



Least Developed Countries Fund (LDCF)

Financial Report

Prepared by the Trustee

As of March 31, 2020



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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, 2020.

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 its Trustee (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, 2020 and some of the recent developments from April 1 to May 4, 2020; (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, 2020

Pledges and Contributions:

As of March 31, 2020, 25 donors pledged and signed Contribution Agreements amounting to USDeq. 1,584.38 million. The Trustee has received USDeq. 1,459.48 million in cash to date from these donors.

Investment Income:

As of March 31, 2020, the LDCF Trust Fund earned investment income of approximately USD 84.26 million on the undisbursed balance of the Trust Fund and USD 1.31 million as investment income from external agencies. The LDCF Trust Fund liquid portfolio has returned 1.3%¹ through the calendar year to March 31, 2020. Of this, USD 12.92 million was earned during the period October 1, 2019 to March 31, 2020.

Funding Approvals and Trustee Commitments:

As of March 31, 2020, cumulative funding decisions by the Council and the CEO amounted to USD 1,460.19 million. Of the cumulative amount approved, USD 1,317.91 million was for projects and project preparation activities, USD 127.12 million was for fees, and USD 15.17 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 1,125.47 million, of which USD 1,003.72 million relates to projects and project preparation activities, USD 106.58 million to fees, and USD 15.17 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 1,125.47 million, upon request from Agencies, the Trustee transferred USD 856.17 million. The balance USD 269.3 million remains payable as of March 31, 2020.

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, 2020 amounted to USD 688.88 million.

Funds available to support Council or CEO decision amounted to USD 84.86 million as of March 31, 2020. This represents an increase of USD 46.12 million compared to funds available as of September 30, 2019. Receipt of new funds from donors and increase in investment income from October 1, 2019 to March 31, 2020 exceeded new funding approvals by the Council and CEO and fund transfers during the same period.

Updates for the period April 1 to May 4, 2020: Contribution payment from Denmark in the amount of DKK 210 million (USDeq. 30.68 million, representing full payment) and a new pledge from Belgium's Walloon Region in the amount of EUR 2.7 million (USDeq. 2.96 million) were received.

¹ Represents non-annualized rate of return.



1. LDCF Trust Fund Summary – Inception through March 31, 2020

In USD millions

	Total	% of Total
<u>Donor Pledges and Contributions</u>		
Contributions	1,571.66	99.2%
Pledges	12.73	0.8%
Total Pledges and Contributions	<u>1,584.38</u>	<u>100.0%</u>

<u>Cumulative Resources</u>		
<u>Resources received</u>		
Cash Receipts	1,459.48	87.4%
Investment Income earned	84.26	5.0%
Investment Income Received from external grants	1.31	0.1%
Total Resources Received	<u>1,545.05</u>	<u>92.5%</u>
<u>Resources not yet received</u>		
Contributions not yet paid	112.17	6.7%
Pledges	12.73	0.8%
Total resources not yet received	124.90	7.5%
Total Potential Resources (A)	<u>1,669.95</u>	<u>100.0%</u>

<u>Cumulative Funding Decisions</u>		
Projects	1,317.91	90.3%
Fees	127.12	8.7%
Administrative Budgets	15.17	1.0%
Total Funding Decisions Net of Cancellations (B)	<u>1,460.19</u>	<u>100.0%</u>
Total Potential Resources Net of Funding Decisions (A) - (B)	<u>209.76</u>	

<u>Funds Available</u>		
Funds Held in Trust	688.88	
Approved Amounts Pending Cash Transfers	604.02	
Funding Decisions Pending Council Approval	-	
Total Funds Available to Support Council / CEO Decisions	<u>84.86</u>	

Note: The totals in the table may not add up due to rounding.



