



GEF/LDCF.SCCF.35/Inf.03

January 25, 2024

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35th LDCF/SCCF Council Meeting  
February 08, 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 December 31, 2023*



## Table of Contents

### Table of Contents

Introduction .....	3
SCCF Trust Fund Financial Summary as of December 31, 2023.....	4
1. SCCF Trust Fund Summary – Inception through December 31, 2023.....	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 December 31, 2023.

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 December 31, 2023; (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 December 31, 2023

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

As of December 31, 2023, 16 donors pledged and signed Contribution Agreements or Contribution Arrangements amounting to USD eq. 432.95 million, including USD eq. 365.61 million towards Program for Adaptation and USD eq. 67.33 million towards Program for Technology Transfer. The Trustee has received USD eq. 390.19 million in cash against these contributions from the donors.

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

As of December 31, 2023, the SCCF Trust Fund earned investment income of approximately USD 26.97 million on the undisbursed balance of the Trust Fund and USD 1.45 million as investment income from implementing agencies.

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

As of December 31, 2023, cumulative funding decisions by the Council and the CEO amounted to USD 369.99 million. Of the total amount approved, USD 324.86 million was for projects and project preparation activities, USD 32.12 million was for fees, and USD 13.01 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 365.39 million, of which USD 321.77 million relates to projects and project preparation activities, USD 31.13 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 365.39 million, upon request from Agencies, the Trustee has transferred USD 343.92 million. The balance of USD 21.47 million remains payable as of December 31, 2023.

### ***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 December 31, 2023, amounted to USDeq. 71.34 million.

**Funds available to support Council or CEO decision amounted to USD 45.70 million as of December 31, 2023.** This represents an increase of USD 21.80 million compared to funds available as of March 31, 2023.



## 1. SCCF Trust Fund Summary – Inception through December 31, 2023

In USD millions

	Total	% of Total
<b><u>Donor Pledges and Contributions</u></b>		
Contributions	397.50	91.8%
Pledges	35.45	8.2%
<b>Total Pledges and Contributions</b>	<b>432.95</b>	<b>100.0%</b>
<b><u>Cumulative Resources</u></b>		
<b><u>Resources received</u></b>		
Cash Receipts	390.19	84.6%
Investment Income earned	26.97	5.8%
Investment Income Received from implementing agencies	1.45	0.3%
<b>Total Resources Received</b>	<b>418.61</b>	<b>90.7%</b>
<b><u>Resources not yet received</u></b>		
Contributions not yet paid	7.30	1.6%
Pledges	35.45	7.7%
<b>Total resources not yet received</b>	<b>42.75</b>	<b>9.3%</b>
<b>Total Potential Resources (A)</b>	<b>461.36</b>	<b>100.0%</b>
<b><u>Cumulative Funding Decisions</u></b>		
Projects	324.86	87.8%
Fees	32.12	8.7%
Administrative Budgets	13.01	3.5%
<b>Total Funding Decisions Net of Cancellation (B)</b>	<b>369.99</b>	<b>100.0%</b>
<b>Total Potential Resources Net of Funding Decisions (A) - (B)</b>	<b>91.37</b>	
<b><u>Funds Available</u></b>		
Funds Held in Trust	74.77	
Approved Amounts Pending Cash Transfers	26.07	
Amounts pending Council/CEO approval	-	
<b>Total Funds Available to Support Council / CEO Decisions</b>	<b>48.70</b>	

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. c/	Total Contributions	Amount Paid in Currency	USDeq. d/	Amount Due in Currency	USDeq. c/
Belgium	EUR	31.00	41.21	-	-	31.00	31.00	41.21	-	-
Canada	CAD	47.70	38.70	34.20	25.80	13.50	13.50	12.89	-	-
	USD	4.82	4.82	-	-	4.82	4.82	4.82	-	-
Denmark	DKK	125.00	19.94	-	-	125.00	109.50	17.63	15.50	2.30
Finland	e/ 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	f/ 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	e/ CHF	26.46	28.19	8.07	9.65	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	-	-
			<u>432.95</u>		<u>35.45</u>			<u>390.19</u>		<u>7.30</u>

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

b/ Represents (1) the actual US dollar value of paid-in cash contributions and (2) December 31, 2023 value of outstanding pledges and unpaid amounts.

c/ Valued at the exchange rates available on December 31, 2023.

