



GEF/LDCF.SCCF.36//Inf.03
June 10, 2024

36th LDCF/SCCF Council Meeting
June 19-20, 2024
Washington D.C., USA

STATUS REPORT FOR THE SPECIAL CLIMATE CHANGE FUND

(Financial Report prepared by the Trustee)



Special Climate Change Fund (SCCF)

Financial Report

Prepared by the Trustee

As of March 31, 2024



Table of Contents

Table of Contents

Introduction	3
SCCF Trust Fund Financial Summary as of March 31, 2024	4
1. SCCF Trust Fund Summary – Inception through March 31, 2024	5
2. Pledges and Contributions	6
3. Asset Mix and Investment Income	7
4. Cumulative Funding Decisions, Trustee Commitments and Cash Transfers	9
5. Funds Available	10
Annex I - Pledges and Contributions Details by Program: Adaptation and Technology	11
Transfer	11
Annex II - Cumulative Funding Decisions Trustee Commitments and Cash Transfers by Activity and Agency	12



Introduction

The information contained in this report is prepared based on financial information of the Special Climate Change Fund (SCCF) Trust Fund as of March 31, 2024.

The SCCF 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).

Under the SCCF Trust Fund are the Program for Adaptation and Program for Technology Transfer, both of which have been established under the SCCF following the endorsement by the Council of such Programs on the basis of document GEF/C.24/12, Programming to Implement the Guidance for the Special Climate Change Fund adopted by the Conference of the Parties to the United Nations Framework Convention on Climate Change at its Ninth Session.

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 SCCF 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 SCCF Trust Fund.



SCCF Trust Fund Financial Summary as of March 31, 2024

Pledges and Contributions:

As of March 31, 2024, 16 donors pledged and signed Contribution Agreements or Contribution Arrangements amounting to USD eq. 431.64 million, including USD eq. 353.83 million towards Program for Adaptation and USD eq. 77.81 million towards Program for Technology Transfer. The Trustee has received USD eq. 393.90 million in cash against these contributions from the donors.

Investment Income:

As of March 31, 2024, the SCCF Trust Fund earned investment income of approximately USD 28 million on the undisbursed balance of the Trust Fund and USD 1.57 million as investment income from implementing agencies.

Funding Approvals and Trustee Commitments:

As of March 31, 2024, cumulative funding decisions by the Council and the CEO amounted to USD 392.37 million. Of the total amount approved, USD 345.82 million was for projects and project preparation activities, USD 34.05 million was for fees, and USD 12.50 million was for administrative expenses and corporate activities of the SCCF.

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 366.47 million, of which USD 322.26 million relates to projects and project preparation activities, USD 31.72 million to fees, and USD 12.50 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 366.47 million, upon request from Agencies, the Trustee has transferred USD 343.30 million. The balance of USD 23.17 million remains payable 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 March 31, 2024, amounted to USDeq. 80.18 million.

Funds available to support Council or CEO decision amounted to USD 31.12 million as of March 31, 2024. This represents a decrease of USD 17.58 million compared to funds available as of December 31, 2023.



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

In USD millions

	Total	% of Total
<u>Donor Pledges and Contributions</u>		
Contributions	422.69	97.9%
Pledges	8.95	2.1%
Total Pledges and Contributions	431.64	100.0%
<u>Cumulative Resources</u>		
<u>Resources received</u>		
Cash Receipts	393.90	85.4%
Investment Income earned	28.00	6.1%
Investment Income Received from implementing agencies	1.57	0.3%
Total Resources Received	423.48	91.8%
<u>Resources not yet received</u>		
Contributions not yet paid	28.78	6.2%
Pledges	8.95	1.9%
Total resources not yet received	37.74	8.2%
Total Potential Resources (A)	461.22	100.0%
<u>Cumulative Funding Decisions</u>		
Projects	345.82	88.1%
Fees	34.05	8.7%
Administrative Budgets	12.50	3.2%
Total Funding Decisions Net of Cancellation (B)	392.37	100.0%
Total Potential Resources Net of Funding Decisions (A) - (B)	68.85	
<u>Funds Available</u>		
Funds Held in Trust	80.18	
Approved Amounts Pending Cash Transfers	49.06	
Amounts pending Council/CEO approval	-	
Total Funds Available to Support Council / CEO Decisions	31.12	

