, USD 67.23 million has been received by the Trustee and applied to the CREWS Trust Fund.

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

As of September 30, 2021, the CREWS Trust Fund earned investment income of approximately USD 1.41 million on the liquid balances of the Trust Fund and investment income received from the implementing partners.

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

As of September 30, 2021, the CREWS Steering Committee had approved funding from the CREWS Trust Fund totaling USD 58.08 million, with USD 46.94 million to finance project activities, USD 5.81 million for IP fees and USD 5.32 million for administrative budgets to support the activities of the CREWS Secretariat and Trustee.

### ***Cash Transfers:***

The Trustee has transferred a total of USD 56.11 million up to September 30, 2021, of which USD 45.20 million is related to projects.

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

Funds Held in Trust<sup>1</sup> reflect contributions paid-in from contributors and investment income earned, less cash transfers by the Trustee. Funds Held in Trust as of September 30, 2021 amounted to USD 12.53 million.

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

Funds available to support CREWS Steering Committee funding decisions amounted to USD 10.56 million as of September 30, 2021.

---

<sup>1</sup> 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, 2021

*In USD millions*

|   | Total        | % of Total    |
|---|--------------|---------------|
| <b><u>Donor Pledges and Contributions</u></b> |              |               |
| Contributions                                 | 70.70        | 92.4%         |
| Pledges                                       | 5.79         | 7.6%          |
| <b>Total Pledges and Contributions</b>        | <b>76.49</b> | <b>100.0%</b> |

|  |              |               |
|--|--------------|---------------|
| <b><u>Cumulative Resources</u></b>                     |              |               |
| <u>Resources received</u>                              |              |               |
| Cash Receipts  | 67.23        | 86.3%         |
| Investment Income earned a/                            | 1.41         | 1.8%          |
| <b>Total Resources Received</b>                        | <b>68.64</b> | <b>88.1%</b>  |
| <u>Resources not yet received</u>                      |              |               |
| Contributions not yet received                         | 3.47         | 4.5%          |
| Pledges  | 5.79         | 7.4%          |
| <b>Total resources not yet received</b>                | <b>9.26</b>  | <b>11.9%</b>  |
| <b>Total Potential Resources (A) (in USD millions)</b> | <b>77.90</b> | <b>100.0%</b> |

|   |              |               |
|---|--------------|---------------|
| <b><u>Cumulative Funding Decisions</u></b>                          |              |               |
| Projects  | 46.94        | 80.8%         |
| Fees  | 5.81         | 10.0%         |
| Administrative Budget   | 5.32         | 9.2%          |
| <b>Total Funding Decisions Net of Cancellations (B)</b>             | <b>58.08</b> | <b>100.0%</b> |
| <b>Total Potential Resources Net of Funding Decisions (A) - (B)</b> | <b>19.82</b> |               |

|  |              |  |
|--|--------------|--|
| <b><u>Funds Available</u></b>  |              |  |
| Funds Held in Trust with no restrictions                             | 12.53        |  |
| Approved Amounts Pending Cash Transfers                              | 1.97         |  |
| <b>Total Funds Available to Support Steering Committee Decisions</b> | <b>10.56</b> |  |

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 to due to rounding



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

*In millions*

| Contributor    | Curr | Pledge in<br>Currency of<br>Contribution | Effective<br>(or signed)<br>Contribution | Receipts in<br>Currency of<br>Contribution | Total<br>Outstanding<br>Contributions<br>in USDeq. a/ | Receipts in<br>USD b/ |
|----------------|------|--|--|--|---|-----------------------|
| Australia      | AUD  | 5.00                                     | 5.00                                     | 5.00                                       | -   | 3.70                  |
| Finland        | EUR  | 5.00                                     | 5.00                                     | 5.00                                       | -   | 6.12                  |
| France         | EUR  | 26.43                                    | 26.43                                    | 26.43                                      | -   | 29.71                 |
| Germany        | EUR  | 18.00                                    | 13.00                                    | 10.00                                      | 3.47  | 11.08                 |
| 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                  |
| <b>Total</b>   |      |  |  |  | <b>3.47</b>   | <b>67.23</b>          |

a/ Valued on the basis of exchange rates as of September 30, 2021

b/ Represents actual USD receipts

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

### HIGHLIGHTS FOR THE PERIOD JULY 1, 2021 TO SEPTEMBER 30, 2021:

- Germany made a pledge of EUR 5 million (valued at USDeq. 5.79 million based on end-September 2021 exchange rates).



