



Least Developed Countries Fund (LDCF)

Financial Report

Prepared by the Trustee

As of March 31, 2013



Table of Contents

Introduction	3
LDCF Trust Fund Financial Summary as of March 31, 2013	4
1. LDCF Trust Fund Summary – Inception through March 31, 2013.....	5
2. Pledges and Contributions	6
3. Asset Mix and Investment Income.....	7
4. Cumulative Funding Decisions, Trustee Commitments and Cash Transfers.....	8
5. Funds Available	9
Annex I - Cumulative Funding Decisions Details by Activity and Agency	10



Introduction

The information contained in this report is prepared based on financial information as of March 31, 2013.

The Least Developed Countries Fund (LDCF) was established in November 2002 following the decision of the Conference of the Parties to the United Nations Framework Convention on Climate Change (the “UNFCCC”) at its Seventh Session (“COP 7”) to invite the Global Environment Facility (“GEF”) to operate such a fund (Decision 7/CP.7 of the UNFCCC). At its May 15-17, 2002 biannual meeting, the GEF Council (the “Council”) approved the arrangements proposed for the establishment of such a fund and invited IBRD to act as trustee of it (GEF/C.19/6).

The report is produced by the Trustee in accordance with the Trustee’s role as set forth in the paper entitled Arrangements for the Establishment of the New Climate Change Funds (GEF/C.19/6) which states:

“[...] the World Bank would be responsible for the financial management of each fund, including: [...] (iv) the preparation of financial reports regarding the investment and use of the funds’ resources; and (v) regular reporting to the Council on the status of the funds’ resources.”

This report provides (i) a snapshot of the financial situation of the LDCF Trust Fund since its inception to March 31, 2013 and some of the recent developments from October 1, 2012 to March 31, 2013; (ii) the status of pledges and contributions, and (iii) the details of financial activities of the LDCF Trust Fund.



LDCF Trust Fund Financial Summary as of March 31, 2013

Pledges and Contributions:

As of March 31, 2013, 25 donors pledged and signed Contribution Agreements amounting to USDeq. 604.8 million. The Trustee has received USD 585.5 million in cash to date from these donors.

Investment Income:

As of March 31, 2013, the LDCF Trust Fund earned investment income of approximately USD 17.6 million on the undisbursed balance of the Trust Fund. The LDCF Trust Fund liquid portfolio has returned 0.10%¹ through the calendar year to date.

Funding Approvals and Trustee Commitments:

As of March 31, 2013, cumulative funding decisions by the Council and the CEO amounted to USD 481.7 million. This represents an increase of USD 125.8 million since September 30, 2012. Of the total amount approved, USD 432.6 million was for projects and project preparation activities, USD 42.6 million was for fees, and USD 6.4 million was for administrative expenses and corporate activities of the LDCF.

Funding approved by the Council and the CEO is committed by the Trustee and transferred following established procedures for all financial transactions as agreed between the Trustee and the Agencies. The Trustee has committed a total amount of USD 205.1 million, of which USD 181.7 million relates to projects and project preparation activities, USD 18.1 million to fees, and USD 5.3 million to cover corporate activities and administrative expenses.

Cash Transfers:

Cash transfers were made to Agencies on an as-needed basis to meet their projected disbursement requirements. Out of the cumulative commitments of USD 205.1 million, upon request from Agencies, the Trustee has transferred USD 132 million, of which USD 20.9 million has been transferred between October 1, 2012 and March 31, 2013. As a result, USD 73.1 million remains payable to Agencies as of March 31, 2013.

Funds Held in Trust and Funds Available for Council and CEO Funding Decisions

Funds Held in Trust² reflect financial activities related to new donor payments (cash and promissory notes), encashment of promissory notes, investment income, cash transfers, and the revaluation of the balance of promissory notes at month-end. Funds Held in Trust as of March 31, 2013 amounted to USDeq. 471.4 million.

Funds available to support Council or CEO decision amounted to USD 130.6 million³ **as of March 31, 2013.** This represents a decrease of USD 40.8 million as compared to September 30, 2012. Funding approvals by the Council and CEO between October 1, 2012 and March 31, 2013 exceeded the receipt of new funds from donors during the same period.