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



2. Pledges and Contributions

In USD millions

1	Total Pledges Outstanding and Contributions Finalized a/			Pledges Outstanding		Contribution Agreements Finalized				
	2	3 = 5 +	4 = 6 +	5	6	Paid (Receipts)			Unpaid	
		7	9+ 11			7 = 8 + 10	8	9	10	11
Contributing Participant	Currency	Amount	USDeq. b/	Amount	USDeq.	Total Contributions	Amount Paid in Currency	USDeq.	Amount Due in Currency	USDeq.
Belgium	EUR	31.00	41.21	-	-	31.00	31.00	41.21	-	-
Canada	CAD	47.70	38.15	-	-	47.70	18.50	16.61	29.20	21.54
	USD	4.82	4.82	-	-	4.82	4.82	4.82	-	-
Denmark	DKK	125.00	19.87	-	-	125.00	109.50	17.63	15.50	2.24
Finland	EUR	13.87	17.95	-	-	13.87	13.87	17.95	-	-
	USD	0.37	0.37	-	-	0.37	0.37	0.37	-	-
Germany	EUR	100.02	131.41	-	-	100.02	100.02	131.41	-	-
Ireland	EUR	4.19	4.55	-	-	4.19	4.19	4.55	-	-
	USD	2.13	2.13	-	-	2.13	2.13	2.13	-	-
Italy	USD	10.00	10.00	-	-	10.00	5.00	5.00	5.00 c/	5.00
Netherlands	EUR	2.40	3.13	-	-	2.40	2.40	3.13	-	-
Norway	NOK	198.00	34.59	-	-	198.00	198.00	34.59	-	-
Portugal	EUR	1.07	1.30	-	-	1.07	1.07	1.30	-	-
Slovenia	EUR	0.07	0.08	-	-	0.07	0.07	0.08	-	-
Spain	EUR	11.00	14.53	-	-	11.00	11.00	14.53	-	-
Sweden	SEK	40.00	6.12	-	-	40.00	40.00	6.12	-	-
Switzerland	CHF	26.46	27.50	8.07 d/	8.95	18.40	18.40	18.54	-	-
	USD	0.40	0.40	-	-	0.40	0.40	0.40	-	-
United Kingdom	GBP	14.00	23.54	-	-	14.00	14.00	23.54	-	-
United States	USD	50.00	50.00	-	-	50.00	50.00	50.00	-	-
			431.64		8.95		393.90		28.78	

a/ Pledged contributions are made towards the Program for Adaptation and for the Transfer of Technology.

b/ Paid in cash contributions (Receipts) are at the actual US dollar value. Pledges outstanding, contribution amounts pending FX and unpaid amounts are valued at exchange rates applicable as on March 31, 2024.

c/ Contribution past due.

d/ Represents pledges during COP27 held in November 2022.

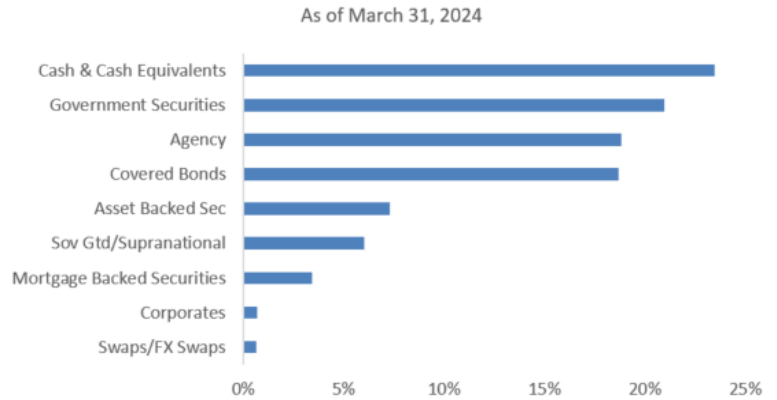
Note: The totals in the table may not add up due to rounding.



