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June 13, 2024

2nd GBFF Council Meeting
June 19, 2024
Washington D.C., USA

STATUS REPORT FOR THE GLOBAL BIODIVERSITY FRAMEWORK FUND

(Financial Report prepared by the Trustee)



The Global Biodiversity Framework Fund (GBFF)

Financial Report

Prepared by the Trustee

As of March 31, 2024



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Introduction

The information contained in this report is prepared based on financial information of the Global Biodiversity Framework Fund (GBFF) Trust Fund as of March 31, 2024.

The GBFF was established following the decision of the Conference of the Parties to the Convention on Biological Diversity (“CBD”) at its Fifteenth Session (“COP 15”) to invite the Global Environment Facility (“GEF”) to operate the Trust Fund (CBD/COP/DEC/15/7). At its 64th meeting in June 2023, the GEF Council (the “GEF Council”) approved the arrangements proposed for the establishment of the Trust Fund, with the aim to support the Kunming-Montreal Global Biodiversity Framework and invited the Bank to act as Trustee (GEF/C.64/05/Rev.01; GEF Council Decision 09/2023). The GEF Assembly subsequently endorsed GEF Council Decision 09/2023 in August 2023.

The report is produced by the Trustee in accordance with the Trustee’s role as set forth in the Contribution Agreement with Donors which states:

“[...] 6.1. The Trustee shall maintain separate records and ledger accounts in respect of the funds deposited in the Trust Fund and transfers made therefrom.

6.2. For so long as any resources remain in the Trust Fund, the Trustee shall report to the CEO quarterly on the status of resources in the Trust Fund. Unless otherwise agreed between the Council and the Trustee, the Trustee shall annually furnish to the Council a report on the receipts on, transfers from and fund balance of the Trust Fund in the Holding Currency.”

This report provides (i) a snapshot of the financial situation of the GBFF Trust Fund since its inception to March 31, 2024; (ii) the status of pledges and contributions, and (iii) the details of financial activities of the GBFF Trust Fund.



GBFF Trust Fund Financial Summary as of March 31, 2024

Pledges and Contributions:

As of March 31, 2024, 6 donors pledged and signed Contribution Agreements or Contribution Arrangements amounting to USD eq. 232.99 million. The Trustee has received USD eq. 73.57 million in cash and promissory notes against these contributions from the donors.

Investment Income:

As of March 31, 2024, the GBFF Trust Fund earned investment income of approximately USD 0.83 million on the undisbursed balance of the Trust Fund.

Funding Approvals and Trustee Commitments:

As of March 31, 2024, cumulative funding decisions by the Council and the CEO amounted to USD 7.69 million. Of the total amount approved, USD 0.43 million was for project preparation activities, USD 0.04 million was for fees, and USD 7.22 million was for administrative expenses and corporate activities of the GBFF for fiscal years 2024 and 2025.

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. As of March 31, 2024, the Trustee has not made any funding commitments in GBFF.

Cash Transfers:

Pursuant to the provisions of the financial procedures agreement (FPA) between the Trustee and the Agencies, cash transfers are made to the Agencies on an as-needed basis to meet their projected disbursement requirements. There are no cash transfers made as of March 31, 2024.

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

Funds Held in Trust 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, 2024, amounted to USDeq. 74.40 million.

Funds available to support Council or CEO decision amounted to USD 66.71 million as of March 31, 2024.

Updates from April 1, 2024 through June 12, 2024:

Luxembourg has signed a contribution agreement for EUR 7 million in April 2024. The Trustee is in discussions with a few donors in finalizing contribution agreements for GBFF. The Trustee has also received the first tranche payment of CAD 75 million from Canada in April 2024.