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

e/ Contributions made in more than one currency.

f/ Contribution past due.

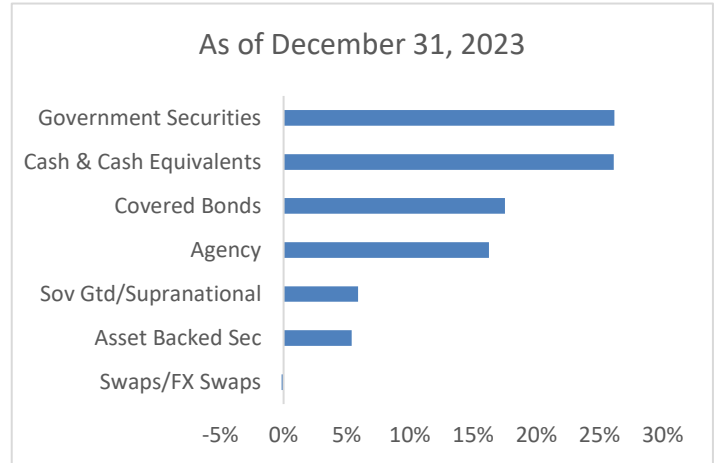
Note: The totals in the table may not add up due to rounding.



### 3. Asset Mix and Investment Income

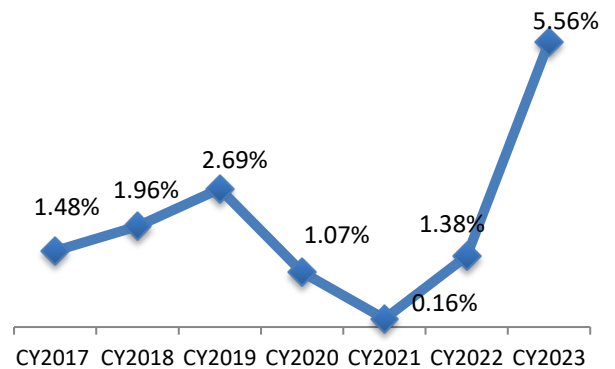
#### ASSET MIX

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.<sup>1</sup> The chart reflects the asset mix of the portfolio in which SCCF funds are invested as of December 31, 2023. 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 71.34 million at end of December 2023) earned approximately USD 26.97 million in investment income since inception. Portfolio performance during the calendar year 2023 was driven by the interest rate path dictated by the US Federal Reserve Bank decisions that signaled that the monetary policy rates will remain “higher for longer” until inflation returns to target. Expectation of higher interest rates was underpinned by strong economic data. As a result, global real interest rates rose during the calendar year 2023 and the long end of the yield curve steepened as both 10-year and 30-year yields increased significantly. Portfolio positioning continues to be duration neutral.



<sup>1</sup>World 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%.