3. Asset Mix and Investment Income

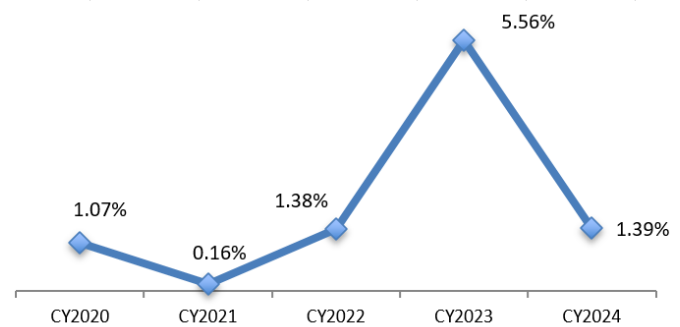
ASSET MIX

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 SCCF funds are invested as of March 31, 2024. By asset class, the largest allocation was made to Government securities & cash and cash equivalents.



INVESTMENT RETURNS

The SCCF Trust Fund liquid portfolio (which totaled approximately USD 80.10 million at end of March 2024) earned approximately USD 28 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 3 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.



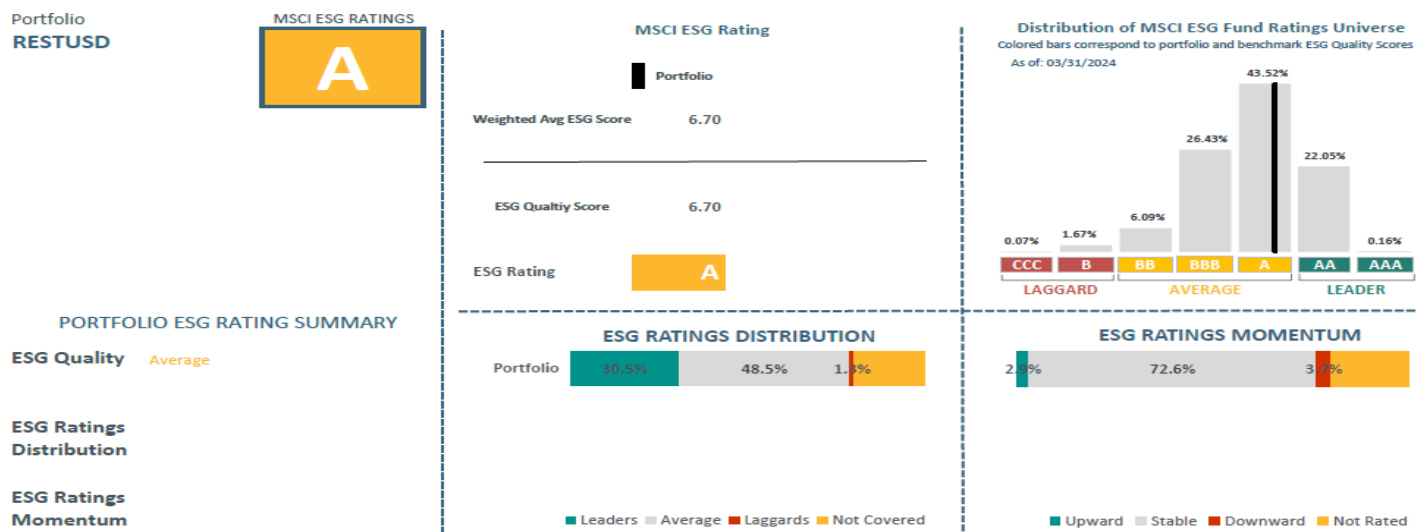
¹World Bank defines the market risk measures and tolerances for Model Portfolios of 1-year or less investment horizon as 99% CVaR be no worse than -0.25%; and for Model Portfolios of longer than 1-year but less or equal to 5-year investment horizon as 99% CVaR be no worse than -1%.



ESG RATING OF THE SCCF 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 SCCF 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 SCCF 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 SCCF Trust Fund portfolio.

The SCCF 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 Score² 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, SCCF’s investment portfolio currently falls within the Average group of the ratings universe. This reflects average capability of SCCF portfolio’s holdings in terms of managing key medium to long term risks and opportunities arising from Environmental, Social and Governance factors.