2. Pledges and Contributions - Inception through March 31, 2020

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	7 = 8 + 10		Paid (Receipts)		Unpaid
						8	9	10	11	
Contributing Participant	Currency	Amount	USDeq. a/	Amount	USDeq. b/	Total Contributions	Amount Paid in	USDeq. c/	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	d/ EUR	111.49	134.88	-	-	111.49	111.49	134.88	-	-
Canada	e/ CAD	73.50	60.00	7.50 g/	5.27	66.00	66.00	54.73	-	-
Czech Republic	EUR	0.02	0.03	-	-	0.02	0.02	0.03	-	-
Denmark	DKK	736.40	115.76	-	-	736.40	526.40	84.96	210.00	30.79 i/
Finland	EUR	33.60	43.15	-	-	33.60	33.60	43.15	-	-
France	EUR	55.85	63.95	-	-	55.85	55.85	63.95	-	-
Germany	EUR	315.00	387.73	-	-	315.00	290.00	360.36	25.00	27.37
Hungary	EUR	1.00	1.34	-	-	1.00	1.00	1.34	-	-
Iceland	USD	1.18	1.18	-	-	1.18	1.18	1.18	-	-
Ireland	f/ EUR	12.73	15.21	-	-	12.73	12.73	15.21	-	-
	USD	8.00	8.00	-	-	8.00	8.00	8.00	-	-
Italy	USD	3.00	3.00	-	-	3.00	3.00	3.00	-	-
Japan	USD	1.08	1.08	-	-	1.08	1.08	1.08	-	-
Luxembourg	f/ EUR	1.00	1.58	-	-	1.00	1.00	1.58	-	-
	USD	4.12	4.12	-	-	4.12	4.12	4.12	-	-
Netherlands	f/ EUR	55.20	73.17	-	-	55.20	55.20	73.17	-	-
	USD	34.70	34.70	-	-	34.70	19.20	19.20	-	15.50
New Zealand	NZD	8.10	5.81	-	-	8.10	8.10	5.81	-	-
Norway	f/ NOK	180.00	30.16	-	-	180.00	180.00	30.16	-	-
	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	1,487.00	178.97	-	-	1,487.00	1,097.00	140.47	390.00	38.51
Switzerland	f/ CHF	18.55	18.36	-	-	18.55	18.55	18.36	-	-
	USD	7.45	7.45	7.45 h/	7.45	-	-	-	-	-
United Kingdom	GBP	122.00	186.84	-	-	122.00	122.00	186.84	-	-
United States	USD	158.20	158.20	-	-	158.20	158.20	158.20	-	-
			<u>1,584.38</u>		<u>12.73</u>			<u>1,459.48</u>		<u>112.17</u>

a/ Represents (1) the actual US dollar value of paid-in cash contributions and (2) March 31, 2020 value of pledges outstanding, contribution amounts pending FX, and unpaid amounts.

b/ Valued at the exchange rates available on March 31, 2020.

c/ Represents the (1) actual US dollar value of paid-in cash contributions and (2) March 31, 2020 value of contribution amount pending FX.

d/ Includes contribution of EUR 9.05 million received from the Walloon Government of Belgium.

e/ Includes CAD 6 million received from the Government of Quebec.

f/ Contributions made in more than one currency.

g/ Pledge made at the G-7 Summit in August 2019 and also announced during the Council meeting in December 2019.

h/ Represents 75% of Switzerland's pledge of USD 9,937,500 made during the 25th Council meeting in December 2018 which is subject to parliamentary approval. 25% of the pledge has been formalized with a contribution agreement in CHF currency and paid in October 2019.

i/ Payment received in April 2020.

Note: The totals in the table may not add up due to rounding.

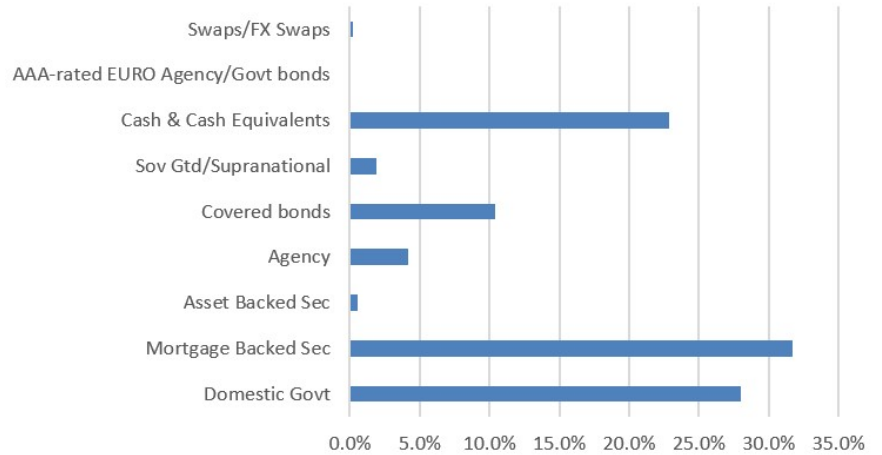
- The above table shows the total pledges and contributions to the LDCF. As of March 31, 2020, the Trustee had entered into Contribution Agreements/Contribution Arrangements with 25 donors for a total of USD eq. 1,571.66 million and received USD 1,459.48 million in cash to date.