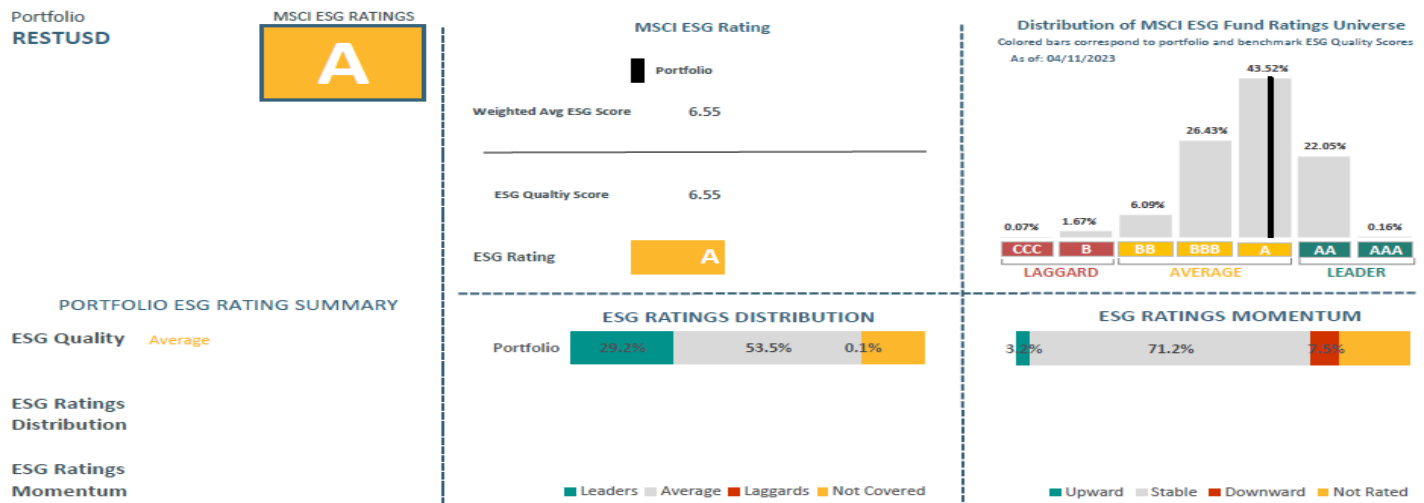




## ESG RATING OF THE SCCF TRUST FUND

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 December 2023, the portfolio has an ESG Quality Score<sup>2</sup> of 6.55 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.



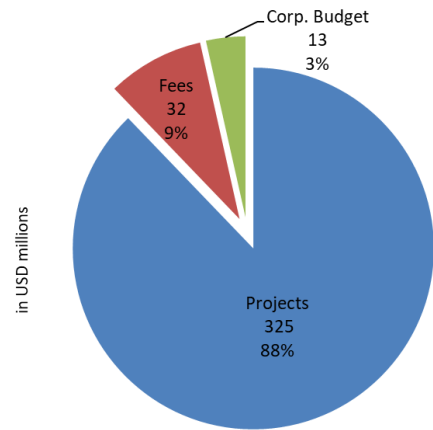
<sup>2</sup>ESG Quality Score is based on MSCI ESG Ratings and measured on a scale of 0 to 10 (worst to best) following a rule-based methodology. ESG Ratings Momentum represents the percentage of a portfolio's market value coming from holdings that have had an ESG Ratings upgrade, and those with a downgrade,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