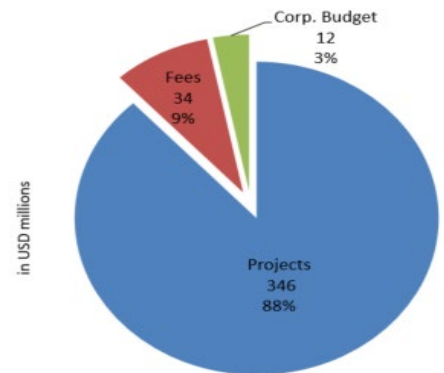
²ESG Quality Score is based on MSCI ESG Ratings and measured on a scale of 0 to 10 (worst to best) following a rule-based methodology. ESG Ratings Momentum represents the percentage of a portfolio’s market value coming from holdings that have had an ESG Ratings upgrade, and those with a downgrade, since 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

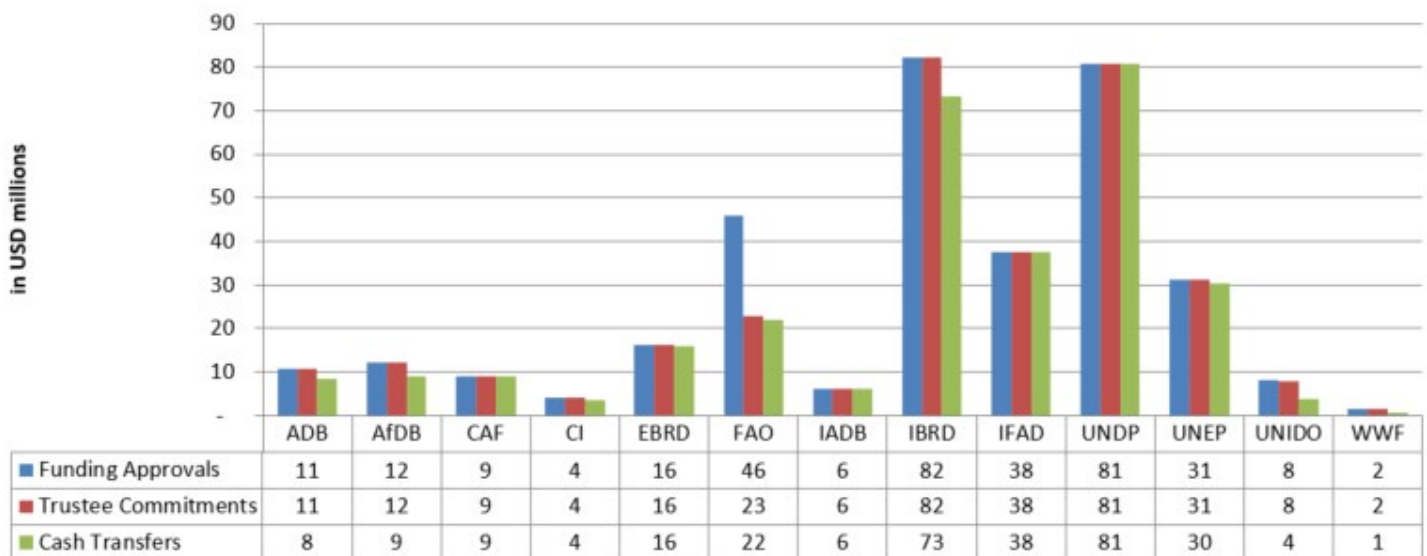
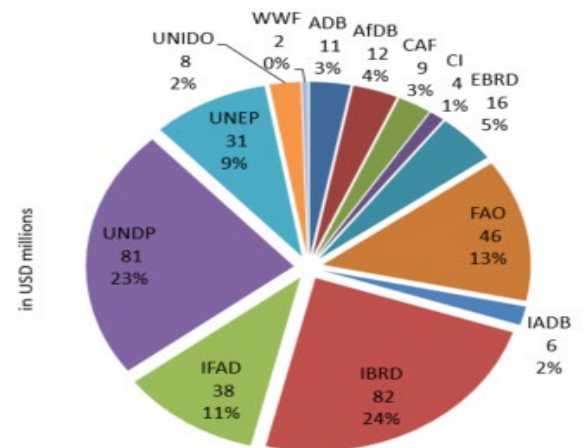
Since inception to March 31, 2024, funding approvals made by the LDCF/SCCF Council totaled USD 392.37 million. Projects represent about 88%, fees for Agencies 9%, and corporate budgets for the Secretariat, the Trustee, STAP and Independent Evaluation Office 3%.



PROJECT FUNDING DECISIONS BY AGENCY

The pie chart shows the project funding decisions by Agency. Of the total USD 345.82 million of approved projects to date, 24% has been allocated to IBRD, 23% to UNDP, 13% to FAO and 11% to IFAD.