1. GBFF Trust Fund Summary – Inception through March 31, 2024

In USD millions

	Total	% of Total
<u>Donor Pledges and Contributions</u>		
Cash and Promissory Notes Contributions	225.44	96.8%
Outstanding Pledges	7.55	3.2%
Total Pledges and Contributions	232.99	100.0%
<u>Cumulative Resources</u>		
<u>Resources received</u>		
Cash Receipts	73.57	31.5%
Investment Income earned	0.83	0.4%
Investment Income Received from implementing agencies	-	0.0%
Total Resources Received	74.40	31.8%
<u>Resources not yet received</u>		
Contributions not yet paid	151.87	65.0%
Pledges not yet signed ^{a/}	7.55	3.2%
Total resources not yet received	159.42	68.2%
Total Potential Resources (A)	233.82	100.0%
<u>Cumulative Funding Decisions</u>		
Projects	0.43	5.6%
Fees	0.04	0.5%
Administrative Budgets	7.22	93.9%
Total Funding Decisions Net of Cancellations (B)	7.69	100.0%
Total Potential Resources Net of Funding Decisions (A) - (B)	226.13	
<u>Funds Available</u>		
Funds Held in Trust	74.40	
Approved Amounts Pending Cash Transfers	7.69	
Funding Decisions Pending Council Approval	-	
Total Funds Available to Support Council / CEO Decisions	66.71	

a/ Contribution agreement is being formalized with the Trustee

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



2. Pledges and Contributions

In USD millions

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

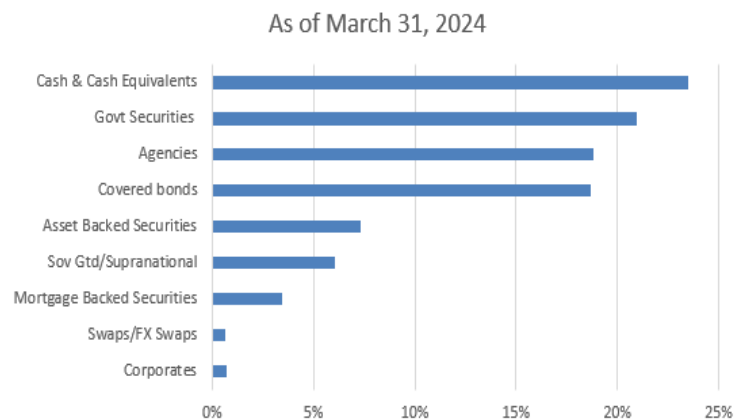
1	Total Pledges			Pledges Outstanding		Contribution Agreements Finalized				
	2	3 = 5+7	4 = 6+9+11	5	6	Paid (Receipts)			Unpaid	
						7 = 8 + 10	8	9	10	11
Contributing Participant	Currency	Amount	USDeq. a/	Amount	USDeq. b/	Total Contributions	Amount Paid in Currency	USDeq. c/	Amount Due in Currency	USDeq. b/
Canada	CAD	200,000,000	147,574,248	0	0	200,000,000	0	0	200,000,000	147,574,248
Germany	EUR	40,000,000	43,748,000	0	0	40,000,000	40,000,000	43,748,000	0	0
Japan	JPY	650,000,000	4,295,675	0	0	650,000,000	0	0	650,000,000	4,295,675
Luxembourg	EUR	7,000,000	7,549,530	7,000,000	7,549,530	0	0	0	0	0
Spain	EUR	10,000,000	10,900,000	0	0	10,000,000	10,000,000	10,900,000	0	0
United Kingdom d/	GBP	15,000,000	18,920,999	0	0	15,000,000	15,000,000	18,920,999	0	0
			<u>232,988,452</u>		<u>7,549,530</u>			<u>73,568,999</u>		<u>151,869,923</u>

a/ Represents (1) the actual US dollar value of paid-in cash contributions and (2) March 31, 2024 value of pledges outstanding, contribution amounts pending FX, and unpaid amounts.
b/ Valued at the exchange rates available on - March 31, 2024
c/ Represents the (1) actual US dollar value of paid-in cash contributions and (2) March 31, 2024 value of contribution amount pending FX.
d/ Contribution by way of issuance of promissory notes

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 and invested in accordance with the investment strategy established for all trust funds administered by the World Bank within a conservative risk management framework.¹ The chart reflects the asset mix of the portfolio in which GBFF funds are invested as of March 31, 2024. By asset class, the largest allocation was made to Government securities & cash and cash equivalents.