### 3. Asset Mix and Investment Income

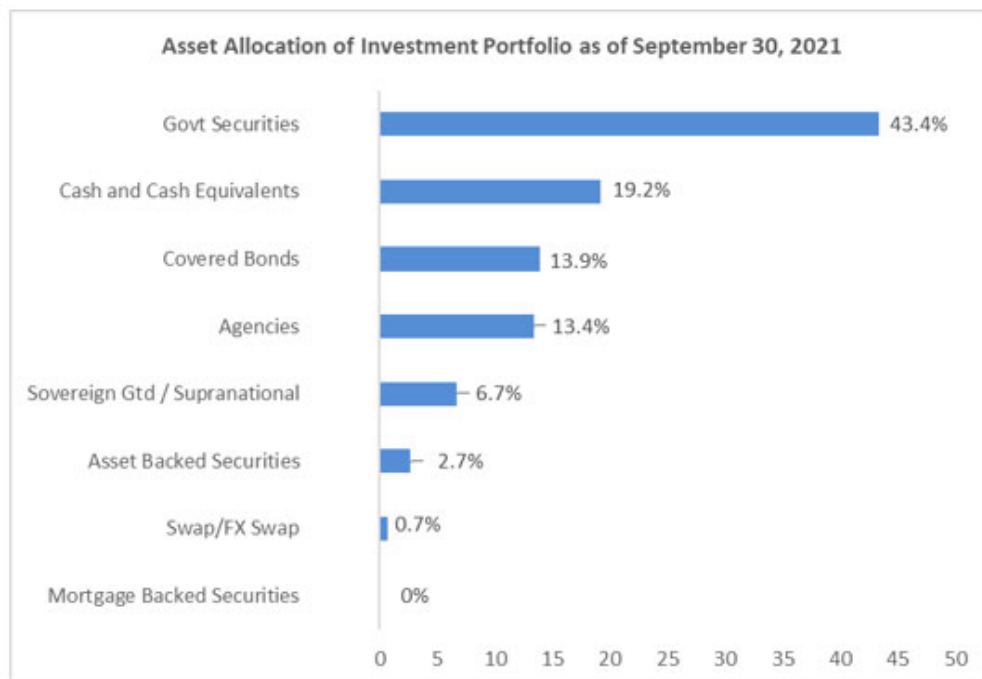
#### ASSET MIX

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 funds held in trust benefit from the overall application of the Trustee's Sustainable and Responsible Investment (SRI) Statement, which includes the consideration and incorporation of Environmental, Social, and Governance factors into its investment processes.

Trust funds in the Pool are managed within a conservative risk management framework, under which 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% with 99% confidence.

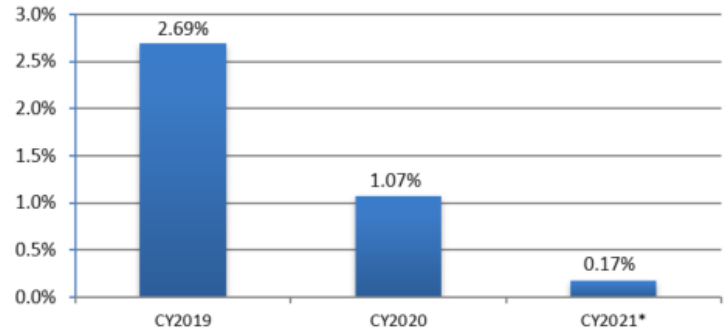
The portfolio allocation by asset class has the largest allocations to government securities and money market instruments.





## 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 1.41 million<sup>2</sup> since inception. The portfolio return during the first three quarters of calendar year 2021 was 0.17%, non-annualized.



\*non-annualized

## 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.

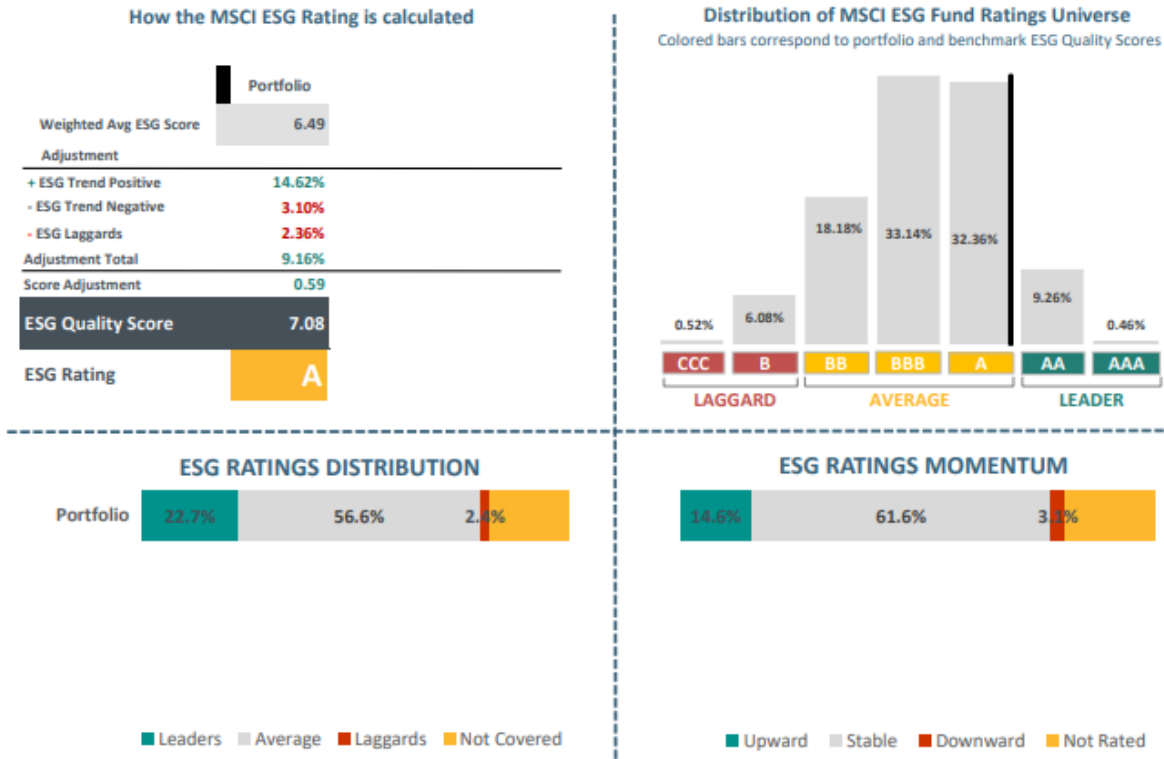
The CREWS investment portfolio is primarily comprised of short-term high-grade fixed-income securities (sovereign, supranational and agency securities and bank deposits), and as at September 30, 2021, the portfolio has an ESG Quality Score\* of 7.08 and an ESG Rating\* of A. Based on its ESG positioning in the MSCI ESG Fund Ratings Universe (upper right of Figure 1), which is deemed to be the more consistent reference indicator, CREWS’s investment portfolio falls in the top 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.