The bar chart below shows Agency-wise breakdown of project funding decisions, commitments and transfers by Trustee. Details of funding approvals, commitments and cash transfers can be found in Annex II.





5. Funds Available

In USD millions

I. Program for Adaptation	As of March 31, 2024		As of December 31, 2023		Change (c) = (a) - (b)
	(a)	(b)	(a)	(b)	
1. Funds held in Trust		58.22		53.10	5.12
a. Cash and investments	58.22		53.10		5.12
b. Unencashed promissory notes	-		-		-
2. Approved Amounts Pending Cash Transfers to Agencies		40.55		17.56	22.99
a. Trustee committed	15.18		13.99		1.19
b. Approved by Council/CEO pending Endorsement	25.37		3.56		21.80
c. Umbrella Set-aside	-		-		-
3. Funding decisions pending for Council/CEO approval		-		-	-
4. Funds Available to Support Council or CEO Decisions (4 = 1 - 2 - 3)		17.67		35.54	(17.87)
II. Program for Technology Transfer	As of March 31, 2024		As of December 31, 2023		Change (c) = (a) - (b)
	(a)	(b)	(a)	(b)	
5. Funds held in Trust		21.96		21.67	0.29
a. Cash and investments	21.96		21.67		0.29
b. Unencashed promissory notes	-		-		-
6. Approved Amounts Pending Cash Transfers to Agencies		8.51		8.51	-
a. Trustee committed	7.99		7.99		-
b. Approved by Council/CEO pending Endorsement	0.52		0.52		-
7. Funds Available to Support Council or CEO Decisions (7 = 5 - 6)		13.45		13.16	0.29
III. Total SCCF Funds Available for Council/CEO approval and/or CEO endorsement (4 + 7)		31.12		48.70	(17.58)

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

Highlights for the period January 1, 2024 through March 31, 2024:

- **Funds Held in Trust** represent cumulative cash receipts and investment income less cumulative cash transfers, and amounted to USD 80.18 million as of March 31, 2024 (including USD 58.22 million for Program for Adaptation and USD 21.96 million for Program for Technology Transfer). Funds Held in Trust increased by USD 5.41 million due to the receipt of new funds from donors and investment income exceeding cash transfers during the period.
- **Funding Decisions Pending Cash Transfer** arising from the LDCF/SCCF Council approvals amount to USD 49.06 million for both Programs. There was an increase by USD 22.99 million compared to the amount as of December 31, 2023.



Annex I - Pledges and Contributions Details by Program: Adaptation and Technology Transfer

