



# Least Developed Countries Fund (LDCF)

Financial Report

Prepared by the Trustee

*As of March 31, 2014*



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## Introduction

The information contained in this report is prepared based on financial information of the Least Developed Countries Fund as of March 31, 2014.

The LDCF was established 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”) in November 2001 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, 2014 and some of the recent developments from October 1, 2013 to March 31, 2014; (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, 2014

### ***Pledges and Contributions:***

As of March 31, 2014, 25 donors pledged and signed Contribution Agreements amounting to USDeq. 879.9 million. The Trustee has received USD 831.6 million in cash to date from these donors.

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

As of March 31, the LDCF Trust Fund earned investment income of approximately USD 19.6 million on the undisbursed balance of the Trust Fund. The LDCF Trust Fund liquid portfolio has returned 0.11%<sup>1</sup> through the calendar year to date.

### ***Funding Approvals and Trustee Commitments:***

As of March 31, cumulative funding decisions by the Council and the CEO amounted to USD 837.1 million. Of the cumulative amount approved, USD 756.8 million was for projects and project preparation activities, USD 73.7 million was for fees, and USD 6.6 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 400.9 million, of which USD 347.1 million relates to projects and project preparation activities, USD 47.2 million to fees, and USD 6.6 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 400.9 million, upon request from Agencies, the Trustee has transferred USD 177.7 million, of which USD 38 million has been transferred from October 1, 2013 to March 31, 2014. As a result, USD 223.2 million remains payable to Agencies as of March 31, 2014.

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

**Funds Held in Trust** reflect financial activities related to donor payments (cash and promissory notes), encashment of promissory notes, investment income, cash transfers, and the revaluation of the balance of promissory notes, if any, at month-end. Funds Held in Trust as of March 31, 2014 amounted to USDeq. 673.8 million.

**Funds available to support Council or CEO decision amounted to USD 14.4 million<sup>2</sup> as of March 31, 2014.** This represents a decrease of USD 28.5 million as compared to funds available as of September 30, 2013. Funding approvals by the Council and CEO from October 1, 2013 to March 31, 2014 exceeded the receipt of new funds from donors during the same period.

<sup>1</sup> Represents non-annualized rate of return.

<sup>2</sup> Funds available for Council decision would be adjusted accordingly to reflect new payments received from donors and by additional funding approvals between April 1, 2014 and the date of work program approval by the Council in May 2014.



## 1. LDCF Trust Fund Summary - Inception through March 31, 2014

*In USD millions*

	Total	% of Total
<b><u>Donor Pledges and Contributions</u></b>		
Contributions	879.86	100.0%
Pledges	-	0.0%
<b>Total Pledges and Contributions</b>	<b>879.86</b>	<b>100.0%</b>
<b><u>Cumulative Resources</u></b>		
<u>Resources received</u>		
Cash Receipts	831.56	92.5%
Investment Income earned	19.55	2.2%
<b>Total Resources Received</b>	<b>851.11</b>	<b>94.6%</b>
<u>Resources not yet received</u>		
Contributions not yet paid	48.29	5.4%
Pledges	-	0.0%
Total resources not yet received	48.29	5.4%
<b>Total Potential Resources (A)</b>	<b>899.40</b>	<b>100.0%</b>
<b><u>Cumulative Funding Decisions</u></b>		
Projects	756.79	90.4%
Fees	73.68	8.8%
Administrative Budgets	6.61	0.8%
<b>Total Funding Decisions Net of Cancellations (B)</b>	<b>837.08</b>	<b>100.0%</b>
<b>Total Potential Resources Net of Funding Decisions (A) - (B)</b>	<b>62.32</b>	
<b><u>Funds Available</u></b>		
Funds Held in Trust	673.77	
Approved Amounts Pending Cash Transfers	659.36	
<b>Total Funds Available to Support Council / CEO Decisions</b>	<b>14.41</b>	

