



Least Developed Countries Fund (LDCF)

Financial Report

Prepared by the Trustee

As of September 30, 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 September 30, 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 September 30, 2014 and some of the recent developments from April 1, 2014 to September 30, 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 September 30, 2014

Pledges and Contributions:

As of September 30, 2014, 25 donors pledged and signed Contribution Agreements amounting to USDeq. 914.5 million. The Trustee has received USDeq. 903.1 million in cash to date from these donors.

Investment Income:

As of September 30, 2014 the LDCF Trust Fund earned investment income of approximately USD 20.82 million on the undisbursed balance of the Trust Fund. The LDCF Trust Fund liquid portfolio has returned 0.32%¹ through the calendar year to date.

Funding Approvals and Trustee Commitments:

As of September 30, 2014 cumulative funding decisions by the Council and the CEO amounted to USD 889.9 million. Of the cumulative amount approved, USD 804 million was for projects and project preparation activities, USD 78 million was for fees, and USD 7.9 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 505.3 million, of which USD 441.2 million relates to projects and project preparation activities, USD 56.2 million to fees, and USD 7.9 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 505.3 million, upon request from Agencies, the Trustee has transferred USD 247.6 million and the balance USD 257.7 million remains payable to Agencies as of September 30, 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 September 30, 2014 amounted to USDeq. 676.6 million.

Funds available to support Council or CEO decision amounted to USD 33.6 million as of September 30, 2014. This represents an increase of USD 19.2 million as compared to funds available as of March 31, 2014. The receipt of new funds from donors from April 1, 2014 to September 30, 2014 exceeded the funding approvals by the Council and CEO during the same period.

¹ Represents non-annualized rate of return.



1. LDCF Trust Fund Summary – Inception through September 30, 2014

In USD millions

| | Total | % of Total |
|---|---------------|---------------|
| <u>Donor Pledges and Contributions</u> | | |
| Contributions | 914.48 | 99.8% |
| Pledges | 2.02 | 0.2% |
| Total Pledges and Contributions | 916.49 | 100.0% |

| | | |
|--------------------------------------|---------------|---------------|
| <u>Cumulative Resources</u> | | |
| <u>Resources received</u> | | |
| Cash Receipts | 903.06 | 96.6% |
| Investment Income earned | 20.82 | 2.2% |
| Total Resources Received | 923.88 | 98.8% |
| <u>Resources not yet received</u> | | |
| Contributions not yet paid | 9.41 | 1.0% |
| Pledges | 2.02 | 0.2% |
| Total resources not yet received | 11.42 | 1.2% |
| Total Potential Resources (A) | 935.30 | 100.0% |

| | | |
|---|---------------|---------------|
| <u>Cumulative Funding Decisions</u> | | |
| Projects | 804.03 | 90.3% |
| Fees | 78.01 | 8.8% |
| Administrative Budgets | 7.88 | 0.9% |
| Total Funding Decisions Net of Cancellations (B) | 889.91 | 100.0% |
| Total Potential Resources Net of Funding Decisions (A) - (B) | 45.38 | |

| | | |
|---|--------------|--|
| <u>Funds Available</u> | | |
| Funds Held in Trust | 676.64 | |
| Approved Amounts Pending Cash Transfers | 643.08 | |
| Total Funds Available to Support Council / CEO Decisions | 33.56 | |

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+ | 5 | 6 | Paid (Receipts) | | | Unpaid | |
| | | | | | | 7 = 8+10 | 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 | 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 | 25.60 | 34.09 | 1.60 | 2.02 | 24.00 | 24.00 | 32.07 | - | - |
| France | EUR | 10.85 | 14.62 | - | - | 10.85 | 10.85 | 14.62 | - | - |
| Germany | EUR | 165.00 | 221.51 | - | - | 165.00 | 160.00 | 215.21 | 5.00 d/ | 6.30 |
| 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 | e/ 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 | e/ EUR | 1.00 | 1.58 | - | - | 1.00 | 1.00 | 1.58 | - | - |
| | USD | 4.12 | 4.12 | - | - | 4.12 | 4.12 | 4.12 | - | - |
| Netherlands | e/ 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 | e/ 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 | 532.00 | 78.00 | - | - | 532.00 | 517.00 | 75.94 | 15.00 | 2.06 |
| Switzerland | CHF | 9.80 | 9.50 | - | - | 9.80 | 8.80 | 8.46 | 1.00 | 1.04 |
| United Kingdom | GBP | 92.00 | 148.73 | - | - | 92.00 | 92.00 | 148.73 | - | - |
| United States | USD | 107.02 | 107.02 | - | - | 107.02 | 107.02 | 107.02 | - | - |
| | | | <u>914.48</u> | | <u>2.02</u> | | | <u>903.06</u> | | <u>9.41</u> |

