



# Least Developed Countries Fund (LDCF)

Financial Report

Prepared by the Trustee

*As of September 30, 2013*



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## Introduction

The information contained in this report is prepared based on financial information as of September 30, 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 September 30, 2013 and some of the recent developments from April 1, 2013 to September 30, 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 September 30, 2013

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

As of September 30, 2013, 25 donors pledged and signed Contribution Agreements amounting to USDeq. 781.5 million. The Trustee has received USD 679.3 million in cash to date from these donors.

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

As of September 30, the LDCF Trust Fund earned investment income of approximately USD 18.5 million on the undisbursed balance of the Trust Fund. The LDCF Trust Fund liquid portfolio has returned 0.30%<sup>1</sup> through the calendar year to date.

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

As of September 30, cumulative funding decisions by the Council and the CEO amounted to USD 655.3 million. Of the total amount approved, USD 590.8 million was for projects and project preparation activities, USD 57.9 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 293.6 million, of which USD 258.7 million relates to projects and project preparation activities, USD 28.3 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 293.6 million, upon request from Agencies, the Trustee has transferred USD 139.7 million, of which USD 7.7 million has been transferred from April 1, 2013 to September 30, 2013. As a result, USD 153.9 million remains payable to Agencies as of September 30, 2013.

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

**Funds Held in Trust**<sup>2</sup> 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 September 30, 2013 amounted to USDeq. 558.5 million.

**Funds available to support Council or CEO decision amounted to USD 42.9 million**<sup>3</sup> **as of September 30, 2013.** This represents a decrease of USD 87.7 million as compared to March 31, 2013. Funding approvals by the Council and CEO from April 1, 2013 to September 30, 2013 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 Held in Trust represents balance of cash, investments and unencashed promissory notes, if any, as of the reporting date.

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



## 1. LDCF Trust Fund Summary – Inception through September 30, 2013

*In USD millions*

	Total	% of Total
<b><u>Donor Pledges and Contributions</u></b>		
Contributions	781.47	100.0%
Pledges	-	0.0%
<b>Total Pledges and Contributions</b>	<b>781.47</b>	<b>100.0%</b>
<b><u>Cumulative Resources</u></b>		
<b><u>Resources received</u></b>		
Cash Receipts	679.33	84.9%
Investment Income earned	18.54	2.3%
<b>Total Resources Received</b>	<b>697.87</b>	<b>87.2%</b>
<b><u>Resources not yet received</u></b>		
Contributions not yet paid	102.14	12.8%
Pledges	-	0.0%
Total resources not yet received	102.14	12.8%
<b>Total Potential Resources (A)</b>	<b>800.00</b>	<b>100.0%</b>
<b><u>Cumulative Funding Decisions</u></b>		
Projects	590.83	90.2%
Fees	57.88	8.8%
Administrative Budgets	6.61	1.0%
<b>Total Funding Decisions Net of Cancellations (B)</b>	<b>655.33</b>	<b>100.0%</b>
<b>Total Potential Resources Net of Funding Decisions (A) - (B)</b>	<b>144.68</b>	
<b><u>Funds Available</u></b>		
Funds Held in Trust	558.50	
Approved Amounts Pending Cash Transfers	515.58	
<b>Total Funds Available to Support Council / CEO Decisions</b>	<b>42.92</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	7 = 8 + 10	Paid (Receipts)		Unpaid	
Contributing Participant	Currency	Amount	USDeq. b/	Amount	USDeq. b/	Total Contributions	Amount Paid in Currency	USDeq. a/	Amount Due in Currency	USDeq.
Australia	AUD	46.50	42.97	-	-	46.50	46.50	42.97	-	-
Austria	EUR	0.40	0.58	-	-	0.40	0.40	0.58	-	-
Belgium	EUR	37.44	50.23	-	-	37.44	25.44	34.03	12.00	16.20
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	22.04	29.40	-	-	22.04	18.38	24.46	3.66	4.94
France	EUR	10.85	14.62	-	-	10.85	10.85	14.62	-	-
Germany	EUR	165.00	221.17	-	-	165.00	105.00	140.17	60.00	81.00
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/ 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	42.00	66.03	-	-	42.00	42.00	66.03	-	-
United States	USD	80.00	80.00	-	-	80.00	80.00	80.00	-	-
			<u>781.47</u>		<u>-</u>			<u>679.33</u>		<u>102.14</u>

a/ Represents (1) the actual US dollar value of paid-in cash contributions and (2) September 30, 2013 value of amount pending FX.

b/ Valued at the exchange rates available on September 30, 2013.

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

d/ Contributions made in more than one currency.

