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Virtual Meeting

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 September 30, 2021



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Introduction

The information contained in this report is prepared based on financial information of the Special Climate Change Fund (SCCF) Trust Fund as of September 30, 2021.

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 September 30, 2021; (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 September 30, 2021

Pledges and Contributions:

As of September 30, 2021, 15 donors pledged and signed Contribution Agreements or Contribution Arrangements amounting to USDeq. 356.09 million, including USDeq. 294.46 million towards Program for Adaptation and USDeq. 61.63 million towards Program for Technology Transfer. The Trustee has received USDeq. 349.44 million in cash to date from these donors.

Investment Income:

As of September 30, 2021, the SCCF Trust Fund earned investment income of approximately USD 23.69 million on the undisbursed balance of the Trust Fund and USD 1.25 million as investment income from implementing agencies.

Funding Approvals and Trustee Commitments:

As of September 30, 2021, cumulative funding decisions by the Council and the CEO amounted to USD 364.54 million. Of the total amount approved, USD 322.47 million was for projects and project preparation activities, USD 31.61 million was for fees, and USD 10.46 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 358.58 million, of which USD 317.32 million relates to projects and project preparation activities, USD 30.81 million to fees, and USD 10.46 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 358.58 million, upon request from Agencies, the Trustee has transferred USD 319.16 million. The balance of USD 39.43 million remains payable as of September 30, 2021.

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 September 30, 2021 amounted to USDeq. 55.22 million.

Funds available to support Council or CEO decision amounted to USD 9.83 million as of September 30, 2021. This represents a net decrease of USD 0.77 million compared to funds available as of March 31, 2021.



1. SCCF Trust Fund Summary – Inception through September 30, 2021

In USD millions

	Total	% of Total
<u>Donor Pledges and Contributions</u>		
Contributions	354.44	99.5%
Pledges	1.66	0.5%
Total Pledges and Contributions	356.09	100.0%
<u>Cumulative Resources</u>		
<u>Resources received</u>		
Cash Receipts	349.44	91.7%
Investment Income earned	23.69	6.2%
Investment Income Received from implementing agencies	1.25	0.3%
Total Resources Received	374.37	98.3%
<u>Resources not yet received</u>		
Contributions not yet paid	5.00	1.3%
Pledges	1.66	0.4%
Total resources not yet received	6.66	1.7%
Total Potential Resources (A)	381.03	100.0%
<u>Cumulative Funding Decisions</u>		
Projects	322.47	88.5%
Fees	31.61	8.7%
Administrative Budgets	10.46	2.9%
Total Funding Decisions Net of Cancellation (B)	364.54	100.0%
Total Potential Resources Net of Funding Decisions (A) - (B)	16.49	
<u>Funds Available</u>		
Funds Held in Trust	55.22	
Approved Amounts Pending Cash Transfers	45.39	
Amounts pending Council/CEO approval	-	
Total Funds Available to Support Council / CEO Decisions	9.83	

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	13.50	12.89	-	-	13.50	13.50	12.89	-	-
Denmark	DKK	50.00	9.04	-	-	50.00	50.00	9.04	-	-
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	90.02	120.45	-	-	90.02	90.02	120.45	-	-
Ireland	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	-	-
Spain	EUR	9.00	12.35	-	-	9.00	9.00	12.35	-	-
Sweden	SEK	40.00	6.12	-	-	40.00	40.00	6.12	-	-
Switzerland	e/ CHF	14.18	13.90	-	-	14.18	14.18	13.90	-	-
	USD	2.06	2.06	1.66 g/	1.66	0.40	0.40	0.40	-	-
United Kingdom	GBP	10.00	18.60	-	-	10.00	10.00	18.60	-	-
United States	USD	50.00	50.00	-	-	50.00	50.00	50.00	-	-
			356.09		1.66		349.44		5.00	

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) September 30, 2021 value of outstanding pledges and unpaid amounts.

c/ Valued at the exchange rates available on September 30, 2021.