## 2. Pledges and Contributions

In USD millions

1	Total Pledges Outstanding and Contributions Finalized			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	46.50	42.97	-	-	46.50	46.50	42.97	-	-
Austria	EUR	1.90	2.67	-	-	1.90	1.90	2.67	-	-
Belgium	EUR	37.44	50.31	-	-	37.44	37.44	50.31	-	-
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	220.40	39.33	-	-	220.40	220.40	39.33	-	-
Finland	EUR	24.00	32.07	-	-	24.00	24.00	32.07	-	-
France	EUR	10.85	14.62	-	-	10.85	10.85	14.62	-	-
Germany	EUR	165.00	222.44	-	-	165.00	130.00	174.15	35.00 c/	48.29
Hungary	EUR	1.00	1.34	-	-	1.00	1.00	1.34	-	-
Iceland	USD	0.48	0.48	-	-	0.48	0.48	0.48	-	-
Ireland	d/ EUR	4.83	6.28	-	-	4.83	4.83	6.28	-	-
	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/ EUR	55.20	73.17	-	-	55.20	55.20	73.17	-	-
	USD	2.10	2.10	-	-	2.10	2.10	2.10	-	-
New Zealand	NZD	8.10	5.81	-	-	8.10	8.10	5.81	-	-
Norway	d/ NOK	158.00	26.75	-	-	158.00	158.00	26.75	-	-
	USD	2.00	2.00	-	-	2.00	2.00	2.00	-	-
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	517.00	75.94	-	-	517.00	517.00	75.94	-	-
Switzerland	CHF	8.80	8.46	-	-	8.80	8.80	8.46	-	-
United Kingdom	GBP	92.00	148.73	-	-	92.00	92.00	148.73	-	-
United States	USD	80.00	80.00	-	-	80.00	80.00	80.00	-	-
			<u>879.86</u>		<u>-</u>			<u>831.56</u>		<u>48.29</u>

a/ Represents (1) the actual US dollar value of paid-in cash contributions and (2) March 31, 2014 value of amount pending FX.

b/ Valued at the exchange rates available on March 31, 2014.

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

d/ Contributions made in more than one currency.

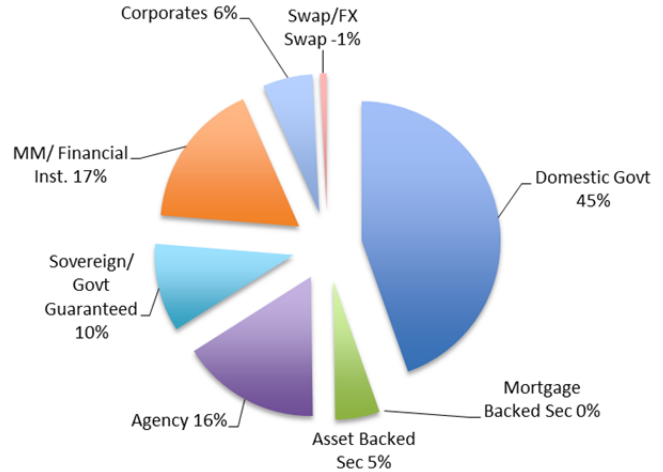
- The above table shows the total pledges and contributions to the LDCF. As of March 31, 2014, the Trustee had entered into Contribution Agreements/Contribution Arrangements with 25 donors for a total of USD eq. 879.9 million and received USD 831.6 million in cash to date from these donors.



### 3. Asset Mix and Investment Income

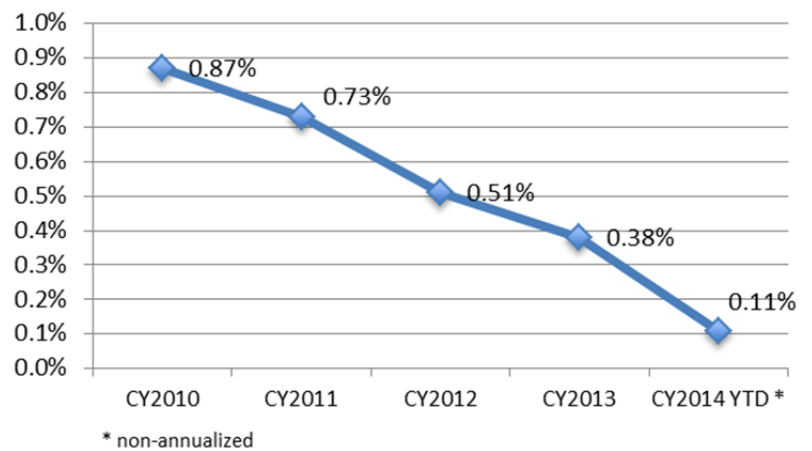
#### ASSET MIX

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 as of March 31, 2014.