¹ Represents non-annualized rate of return.

² Funds Held in Trust represents balance of cash, investments and unencashed promissory notes, if any, as of the reporting date.

³ Funds available for Council decision would be adjusted accordingly to reflect new payments received from donors and by additional funding approvals between April 1, 2013 and the date of work program approval by the Council in June 2013.

1. LDCF Trust Fund Summary – Inception through March 31, 2013

In USD millions

	Total	% of Total
<u>Donor Pledges and Contributions</u>		
Contributions	604.75	100.0%
Pledges	-	0.0%
Total Pledges and Contributions	604.75	100.0%
<u>Cumulative Resources</u>		
<u>Resources received</u>		
Cash Receipts	585.52	94.1%
Investment Income earned	17.58	2.8%
Total Resources Received	603.10	96.9%
<u>Resources not yet received</u>		
Contributions not yet paid	19.23	3.1%
Pledges	-	0.0%
Total resources not yet received	19.23	3.1%
Total Potential Resources (A)	622.33	100.0%
<u>Cumulative Funding Decisions</u>		
Projects	432.64	89.8%
Fees	42.64	8.9%
Administrative Budgets	6.38	1.3%
Total Funding Decisions Net of Cancellations (B)	481.66	100.0%
Total Potential Resources Net of Funding Decisions (A) - (B)	140.67	
<u>Funds Available</u>		
Funds Held in Trust	471.43	
Approved Amounts Pending Cash Transfers	340.83	
Total Funds Available to Support Council / CEO Decisions	130.60	



2. Pledges and Contributions

In USD millions

1	Total Pledges Outstanding and Contributions Finalized a/				Pledges Outstanding		Contribution Agreements Finalized				
	2	3 = 5+7	4 = 6+9+11	5	6	Paid (Receipts)			Unpaid		
						7 = 8+10	8	9	10	11	
Contributing Participant	Currency	Amount	USDeq. b/	Amount	USDeq. b/	Total Contributions	Amount Paid in Currency	USDeq. a/	Amount Due in Currency	USDeq. b/	
Australia	AUD	31.50	29.22	-	-	31.50	31.50	29.22	-	-	
Austria	EUR	0.40	0.58	-	-	0.40	0.40	0.58	-	-	
Belgium	EUR	25.44	34.03	-	-	25.44	25.44	34.03	-	-	
Canada	CAD	30.00	27.36	-	-	30.00	30.00	27.36	-	-	
Czech Republic	EUR	0.02	0.03	-	-	0.02	0.02	0.03	-	-	
Denmark	DKK	170.40	30.23	-	-	170.40	170.40	30.23	-	-	
Finland	EUR	18.38	24.46	-	-	18.38	18.38	24.46	-	-	
France	EUR	10.85	14.62	-	-	10.85	10.85	14.62	-	-	
Germany	EUR	115.00	152.92	-	-	115.00	100.00	133.69	15.00 c/	19.23	
Hungary	EUR	1.00	1.34	-	-	1.00	1.00	1.34	-	-	
Iceland	USD	0.28	0.28	-	-	0.28	0.28	0.28	-	-	
Ireland	d/ EUR	4.63	6.00	-	-	4.63	4.63	6.00	-	-	
	USD	8.00	8.00	-	-	8.00	8.00	8.00	-	-	
Italy	USD	1.00	1.00	-	-	1.00	1.00	1.00	-	-	
Japan	USD	0.25	0.25	-	-	0.25	0.25	0.25	-	-	
Luxembourg	d/ EUR	1.00	1.58	-	-	1.00	1.00	1.58	-	-	
	USD	4.12	4.12	-	-	4.12	4.12	4.12	-	-	
Netherlands	d/ USD	2.10	2.10	-	-	2.10	2.10	2.10	-	-	
	EUR	35.20	46.81	-	-	35.20	35.20	46.81	-	-	
New Zealand	NZD	8.10	5.81	-	-	8.10	8.10	5.81	-	-	
Norway	d/ USD	2.00	2.00	-	-	2.00	2.00	2.00	-	-	
	NOK	136.00	23.08	-	-	136.00	136.00	23.08	-	-	
Portugal	EUR	0.05	0.06	-	-	0.05	0.05	0.06	-	-	
Romania	EUR	0.15	0.21	-	-	0.15	0.15	0.21	-	-	
Spain	EUR	1.35	1.77	-	-	1.35	1.35	1.77	-	-	
Sweden	SEK	402.00	58.46	-	-	402.00	402.00	58.46	-	-	
Switzerland	CHF	7.80	7.39	-	-	7.80	7.80	7.39	-	-	
United Kingdom	GBP	42.00	66.03	-	-	42.00	42.00	66.03	-	-	
United States	USD	55.00	55.00	-	-	55.00	55.00	55.00	-	-	
			604.75		-			585.52		19.23	