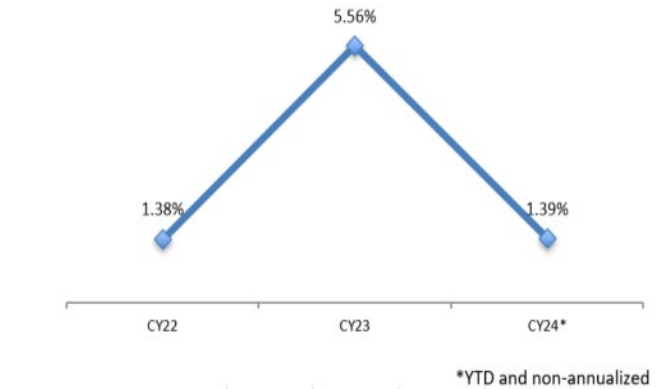


¹World Bank defines the market risk measures and tolerances for Model Portfolios of 1-year or less investment horizon as 99% CVaR be no worse than -0.25%; and for Model Portfolios of longer than 1-year but less or equal to 5-year investment horizon as 99% CVaR be no worse than -1%.



INVESTMENT RETURNS

The GBFF Trust Fund liquid portfolio (which totaled approximately USD 54.65 million² at end of March 2024) earned approximately USD 0.83 million in investment income since inception. Portfolio performance during the first quarter of 2024 was mixed and driven by the interest rate path dictated by the US Federal Reserve Bank. The quarter started with slight steepening of the US treasury curve, followed by a robust labor market report, and higher than expected inflation in February that pushed investor expectations for a March 2024 monetary policy easing by the US Fed further out in the year. Fed officials reiterated the “Higher for Longer” narrative for US interest rates as they need to see evidence of sustained improvement in inflation towards the target 2% before any monetary policy easing. This led to sharp repricing of interest rates across the yield curve in February. At the March FOMC, the Fed suggested that it is on path for three rate cuts in 2024 while reducing the number of rate cuts in 2025. This led to lower interest rate volatility with marginal decline in long term yields. The Portfolio positioning continues to be duration neutral.



ESG RATING OF THE GBFF TRUST FUND

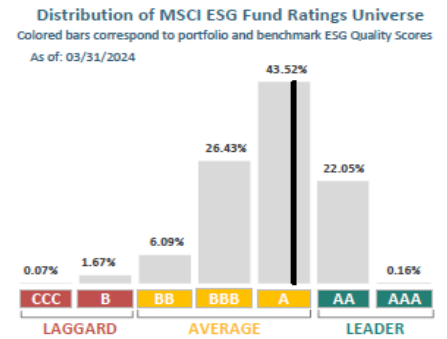
Starting from July 2019, the Trustee has applied ESG Integration as the default Sustainable and Responsible Investment (SRI) approach for all portfolios managed by the World Bank, including for the GBFF Trust Fund assets. The implementation of ESG Integration falls within the purview of existing authorizations by the World Bank Board, and thus would not involve any changes in the current investment objectives or risk limits for the GBFF Trust Fund portfolio. Considering and incorporating ESG factors into investment processes should, all things being equal, lead to portfolios that have stronger ESG profiles compared to portfolios that do not explicitly consider these ESG issues. ESG Integration has become part of the existing investment processes and is intended to help fulfil the existing investment objectives without changes to the current investment objectives or risk limits of the portfolios for which it is used. Therefore, applying ESG Integration as part of the investment process would not involve any changes in the current investment objectives or risk limits for the GBFF Trust Fund portfolio.

² Excludes uncashed promissory notes.



The GBFF investment portfolio is primarily comprised of high-grade fixed-income securities (sovereign, supranational and agency securities, and bank deposits) and, as of March 2024, the portfolio has an ESG Quality Score³ of 6.70 and an ESG Rating of A. Based on its ESG positioning in the MSCI ESG Fund Ratings Universe (upper right of below chart), which is deemed to be the more consistent reference indicator, GBFF’s investment portfolio currently falls within the Average group of the ratings universe. This reflects average capability of GBFF portfolio’s holdings in terms of managing key medium to long term risks and opportunities arising from Environmental, Social and Governance factors.