a/ Represents (1) the actual US dollar value of paid-in cash contributions and (2) September 30, 2014 value of amount pending FX.

b/ Valued at the exchange rates available on September 30, 2014.

c/ Represents the actual US dollar value of paid-in cash contributions.

d/ Final installment payable in FY2015.

e/ Contributions made in more than one currency.

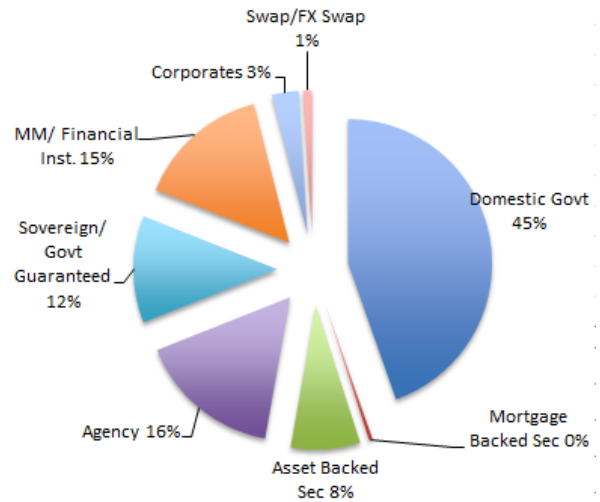
- The above table shows the total pledges and contributions to the LDCF. As of September 30, 2014, the Trustee had entered into Contribution Agreements/Contribution Arrangements with 25 donors for a total of USD eq. 914.5 million and received USD 903.1 million in cash to date from these donors.



3. Asset Mix and Investment Income

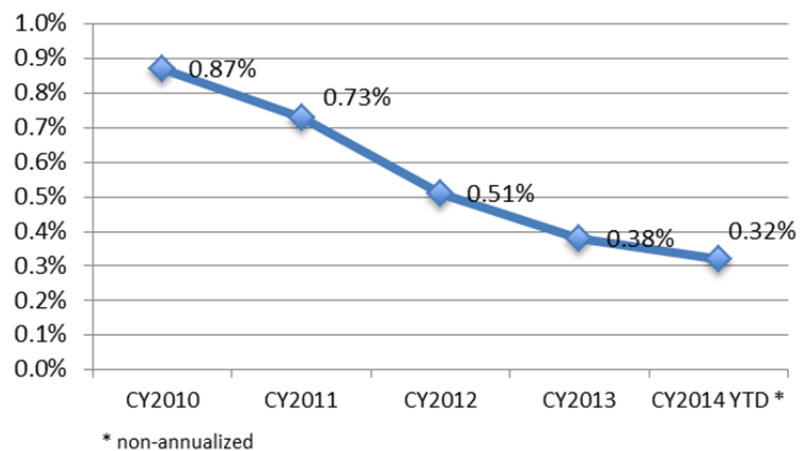
ASSET MIX

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 September 30, 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 676.6 million at end-September 2014) earned approximately USD 20.82 million in investment income since inception.