a/ Represents (1) the actual US dollar value of paid-in cash contributions and (2) March 31, 2013 value of amount pending FX.

b/ Valued at the exchange rates available on March 31, 2013.

c/ Payable in installments in the years 2013, 2014 and 2015.

d/ Contributions made in more than one currency.

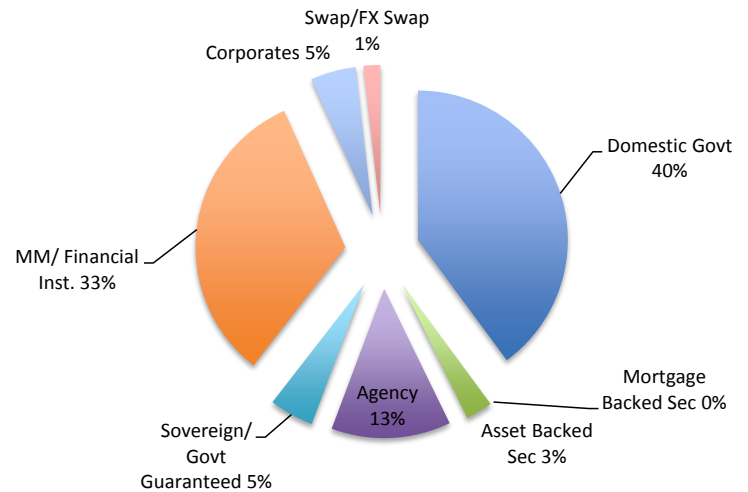
- The above table shows the total pledges and contributions to the LDCF. As of March 31, 2013, the Trustee had entered into Contribution Agreements/Contribution Arrangements with 25 donors for a total of USD eq. 604.75 million and received USD 585.52 million in cash to date from these donors.



3. Asset Mix and Investment Income

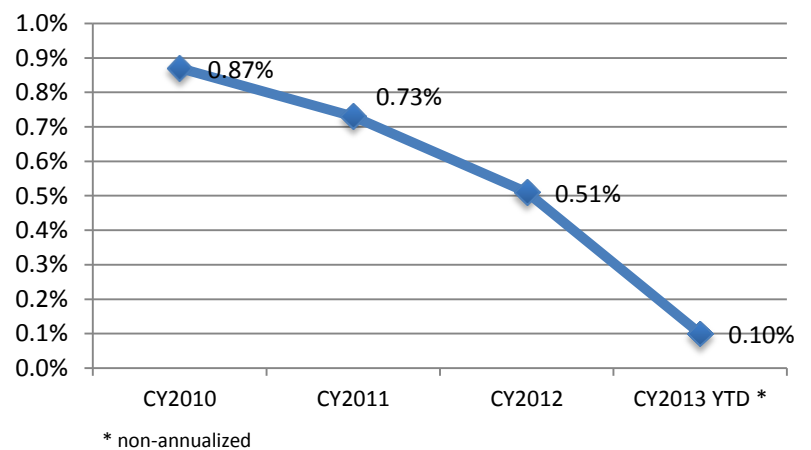
ASSET MIX

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. The assets in the Pool are managed in accordance with the investment strategy established for all trust funds administered by the World Bank. The chart reflects the asset mix of the portfolio in which LDCF funds are invested.