3. Asset Mix and Investment Income

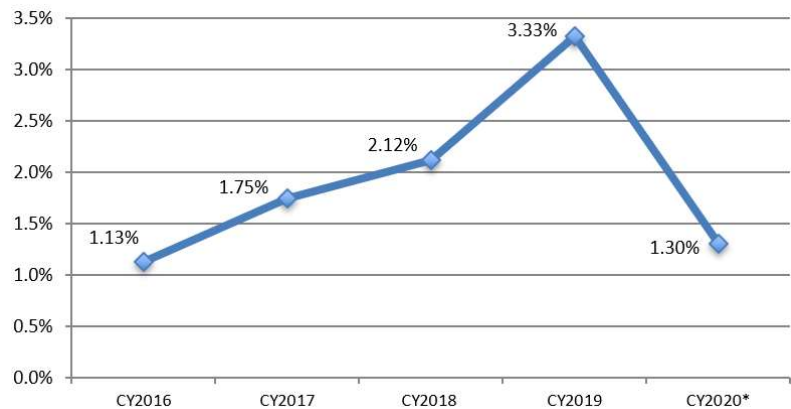
ASSET MIX

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, 2020.



INVESTMENT RETURNS

LDCF Trust Fund assets are invested across three of the World Bank Trust Fund's investment model portfolios, ("Tranche 0" for short term working capital needs, "Tranche 1" with an investment horizon of one year, and "Tranche 2" with an investment horizon of three years). The risk constraint of Model Portfolio 1 is expressed as the 1-year 99% Conditional VaR being no worse than -25bps. The risk constraint of Model Portfolio 2 is expressed as the 3-year 99% Conditional VaR being no worse than -100bps.



*non-annualized

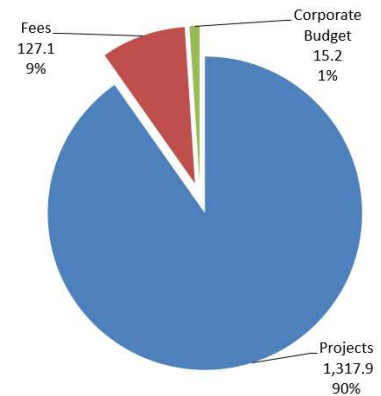
The LDCF Trust Fund liquid portfolio (which totaled approximately USD 688.88 million at end-March 2020) earned USD 84.26 million in investment income since inception.



4. Cumulative Funding Decisions, Trustee Commitments and Cash Transfers

FUNDING DECISIONS BY ACTIVITY

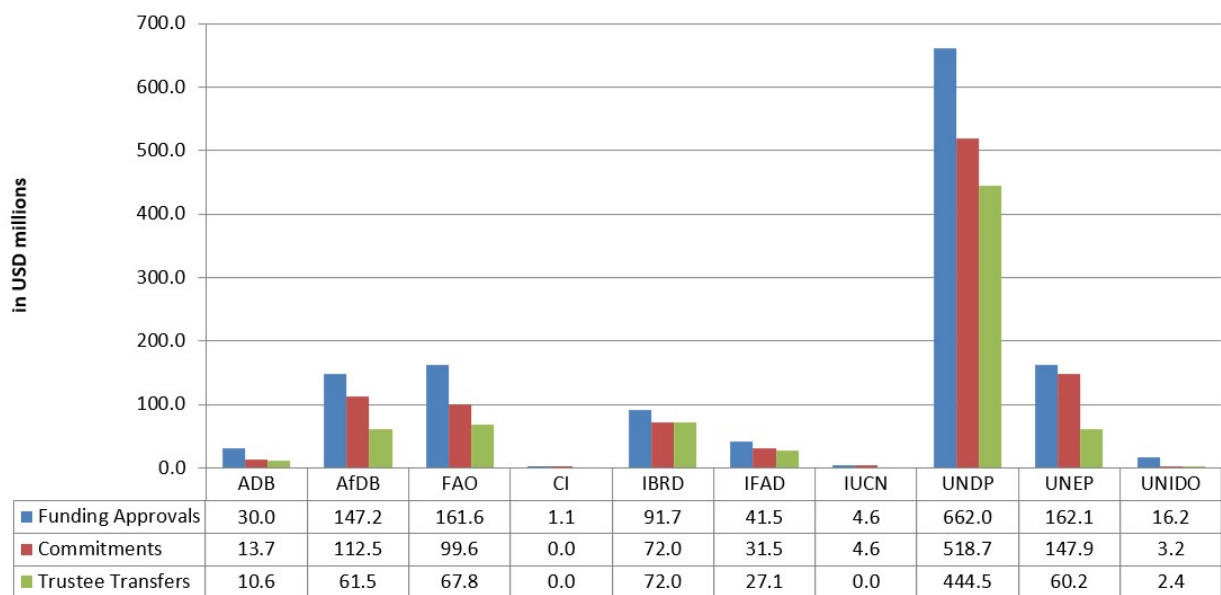
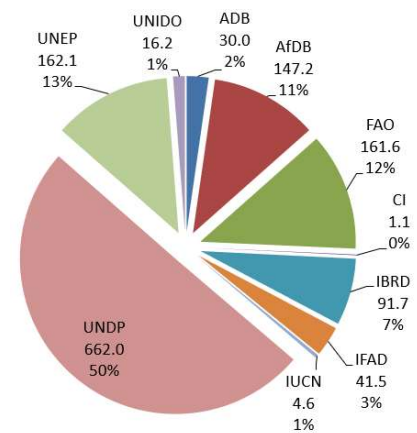
Since inception to March 31, 2020 funding approvals made by the LDCF/SCCF Council totaled USD 1,460.19 million. Projects represent about 90%, fees for Agencies 9%, and corporate budgets for the Secretariat, the Trustee, STAP and Independent Evaluation Office 1%.