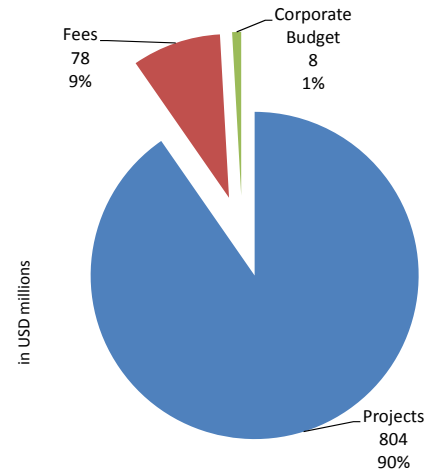




4. Cumulative Funding Decisions, Trustee Commitments and Cash Transfers

FUNDING DECISIONS BY ACTIVITY

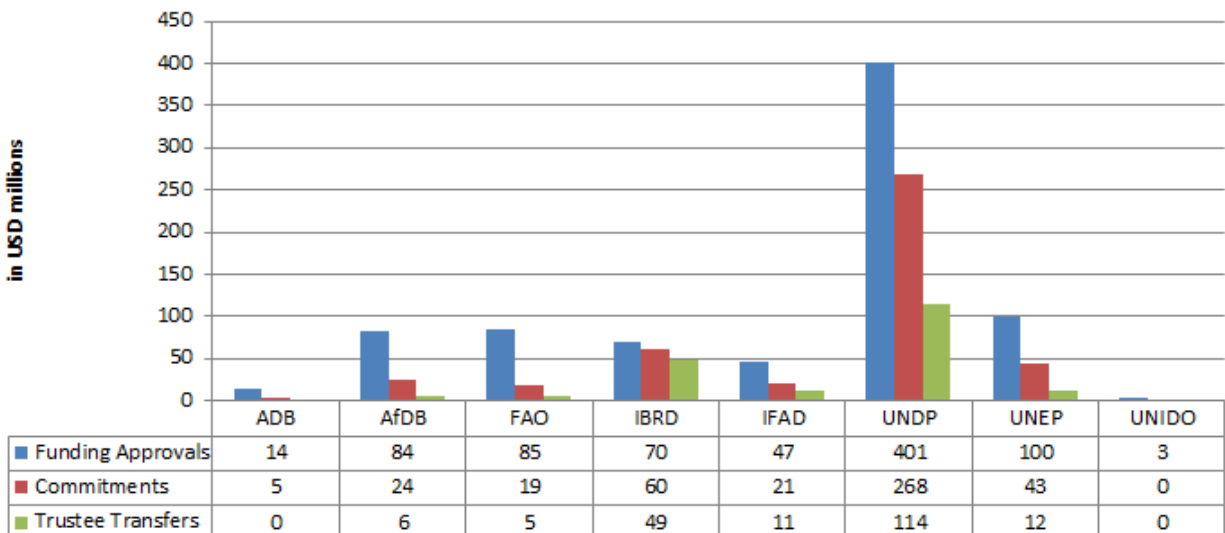
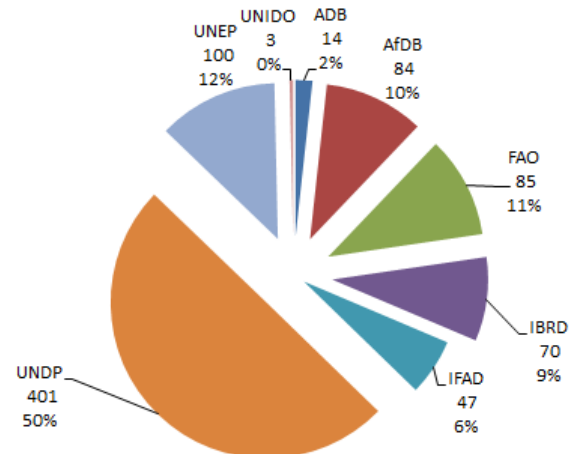
Since inception to September 30, 2014 funding approvals made by the LDCF/SCCF Council totaled USD 889.9 million. Projects represent about 90%, fees for Agencies 9%, and corporate budgets for the Secretariat, the Trustee, STAP and Evaluation Office 1%.