INVESTMENT RETURNS

The LDCF funds are invested in accordance with the investment strategy established for all of the trust funds administered by the World Bank. Funds are invested so that the probability of incurring negative returns is no more than approximately 1% over the applicable investment horizon. The LDCF Trust Fund liquid portfolio (which totaled approximately USD 471 million at end-March 2013) earned approximately USD 17.58 million in investment income since inception.

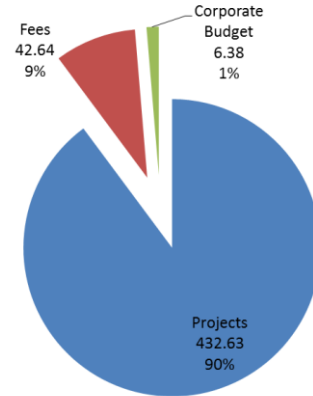




4. Cumulative Funding Decisions, Trustee Commitments and Cash Transfers

FUNDING DECISIONS BY ACTIVITY

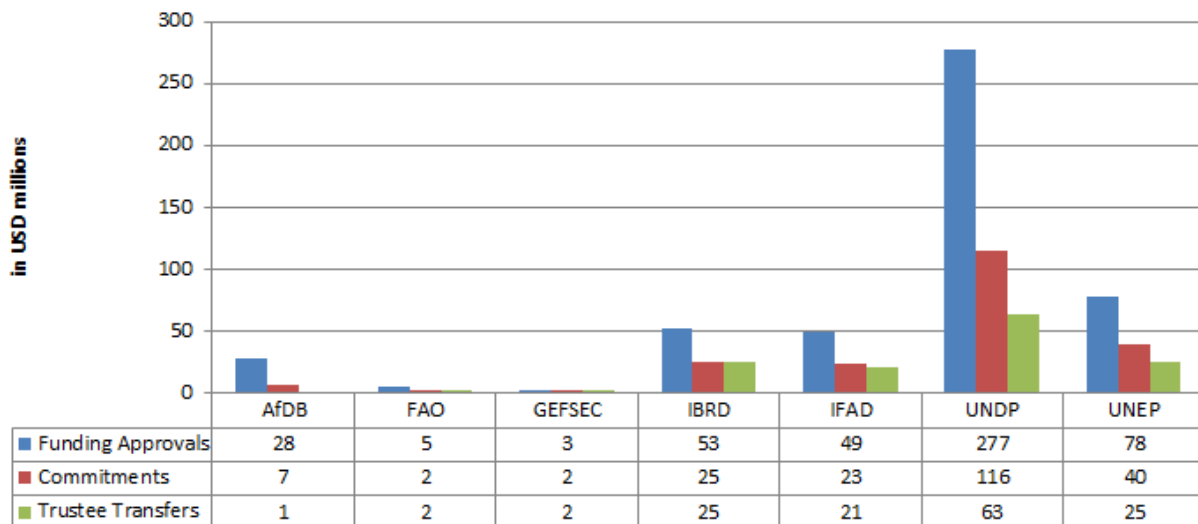
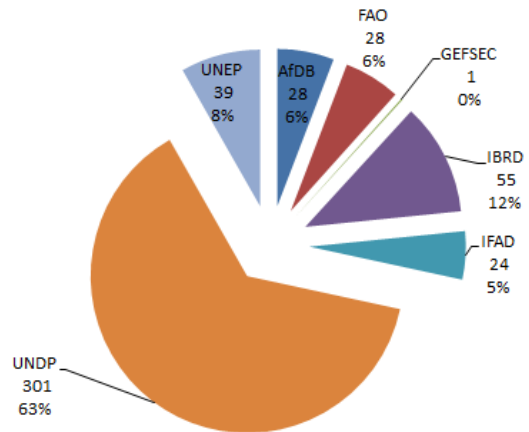
Since inception to March 31, 2013 funding approvals made by the GEF Council totaled USD 481.66 million. Projects represent about 90%, fees for Agencies 9%, and corporate budgets for the Secretariat, the Trustee, STAP and Evaluation Office 1%.