Portfolio
RESTUSD

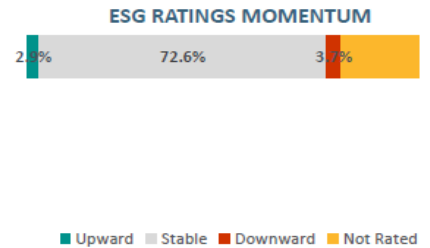
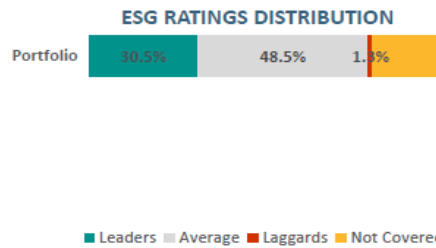


PORTFOLIO ESG RATING SUMMARY

ESG Quality Average

ESG Ratings Distribution

ESG Ratings Momentum



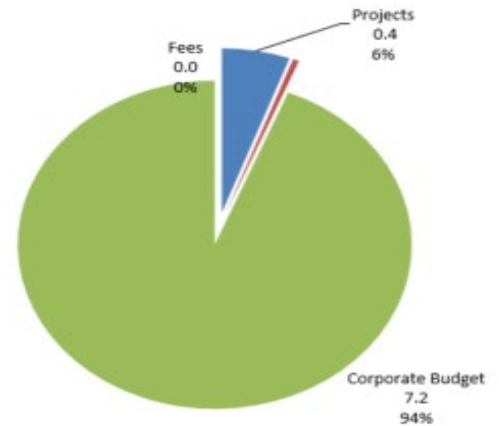
³ESG Quality Score is based on MSCI ESG Ratings and measured on a scale of 0 to 10 (worst to best) following a rule-based methodology. ESG Ratings Momentum represents the percentage of a portfolio’s market value coming from holdings that have had an ESG Ratings upgrade, and those with a downgrade, since their previous ESG Rating assessment. The ESG Quality Score is calculated as a weighted average of ESG scores of individual holdings adjusted by ESG Ratings Momentum and ESG laggards (if any). The weight applied to the individual ESG scores is determined by the portfolio weight of individual holdings as of the reporting date. Based on the above, the ESG Quality Score, which is subject to potential skewing effect from any factor in the calculation, could slightly vary between different reporting dates along with changes in individual holdings and their portfolio weights as well as changes in ESG Ratings Momentum. Please see details on MSCI ESG Ratings Methodology from: <https://www.msci.com/documents/1296102/15388113/MSCI+ESG+Fund+Ratings+Exec+Summary+Methodology.pdf>.



4. Cumulative Funding Decisions, Trustee Commitments and Cash Transfers

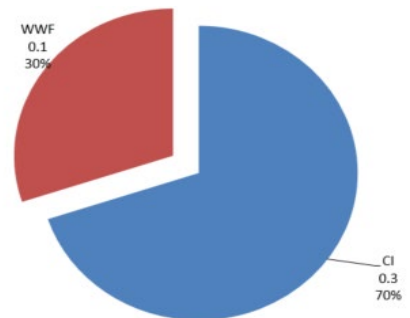
FUNDING DECISIONS BY ACTIVITY

Since inception to March 31, 2024, funding approvals made by the GBFF Council totaled USD 7.69 million. Projects represent about 88%, fees for Agencies 9%, and corporate budgets for the Secretariat, the Trustee, STAP and Independent Evaluation Office 3%.



PROJECT FUNDING DECISIONS BY AGENCY

The pie chart shows the project funding decisions by Agency. Of the total USD 0.4 million of approved projects to date, 70% has been allocated to CI, and 30% to WWF.





5. Funds Available

Trust Fund for The Global Biodiversity Framework Fund
Schedule of Funds Available as of
March 31, 2024

	(in USDeq. mn)	(in USDeq. mn)
1. Funds held in Trust ^{a/}		74.40
Cash and investments	55.48	
Promissory notes	18.92	
2. Restricted Funds		0
Reserve to cover foreign exchange rate fluctuations	0	
3. Funds held in Trust with no restrictions (3 = 1 - 2)		74.40
4. Approved Amounts pending disbursement		7.69
Amounts Trustee Committed	0	
Amounts pending Council/CEO approval and/or CEO endorsement ^{b/}	7.69	
5. Funds Available for Council/CEO approval and/or CEO endorsement (5 = 3 - 4)		66.71

a/ Amounts pending FX are valued at exchange rate as of March 31, 2024

b/ Represents (i) FY24 and FY25 admin budget for Trustee, Secretariat, STAP and IEO (ii) PPGs approved for Agencies. FY24 admin budgets were disbursed by the Trustee subsequently. The Trustee will commit the FY25 admin budgets in the beginning of FY25. Commitment for PPGs will be made once the FPAs are signed with the Agencies.

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