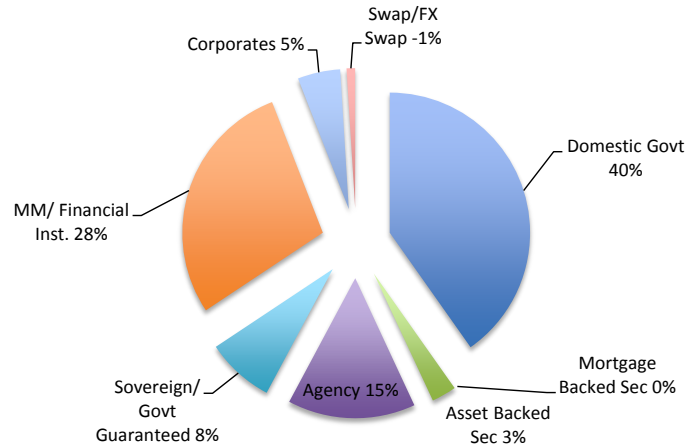
- The above table shows the total pledges and contributions to the LDCF. As of September 30, 2013, the Trustee had entered into Contribution Agreements/Contribution Arrangements with 25 donors for a total of USD eq. 781.47 million and received USD 679.33 million in cash to date from these donors.



### 3. Asset Mix and Investment Income

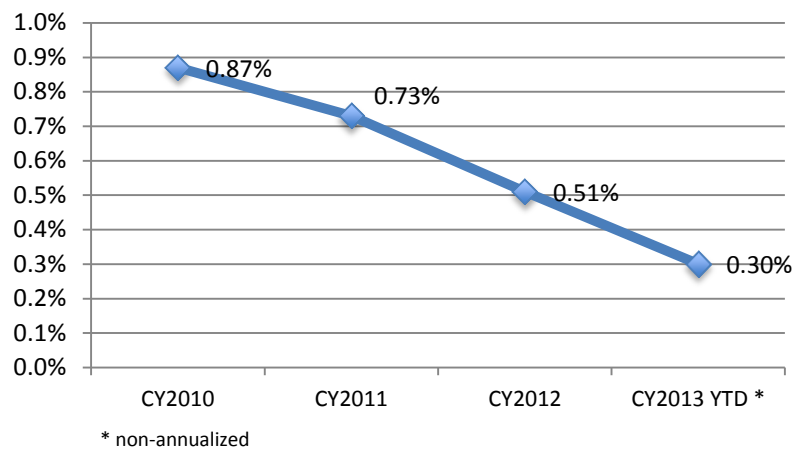
#### ASSET MIX

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, 2013.



#### 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 559 million at end-September 2013) earned approximately USD 18.54 million in investment income since inception.

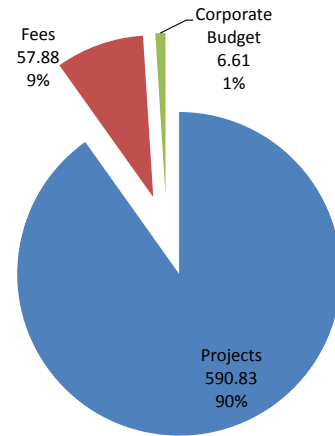




## 4. Cumulative Funding Decisions, Trustee Commitments and Cash Transfers

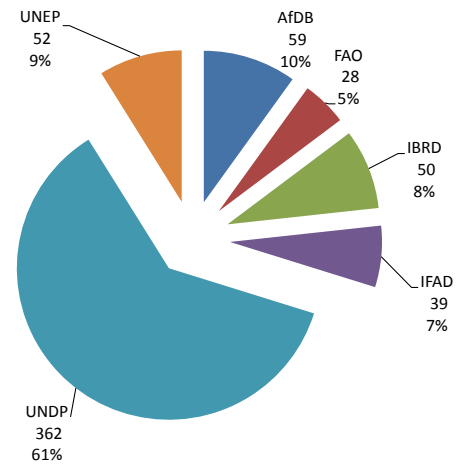
### FUNDING DECISIONS BY ACTIVITY

Since inception to September 30, 2013 funding approvals made by the GEF Council totaled USD 655.5 million. Projects represent about 90%, fees for Agencies 9%, and corporate budgets for the Secretariat, the Trustee, STAP and Evaluation Office 1%.