PROJECT FUNDING DECISIONS BY AGENCY

The pie chart shows the projects and fees funding decisions by Agency. Of the total USD 475.28 million of approved projects and fees to date, 63% has been allocated to UNDP, 12% to IBRD and 8% to UNEP.

The bar chart below shows the projects funding decisions, commitments and transfers by Agency. Details of funding approvals, commitments and cash transfers can be found in Annex 1.





5. Funds Available

In USD millions

	<u>As of March 31, 2013</u>	<u>As of Sept. 30, 2012</u>	<u>Change</u>
	(a)	(b)	(c) = (a) - (b)
1. Funds held in Trust	471.43	412.34	59.09
a. Cash and investments	471.43	412.34	59.09
b. Unencashed promissory notes	-	-	-
2. Approved Amounts Pending Cash Transfers to Agencies	340.83	240.95	99.88
a. Trustee committed	73.11	61.40	11.71
b. Approved by Council/CEO pending Endorsement	267.72	179.55	88.17
3. Funds Available to Support Council or CEO Decisions (3 = 1 - 2)	<u>130.60</u>	<u>171.39</u>	<u>(40.79)</u>

Highlights for the period October 1, 2012 through March 31, 2013:

- **Funds Held in Trust** represent cumulative receipts less cumulative cash transfers, and amount to USD 471.43 million as of March 31, 2013. Funds Held in Trust increased by USD 59.09 million primarily due to:
 - Contributions received during the period of October 1, 2012 to March 31, 2013 amounting to USD 80 million.
 - Cash transfers to recipients amounting to USD 20.9 million
- **Funding Decisions Pending Cash Transfer** arising from the LDCF/SCCF Council approvals amounted to USD 340.83 million, representing an increase of USD 99.88 million since September 30, 2012.
- **Funding Availability** amounts to USD 130.60 million representing a decrease of USD 40.79 million over the prior reporting period as a result of new funding decisions made by the LDCF/SCCF Council and the CEO from October 1, 2012 to March 31, 2013, exceeding donor payments received during the same period.



Annex I - Cumulative Funding Decisions Details by Activity and Agency as of March 31, 2013

Entity	Cumulative Net Amounts			
	Funding Approvals (1)	Commitments (2)	Cash Transfers (3)	Amount Due (4) = (2) - (3)
Projects				
AfDB	25,325,335	6,605,335	525,335	6,080,000
FAO	25,182,179	5,008,818	4,908,818	100,000
GEFSEC	700,000	0	0	0
IBRD	50,465,320	23,438,838	23,393,632	45,206
IFAD	21,446,686	11,716,204	11,518,864	197,340
UNDP	273,878,851	113,323,278	61,020,664	52,302,614
UNEP	35,637,505	21,610,005	9,729,555	11,880,450
<i>Sub-total</i>	<u>432,635,876</u>	<u>181,702,478</u>	<u>111,096,868</u>	<u>70,605,610</u>
Fees				
AfDB	2,470,684	660,534	0	660,534
FAO	2,499,761	500,382	218,182	282,200
IBRD	4,634,010	2,180,991	2,176,697	4,294
IFAD	2,144,268	1,175,814	1,156,480	19,334
UNDP	27,298,883	11,377,550	9,854,750	1,522,800
UNEP	3,595,996	2,193,246	2,174,246	19,000
<i>Sub-total</i>	<u>42,643,602</u>	<u>18,088,517</u>	<u>15,580,355</u>	<u>2,508,162</u>
Corporate Budget and Workshop ^{a/}				
Secretariat ^{b/}	4,611,986	3,643,978	3,643,978	0
Evaluation	78,500	66,568	66,568	0
STAP	156,600	105,072	105,072	0
Trustee	1,532,100	1,532,100	1,532,100	0
<i>Sub-total</i>	<u>6,379,186</u>	<u>5,347,717</u>	<u>5,347,717</u>	<u>0</u>
Total for LDCF	481,658,664	205,138,712	132,024,940	73,113,772

a/ Includes amounts allocated to cover administrative expenses to manage the LDCF and Corporate Activities.

b/ USD 700,000 loan from the LDCF Trust Fund to the Adaptation Fund Secretariat Trust Fund has been reimbursed and is included in Secretariat amounts