In USD millions

1	Total Pledges Outstanding and Contributions Finalized a/			Pledges Outstanding		Contribution Agreements Finalized				
	2	3 = 5 + 7	4 = 6 + 9+ 11	5	6	Paid (Receipts)		Unpaid		11
						7 = 8 + 10	8	9	10	
Contributing Participant	Currency	Amount	US\$eq. b/	Amount	US\$eq.	Total Contributions	Amount Paid in Currency	US\$eq.	Amount Due in Currency	US\$eq.
I. Program for Adaptation										
Canada	CAD	31.00	25.12	-	-	31.00	16.00	14.05	15.00	11.07
Denmark	DKK	115.00	18.07	-	-	115.00	99.50	15.82	15.50	2.24
Finland	USD	0.37	0.37	-	-	0.37	0.37	0.37	-	-
	EUR	13.52	17.52	-	-	13.52	13.52	17.52	-	-
Germany	EUR	100.02	131.41	-	-	100.02	100.02	131.41	-	-
Ireland	USD	1.28	1.28	-	-	1.28	1.28	1.28	-	-
	EUR	4.19	4.55	-	-	4.19	4.19	4.55	-	-
Italy	USD	5.00	5.00	-	-	5.00	0.00	0.00	5.00	c/ 5.00
Netherlands	EUR	2.40	3.13	-	-	2.40	2.40	3.13	-	-
Norway	NOK	181.50	31.59	-	-	181.50	181.50	31.59	-	-
Portugal	EUR	1.07	1.30	-	-	1.07	1.07	1.30	-	-
Slovenia	EUR	0.07	0.08	-	-	0.07	0.07	0.08	-	-
Spain	EUR	10.00	13.23	-	-	10.00	10.00	13.23	-	-
Sweden	SEK	37.00	5.69	-	-	37.00	37.00	5.69	-	-
Switzerland	CHF	20.49	21.56	8.07	d/ 8.95	12.42	12.42	12.61	-	-
	USD	0.40	0.40	-	-	0.40	0.40	0.40	-	-
United Kingdom	GBP	14.00	23.54	-	-	14.00	14.00	23.54	-	-
United States	USD	50.00	50.00	-	-	50.00	50.00	50.00	-	-
			353.83		8.95			326.57		18.31
II. Program for Technology Transfer										
Belgium	EUR	31.00	41.21	-	-	31.00	33.22	41.21	-	-
Canada	CAD	16.70	13.03	-	-	16.70	2.50	2.55	14.20	10.47
	USD	4.82	4.82	-	-	4.82	4.82	4.82	-	-
Denmark	DKK	10.00	1.81	-	-	10.00	10.00	1.81	-	-
Finland	EUR	0.35	0.42	-	-	0.35	0.35	0.42	-	-
Ireland	USD	0.85	0.85	-	-	0.85	0.85	0.85	-	-
Italy	USD	5.00	5.00	-	-	5.00	5.00	5.00	-	-
Norway	NOK	16.50	3.00	-	-	16.50	16.50	3.00	-	-
Spain	EUR	1.00	1.30	-	-	1.00	1.00	1.30	-	-
Sweden	SEK	3.00	0.43	-	-	3.00	3.00	0.43	-	-
Switzerland	CHF	5.98	5.93	-	-	5.98	5.98	5.93	-	-
			77.81		-			67.33		10.47
TOTAL			431.64		8.95			393.90		28.78

a/ Pledged contributions are made towards the Program for Adaptation and for the Transfer of Technology.

b/ Paid in cash contributions (Receipts) are at the actual US dollar value. Pledges outstanding, contribution amounts pending FX and unpaid amounts are valued at exchange rates applicable as on March 31, 2024.

c/ Contribution past due.

d/ Represents pledges during COP27 held in November 2022.

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



Annex II - Cumulative Funding Decisions Trustee Commitments and Cash Transfers by Activity and Agency

In USD millions

Entity	Cumulative Net Amounts			
	Approved Allocations (1)	Commitments (2)	Transfers (3)	Amount Due (4) = (2) - (3)
Projects				
ADB	10.83	10.83	8.49	2.34
AfDB	12.08	12.08	8.98	3.11
CAF	8.96	8.96	8.96	0.00
CI	4.02	4.02	3.55	0.47
EBRD	16.14	16.14	15.94	0.20
FAO	45.98	22.88	21.94	0.94
IADB	6.03	6.03	6.03	0.00
IBRD	82.17	82.17	73.17	9.00
IFAD	37.51	37.51	37.59	-0.08
UNDP	80.81	80.81	80.91	-0.10
UNEP	31.34	31.34	30.28	1.06
UNIDO	8.29	7.83	3.81	4.02
WWF	1.65	1.65	0.64	1.01
Sub-total	345.82	322.26	300.30	21.96
Fees				
ADB	1.11	1.11	1.03	0.08
AfDB	1.13	1.13	0.53	0.61
CAF	0.53	0.53	0.53	0.00
CI	0.36	0.36	0.28	0.08
EBRD	1.58	1.58	1.56	0.02
FAO	4.07	2.32	1.90	0.42
IADB	0.60	0.60	0.60	0.00
IBRD	8.84	8.84	8.84	0.00
IFAD	3.79	3.75	3.75	0.00
UNDP	7.95	7.95	7.95	0.00
UNEP	3.13	3.03	3.03	0.00
UNIDO	0.79	0.36	0.36	0.00
WWF	0.15	0.15	0.15	0.00
Sub-total	34.05	31.72	30.51	1.21
Corporate Budget ^{a/}				
Secretariat	8.36	8.36	8.36	0.00
Evaluation	0.73	0.73	0.73	0.00
STAP	0.63	0.63	0.63	0.00
Trustee	2.78	2.78	2.78	0.00
Sub-total	12.50	12.50	12.50	0.00
Total for SCCF	392.37	366.47	343.30	23.17

a/ Includes amounts allocated to cover administrative expenses to manage the SCCF and Corporate activities.

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