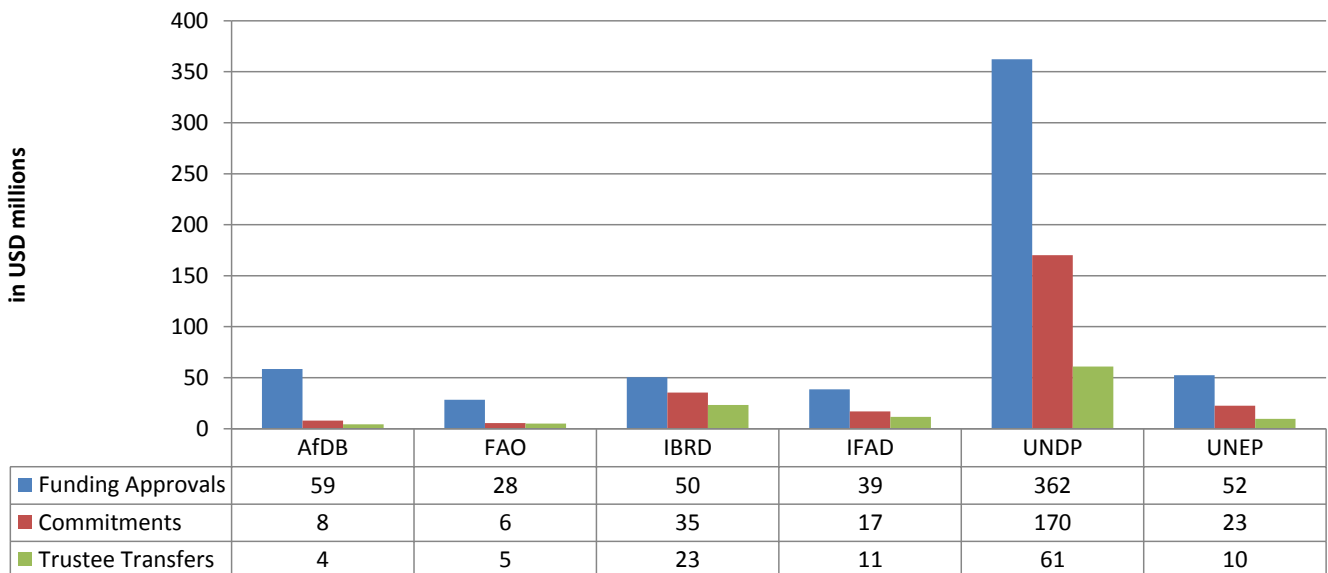


### PROJECT FUNDING DECISIONS BY AGENCY

The pie chart shows project funding decisions by Agency. Of the total USD 590.8 million of approved projects to date, 61% has been allocated to UNDP, 10% to AfDB and 9% 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

	As of Sept. 30, 2013 (a)	As of Mar. 31, 2013 (b)	Change (c) = (a) - (b)
<b>1. Funds held in Trust</b>	<b>558.50</b>	<b>471.43</b>	<b>87.07</b>
a. Cash and investments	558.50	471.43	87.07
b. Unencashed promissory notes	-	-	-
<b>2. Approved Amounts Pending Cash Transfers to Agencies</b>	<b>515.58</b>	<b>340.83</b>	<b>174.75</b>
a. Trustee committed	153.86	73.11	80.75
b. Approved by Council/CEO pending Endorsement	361.72	267.72	94.01
<b>3. Funds Available to Support Council or CEO Decisions ( 3 = 1 - 2 )</b>	<b><u>42.92</u></b>	<b><u>130.60</u></b>	<b><u>(87.68)</u></b>

### Highlights for the period April 1, 2013 through September 30, 2013:

- **Funds Held in Trust** represent cumulative receipts less cumulative cash transfers, and amount to USD 558.50 million as of September 30, 2013. Funds Held in Trust increased by USD 87.07 million primarily due to:
  - Contributions received during the period of April 1, 2013 to September 30, 2013 amounting to USD 93.8 million.
  - Cash transfers to recipients amounting to USD 7.7 million.
- **Funding Decisions Pending Cash Transfer** arising from the LDCF/SCCF Council approvals amounted to USD 515.6 million, representing an increase of USD 174.8 million since March 31, 2013.
- **Funding Availability** amounts to USD 42.9 million representing a decrease of USD 87.68 million over the prior reporting period as a result of new funding decisions made by the LDCF/SCCF Council and the CEO from April 1, 2013 to September 30, 2013, exceeding donor payments received during the same period.



## Annex I - Cumulative Funding Decisions Details by Activity and Agency as of September 30, 2013

Entity	Cumulative Net Amounts			
	Funding Approvals	Commitments	Cash Transfers	Amount Due
	(1)	(2)	(3)	(4) = (2) - (3)
<b>Projects</b>				
AfDB	58,635,533	8,017,125	4,334,430	3,682,695
FAO	28,391,677	5,528,818	4,908,818	620,000
IBRD	50,462,592	35,436,110	23,329,063	12,107,047
IFAD	38,686,225	17,050,289	11,498,403	5,551,886
UNDP	362,271,313	170,014,043	61,020,664	108,993,379
UNEP	52,382,980	22,609,005	9,729,555	12,879,450
<i>Sub-total</i>	<u>590,830,320</u>	<u>258,655,390</u>	<u>114,820,933</u>	<u>143,834,457</u>
<b>Fees</b>				
AfDB	5,558,985	794,653	729,798	64,855
FAO	2,804,663	549,782	218,182	331,600
IBRD	4,634,010	3,260,991	2,176,697	1,084,294
IFAD	3,788,332	2,091,268	1,156,480	934,788
UNDP	35,884,117	18,741,267	11,717,231	7,024,036
UNEP	5,211,816	2,896,517	2,288,151	608,366
<i>Sub-total</i>	<u>57,881,923</u>	<u>28,334,478</u>	<u>18,286,539</u>	<u>10,047,939</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	220,072	-63,188 <sup>c/</sup>
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>6,637,508</u>	<u>-23,188</u>
<b>Total for LDCF</b>	<b>655,326,564</b>	<b>293,604,189</b>	<b>139,744,981</b>	<b>153,859,208</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

c/ Unused FY13 STAP budget returned in October 2013.