#### 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 673.8 million at end-March 2014) earned approximately USD 19.6 million in investment income since inception.

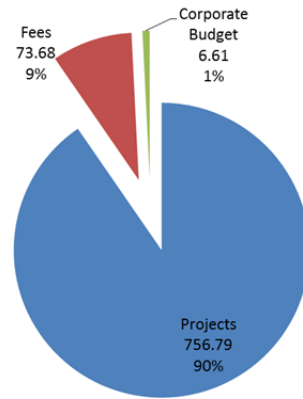




## 4. Cumulative Funding Decisions, Trustee Commitments and Cash Transfers

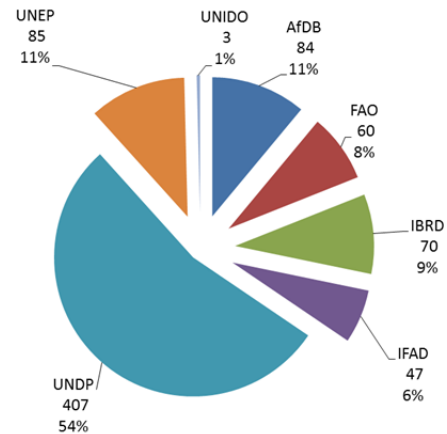
### FUNDING DECISIONS BY ACTIVITY

Since inception to March 31, 2014 funding approvals made by the LDCF/SCCF Council totaled USD 837.1 million. Projects represent about 90%, fees for Agencies 9%, and corporate budgets for the Secretariat, the Trustee, STAP and Evaluation Office 1%.