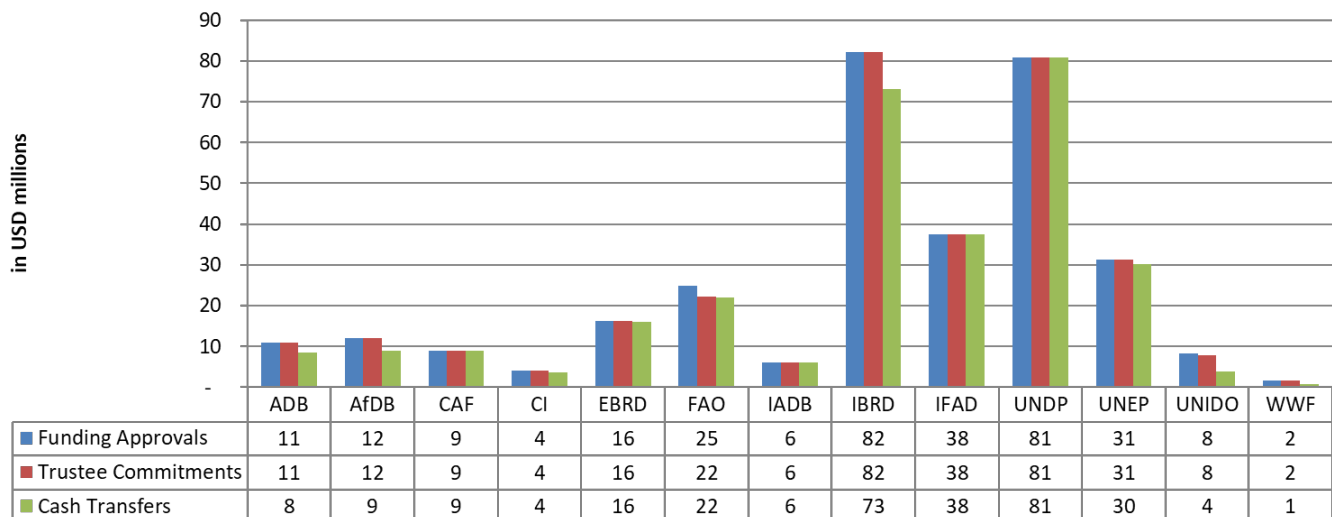
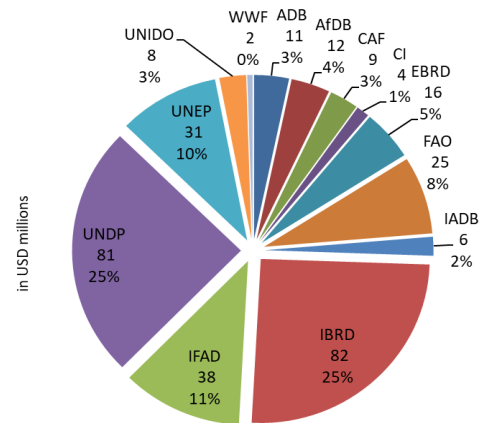
Since inception to December 31, 2023, funding approvals made by the LDCF/SCCF Council totaled USD 369.99 million. Projects represent about 88%, fees for Agencies 9%, and corporate budgets for the Secretariat, the Trustee, STAP and Independent Evaluation Office 3%.



### PROJECT FUNDING DECISIONS BY AGENCY

The pie chart shows the project funding decisions by Agency. Of the total USD 324.86 million of approved projects to date, 25% each has been allocated to IBRD and UNDP, 11% to IFAD and 10% to UNEP.

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 December 31, 2023		As of March 31, 2023		Change (c) = (a) - (b)
	(a)	(b)	(a)	(b)	
<b>1. Funds held in Trust</b>		<b>53.10</b>		<b>31.05</b>	<b>22.05</b>
a. Cash and investments	53.10		31.05		22.05
b. Unencashed promissory notes	-		-		-
<b>2. Approved Amounts Pending Cash Transfers to Agencies</b>		<b>17.56</b>		<b>16.39</b>	<b>1.17</b>
a. Trustee committed	13.99		14.33		(0.33)
b. Approved by Council/CEO pending Endorsement	3.56		2.06		1.51
c. Umbrella Set-aside	-		-		-
<b>3. Funding decisions pending for Council/CEO approval</b>		<b>-</b>		<b>-</b>	<b>-</b>
<b>4. Funds Available to Support Council or CEO Decisions (4 = 1 - 2 - 3)</b>		<b>35.54</b>		<b>14.66</b>	<b>20.87</b>
II. Program for Technology Transfer	As of December 31, 2023		As of March 31, 2023		Change (c) = (a) - (b)
	(a)	(b)	(a)	(b)	
<b>5. Funds held in Trust</b>		<b>21.67</b>		<b>20.30</b>	<b>1.37</b>
a. Cash and investments	21.67		20.30		1.37
b. Unencashed promissory notes	-		-		-
<b>6. Approved Amounts Pending Cash Transfers to Agencies</b>		<b>8.51</b>		<b>11.07</b>	<b>(2.56)</b>
a. Trustee committed	7.99		10.58		(2.59)
b. Approved by Council/CEO pending Endorsement	0.52		0.49		0.03
<b>7. Funds Available to Support Council or CEO Decisions (7 = 5 - 6)</b>		<b>13.16</b>		<b>9.23</b>	<b>3.93</b>
<b>III. Total SCCF Funds Available for Council/CEO approval and/or CEO endorsement (4 + 7)</b>		<b>48.70</b>		<b>23.89</b>	<b>24.80</b>