PROJECT FUNDING DECISIONS BY AGENCY

The pie chart shows project funding decisions by Agency. Of the total USD 804.03 million of approved projects to date, 50% has been allocated to UNDP, 12% to UNEP and 11% 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 September 30, 2014 (a) | As of March 31, 2014 (b) | Change (c) = (a) - (b) |
|---|---------------------------------|-----------------------------|---------------------------|
| 1. Funds held in Trust | 676.64 | 673.77 | 2.87 |
| a. Cash and investments | 676.64 | 673.77 | 2.87 |
| b. Unencashed promissory notes | - | - | - |
| 2. Approved Amounts Pending Cash Transfers to Agencies | 643.08 | 659.36 | -16.28 |
| a. Trustee committed | 257.74 | 223.24 | 34.50 |
| b. Approved by Council/CEO pending Endorsement | 375.26 | 436.13 | (60.87) |
| c. Umbrella set-aside | 10.09 | - | 10.09 |
| 3. Funds Available to Support Council or CEO Decisions (3 = 1 - 2) | <u>33.56</u> | <u>14.41</u> | <u>19.15</u> |

Highlights for the period April 1, 2014 through September 30, 2014:

- **Funds Held in Trust** represent cumulative receipts and investment income less cumulative cash transfers, and amount to USD 676.6 million as of September 30, 2014. Funds Held in Trust increased by USD 2.87 million primarily due to:
 - Contributions received during the period of April 1, 2014 to September 30, 2014 amounting to USD 71.5 million.
 - Investment income received during the period of April 1, 2014 to September 30, 2014 amounting to USD 1.2 million.
 - Cash transfers to recipients amounting to USD 69.8 million.
- **Funding Decisions Pending Cash Transfer to agencies** arising from the LDCF/SCCF Council approvals amounted to USD 643.08 million, representing a decrease of USD 16.3 million since March 31, 2014.
- **Funding Availability** amounts to USD 33.56 million representing an increase of USD 19.15 million over the prior reporting period as a result of donor payments received from April 1, 2014 to September 30, 2014 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 September 30, 2014

In USD millions

| Entity | Cumulative Net Amounts | | | |
|--|------------------------|---------------|----------------|-----------------|
| | Funding Approvals | Commitments | Cash Transfers | Amount Due |
| | (1) | (2) | (3) | (4) = (2) - (3) |
| Projects | | | | |
| ADB | 13.90 | 4.56 | 0.00 | 4.56 |
| AfDB | 83.60 | 24.27 | 5.81 | 18.46 |
| FAO | 84.82 | 19.39 | 5.42 | 13.97 |
| IBRD | 70.09 | 60.26 | 48.73 | 11.53 |
| IFAD | 47.29 | 21.45 | 11.50 | 9.95 |
| UNDP | 401.38 | 267.71 | 114.02 | 153.69 |
| UNEP | 100.04 | 43.48 | 11.73 | 31.75 |
| UNIDO | 2.92 | 0.10 | 0.00 | 0.10 |
| <i>Sub-total</i> | 804.03 | 441.23 | 197.21 | 244.02 |
| Fees | | | | |
| ADB | 1.11 | 0.36 | 0.00 | 0.36 |
| AfDB | 7.94 | 4.42 | 1.29 | 3.13 |
| FAO | 8.17 | 4.36 | 0.90 | 3.46 |
| IBRD | 6.50 | 5.74 | 4.44 | 1.30 |
| IFAD | 4.61 | 3.13 | 1.16 | 1.97 |
| UNDP | 39.69 | 31.55 | 28.96 | 2.59 |
| UNEP | 9.73 | 6.51 | 5.80 | 0.71 |
| UNIDO | 0.26 | 0.11 | 0.00 | 0.11 |
| <i>Sub-total</i> | 78.01 | 56.19 | 42.55 | 13.64 |
| Corporate Budget and Workshop ^{a/} | | | | |
| Secretariat ^{b/} | 5.29 | 5.29 | 5.29 | 0.00 |
| Evaluation | 0.14 | 0.14 | 0.07 | 0.07 |
| STAP | 0.28 | 0.28 | 0.28 | 0.00 |
| Trustee | 2.17 | 2.17 | 2.17 | 0.00 |
| <i>Sub-total</i> | 7.88 | 7.88 | 7.80 | 0.08 |
| Total for LDCF | 889.91 | 505.30 | 247.56 | 257.74 |

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.