PROJECT FUNDING DECISIONS BY AGENCY

The pie chart shows project funding decisions by Agency. Of the total USD 1,317.91 million of approved projects to date, 50% has been allocated to UNDP, 13% to UNEP and 12% to FAO.

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

	As of March 31, 2019 (a)	As of September 30, 2019 (b)	Change (c) = (a) - (b)
1. Funds held in Trust	688.88	614.80	74.08
a. Cash and investments	688.88	614.80	74.08
b. Unencashed promissory notes	-	-	-
2. Approved Amounts Pending Cash Transfers to Agencies	604.02	576.06	27.96
a. Trustee committed	269.30	292.08	(22.78)
b. Approved by Council/CEO pending Endorsement	334.45	283.71	50.74
c. Umbrella set-aside	0.27	0.27	-
3. Funding Decisions Pending for the Council Approval	-	-	-
4. Funds Available to Support Council or CEO Decisions (4 = 1 - 2 - 3)	84.86	38.74	46.12

Note: The totals in the table may not add up due to rounding.

Highlights for the period October 1, 2019 through March 31, 2020:

- **Funds Held in Trust** represent cumulative receipts and investment income less cumulative cash transfers, and amount to USD 688.88 million as of March 31, 2020. Funds Held in Trust increased by USD 74.08 million primarily due to:
 - Contributions received from donors during the period October 1, 2019 to March 31, 2020 valued at USDeq. 92.14 million,
 - Investment income earned from funds held in trust and received from agencies during the period October 1, 2019 to March 31, 2020 amounting to USD 13.04 million,
 - Offset by cash transfers to Agencies amounting to USD 31.1 million.
- **Funding Decisions Pending Cash Transfer to agencies** arising from the LDCF/SCCF Council approvals amounted to USD 604.02 million, representing a net increase of USD 27.96 million compared to September 30, 2019.
- **Funding Availability** amounts to USD 84.86 million representing a net increase of USD 46.12 million over the prior reporting period as a result of donor payments and investment income received from October 1, 2019 to March 31, 2020 exceeding new funding decisions made by the LDCF/SCCF Council and the CEO during the same period.



Annex I - Cumulative Funding Decisions Details by Activity and Agency as of March 31, 2020

In USD millions

Entity	Cumulative Net Amounts			
	Funding Approvals	Commitments	Cash Transfers	Amount Due
	(1)	(2)	(3)	(4) = (2) - (3)
Projects				
ADB	29.96	13.65	10.55	3.10
AfDB	147.25	112.47	61.45	51.02
CI	1.06	0.03	0.00	0.00
FAO	161.59	99.59	67.76	31.83
IBRD	91.72	71.98	71.98	0.00
IFAD	41.49	31.49	27.05	4.44
IUCN	4.59	4.59	0.00	0.00
UNDP	661.99	518.74	444.52	74.22
UNEP	162.10	147.95	60.23	87.72
UNIDO	16.17	3.23	2.40	0.83
<i>Sub-total</i>	1,317.91	1,003.72	745.95	257.77
Fees				
ADB	2.56	1.38	0.86	0.52
AfDB	13.69	11.24	3.45	7.79
CI	0.09	0.00	0.00	0.00
FAO	15.46	10.91	10.91	0.00
IBRD	8.67	7.40	6.84	0.57
IFAD	4.61	4.04	3.09	0.94
IUCN	0.41	0.41	0.00	0.00
UNDP	64.47	55.79	55.30	0.49
UNEP	15.64	14.83	14.83	0.00
UNIDO	1.52	0.58	0.28	0.30
<i>Sub-total</i>	127.12	106.58	95.56	11.02
Corporate Budget and Workshop ^{a/}				
Secretariat ^{b/}	9.98	9.98	9.98	0.00
Evaluation	0.38	0.38	0.38	0.00
STAP	0.89	0.89	0.38	0.51
Trustee	3.92	3.92	3.92	0.00
<i>Sub-total</i>	15.17	15.17	14.66	0.51
Total for LDCF	1,460.19	1,125.47	856.17	269.30

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

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.

Note: The totals in the table may not add up due to rounding.