<sup>2</sup> Includes investment income received from IPs





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 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

In USD millions

| <u>Projects</u>                     | <u>Implementing Partner</u> | <u>as of September 30, 2021</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                            |
| SouthEast Asia                      | IBRD                        | 0.99                            |
|                                     | UNDRR                       | 0.75                            |
|                                     | WMO                         | 3.16                            |
| Togo                                | IBRD                        | 1.15                            |
|                                     | WMO                         | 0.97                            |
| Africa                              | IBRD                        | 2.76                            |
|                                     | UNDRR                       | 0.44                            |
|                                     | WMO                         | 5.12                            |
| Global                              | UNDRR                       | 0.50                            |
|                                     | WMO                         | 0.44                            |
|                                     |                             | <b>46.94</b>                    |
| <b><u>Fees</u></b>                  |                             |                                 |
| IBRD                                |                             | 2.15                            |
| UNDRR                               |                             | 0.33                            |
| WMO                                 |                             | 3.33                            |
|                                     |                             | <b>5.81</b>                     |
| <b><u>Administrative Budget</u></b> |                             |                                 |
| Secretariat a/                      |                             | 4.57                            |
| Trustee                             |                             | 0.75                            |
|                                     |                             | <b>5.32</b>                     |
| <b>Total Funding Decisions</b>      |                             | <b>58.08</b>                    |

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<br>September 30, 2021<br>(a) | As of<br>June 30, 2021<br>(b) | Change since last report<br>(a) - (b) |
|---|------------------------------------|-------------------------------|---------------------------------------|
| <b>1. Cumulative Receipts</b>   | <b>68.64</b>                       | <b>68.62</b>                  | <b>0.02</b>                           |
| a. Cash receipts from Contributors  | 67.23                              | 67.23                         | -                                     |
| b. Investment Income earned a/  | 1.41                               | 1.39                          | 0.02                                  |
| <b>2. Cumulative Cash Transfers</b>   | <b>56.11</b>                       | <b>51.56</b>                  | <b>4.54</b>                           |
| a. Projects   | 45.20                              | 42.04                         | 3.16                                  |
| b. Fees   | 5.58                               | 5.17                          | 0.41                                  |
| c. Administrative Budget  | 5.32                               | 4.35                          | 0.97                                  |
| <b>3. Funds Held in Trust ( 3 = 1 - 2 )</b>                                     | <b>12.53</b>                       | <b>17.05</b>                  | <b>(4.52)</b>                         |
| <b>4. Funding Decisions Pending Cash Transfer</b>                               | <b>1.97</b>                        | <b>0.97</b>                   | <b>1.00</b>                           |
| <b>5. Funds available to support Steering Committee decisions ( 5 = 3 - 4 )</b> | <b>10.56</b>                       | <b>16.08</b>                  | <b>(5.52)</b>                         |

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 JULY 1, 2021 THROUGH SEPTEMBER 30, 2021:

- **Funds Held in Trust**, representing cumulative receipts less cumulative cash transfers, amount to USD 12.53 million as of September 30, 2021. Funds Held in Trust decreased by USD 4.52 million over the prior reporting period due to:
  - Cash transfers of USD 4.54 million;
  - Offset by additional investment income of approximately USD 0.02 million during the third quarter of calendar year 2021
- **Funding Availability** decreased by USD 5.52 million over the prior reporting period due to:
  - Additional investment income during the quarter totaling USD 0.02 million;
  - Offset by new funding allocations of USD 5.54 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  |