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

### Highlights for the period April 1, 2023 through December 31, 2023:

- **Funds Held in Trust** represent cumulative cash receipts and investment income less cumulative cash transfers, and amounted to USD 71.34 million as of December 31, 2023 (including USD 53.10 million for Program for Adaptation and USD 18.24 million for Program for Technology Transfer). Funds Held in Trust increased by USD 19.98 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 25.64 million for both Programs. There was a decrease by USD 1.82 million compared to the amount as of March 31, 2023.



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

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		11
						7 = 8+10	8	9	10	
Contributing Participant	Currency	Amount	USDeq. a/	Amount	USDeq. b/	Total Contributions	Amount Paid in Currency	USDeq. c/	Amount Due in Currency	USDeq. b/
<b>I. Program for Adaptation</b>										
Canada	CAD	45.20	36.15	34.20	25.80	11.00	11.00	10.34	-	-
Denmark	DKK	115.00	18.13	-	-	115.00	99.50	15.82	15.50	2.30
Finland	d/ 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 e/	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	d/ CHF	20.49	22.26	8.07	9.65	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	-	-
			<b>365.61</b>		<b>35.45</b>			<b>322.86</b>		<b>7.30</b>
<b>II. Program for Technology Transfer</b>										
Belgium	EUR	31.00	41.21	-	-	31.00	33.22	41.21	-	-
Canada	CAD	2.50	2.55	-	-	2.50	2.50	2.55	-	-
	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	-	-
			<b>67.33</b>		<b>-</b>			<b>67.33</b>		<b>-</b>
<b>TOTAL</b>			<b>432.95</b>		<b>35.45</b>			<b>390.19</b>		<b>7.30</b>

a/ Represents (1) the actual US dollar value of paid-in cash contributions and (2) December 31, 2023 value of amount pending FX.

b/ Valued at the exchange rates available on December 31, 2023.

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

d/ Contributions made in more than one currency.

e/ Contribution past due.

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

Entity	Cumulative Net Amounts			
	Approved	Commitments	Transfers	Amount Due
	Allocations			
(1)	(2)	(3)	(4) = (2) - (3)	
<b>Projects</b>				
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	24.92	22.28	21.94	0.34
IADB	6.03	6.03	6.03	0.00
IBRD	82.26	82.26	73.17	9.09
IFAD	37.51	37.51	37.59	-0.08
UNDP	80.81	80.81	80.91	-0.10
UNEP	31.37	31.37	30.28	1.09
UNIDO	8.29	7.83	3.81	4.02
WWF	1.65	1.65	0.64	1.01
Sub-total	324.86	321.77	300.30	21.47
<b>Fees</b>				
ADB	1.11	1.03	1.03	0.00
AfDB	1.13	1.13	0.53	0.61
CAF	0.53	0.53	0.53	0.00
CI	0.36	0.28	0.28	0.00
EBRD	1.58	1.58	1.56	0.02
FAO	2.14	1.89	1.89	0.00
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	32.12	31.13	30.50	0.63
<b>Corporate Budget <sup>a/</sup></b>				
Secretariat	8.36	8.36	8.36	0.00
Evaluation	0.73	0.73	0.73	0.00
STAP <sup>b/</sup>	1.14	0.63	1.26	-0.63
Trustee	2.78	2.78	2.78	0.00
Sub-total	13.01	12.50	13.13	-0.63
<b>Total for SCCF</b>	<b>369.99</b>	<b>365.39</b>	<b>343.92</b>	<b>21.47</b>

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

b/ STAP is in the process of returning unused funds to the Trustee.

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