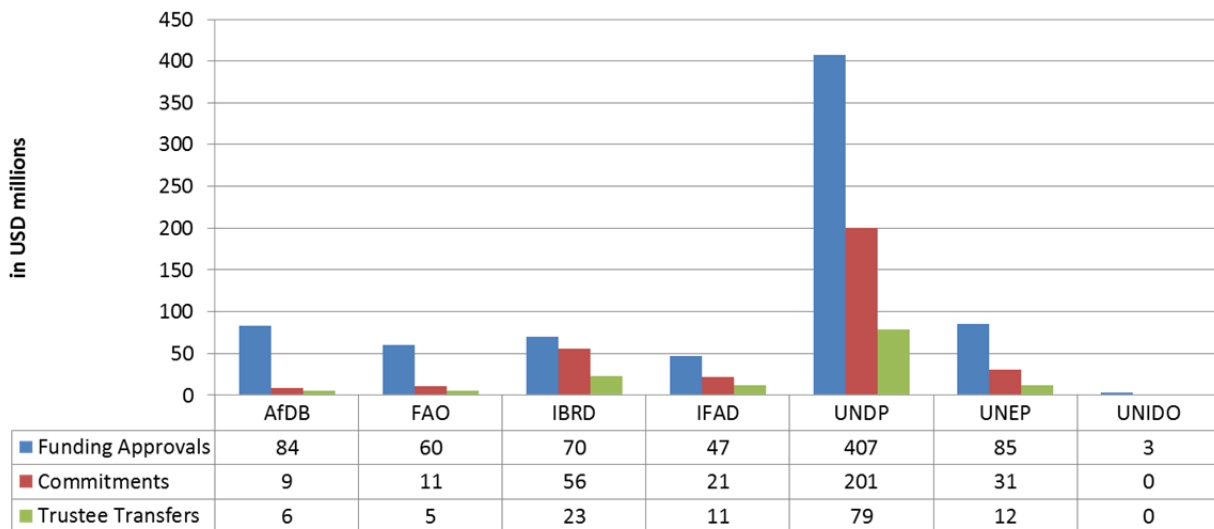


### PROJECT FUNDING DECISIONS BY AGENCY

The pie chart shows project funding decisions by Agency. Of the total USD 756.8 million of approved projects to date, 54% has been allocated to UNDP, 11% to AfDB and 11% 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, 2014</u>	<u>As of September 30, 2013</u>	<u>Change</u>
	(a)	(b)	(c) = (a) - (b)
<b>1. Funds held in Trust</b>	<b>673.77</b>	<b>558.50</b>	<b>115.27</b>
a. Cash and investments	673.77	558.50	115.27
b. Unencashed promissory notes	-	-	-
<b>2. Approved Amounts Pending Cash Transfers to Agencies</b>	<b>659.36</b>	<b>515.58</b>	<b>143.78</b>
a. Trustee committed	223.24	153.86	69.38
b. Approved by Council/CEO pending Endorsement	436.13	361.72	74.40
<b>3. Funds Available to Support Council or CEO Decisions ( 3 = 1 - 2 )</b>	<u><b>14.41</b></u>	<u><b>42.92</b></u>	<u><b>(28.51)</b></u>

### Highlights for the period October 1, 2013 through March 31, 2014:

- **Funds Held in Trust** represent cumulative receipts and investment income less cumulative cash transfers, and amount to USD 673.8 million as of March 31, 2014. Funds Held in Trust increased by USD 115.3 million primarily due to:
  - Contributions received during the period of October 1, 2013 to March 31, 2014 amounting to USD 152.2 million.
  - Cash transfers to recipients amounting to USD 38 million.
- **Funding Decisions Pending Cash Transfer** arising from the LDCF/SCCF Council approvals amounted to USD 659.4 million, representing an increase of USD 143.8 million since September 30, 2013.
- **Funding Availability** amounts to USD 14.4 million representing a decrease of USD 28.5 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, 2013 to March 31, 2014, exceeding donor payments received during the same period.



## Annex I - Cumulative Funding Decisions Details by Activity and Agency as of March 31, 2014

Entity	Cumulative Net Amounts			
	Funding Approvals (1)	Commitments (2)	Cash Transfers (3)	Amount Due (4) = (2) - (3)
<b>Projects</b>				
AfDB	83,595,282	10,802,125	5,817,125	4,985,000
FAO	59,984,067	11,333,182	5,418,818	5,914,364
IBRD	70,097,259	56,216,907	23,329,063	32,887,844
IFAD	47,285,284	21,453,348	11,498,403	9,954,945
UNDP	407,415,032	216,509,955	79,020,664	137,489,291
UNEP	85,494,318	30,694,343	11,729,555	18,964,788
UNIDO	2,920,000	100,000	0	100,000
<i>Sub-total</i>	<u>756,791,242</u>	<u>347,109,860</u>	<u>136,813,628</u>	<u>210,296,232</u>
<b>Fees</b>				
AfDB	7,937,086	3,652,037	729,798	2,922,239
FAO	5,806,323	2,626,369	897,482	1,728,887
IBRD	6,499,303	5,340,463	4,444,444	896,019
IFAD	4,605,243	3,132,823	1,156,480	1,976,343
UNDP	40,208,083	27,431,289	23,470,125	3,961,164
UNEP	8,357,393	4,932,092	3,625,389	1,306,703
UNIDO	262,800	110,520	0	110,520
<i>Sub-total</i>	<u>73,676,231</u>	<u>47,225,593</u>	<u>34,323,718</u>	<u>12,901,875</u>
<b>Corporate Budget and Workshop <sup>a/</sup></b>				
Secretariat <sup>b/</sup>	4,525,669	4,525,669	4,525,669	0
Evaluation	106,568	106,568	66,568	40,000
STAP	156,884	156,884	156,884	0
Trustee	1,825,200	1,825,200	1,825,200	0
<i>Sub-total</i>	<u>6,614,320</u>	<u>6,614,320</u>	<u>6,574,320</u>	<u>40,000</u>
<b>Total for LDCF</b>	<b>837,081,794</b>	<b>400,949,774</b>	<b>177,711,666</b>	<b>223,238,107</b>

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