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

e/ Contributions made in more than one currency.

f/ Represents past due contribution.

g/ Represents the balance of Switzerland's pledge of USD 3,312,500 made during the 25th Council meeting in December 2018 which is pending finalization of contribution agreement.

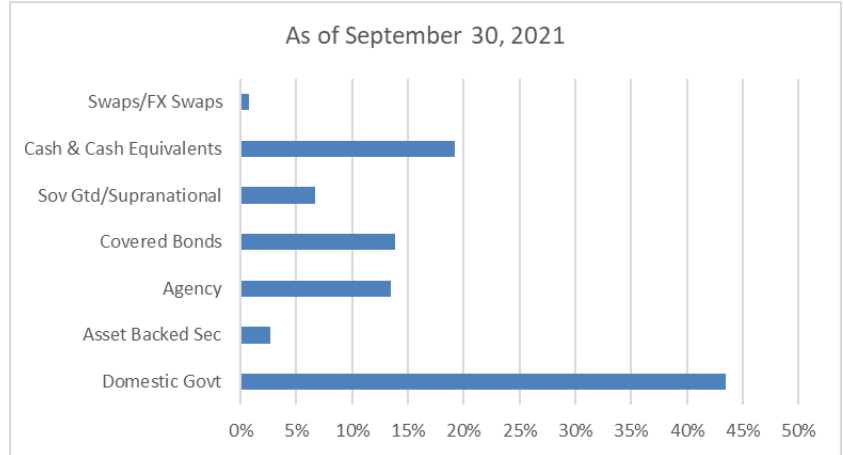
Note: The totals in the table may not add up due to rounding.



3. Asset Mix and Investment Income

ASSET MIX

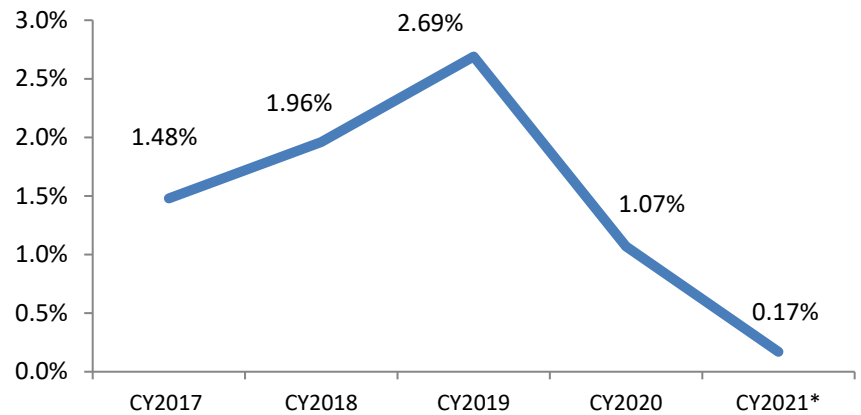
Funds held in trust by the World Bank (as the Trustee) are maintained in a commingled investment portfolio (the “Pool”) for all trust funds administered by the World Bank. The assets in the Pool are managed in accordance with the investment strategy established for all trust funds administered by the World Bank. The chart reflects the asset mix of the portfolio in which SCCF funds are invested as of September 30, 2021. By asset class, the largest allocation was made to domestic government.



INVESTMENT RETURNS

The SCCF funds are invested in accordance with the investment strategy established for all trust funds administered by the World Bank. Funds are managed such that the expected maximum loss, as measured by the CVaR, in the worst 1% of cases will not exceed 0.25% at the portfolio’s investment horizon.

The SCCF Trust Fund liquid portfolio (which totaled approximately USD 55.22 million at end-September 2021) earned approximately USD 23.69 million in investment income since inception. The portfolio returns over the first nine months of CY21 were 0.17%. The portfolio’s lower returns can be attributed to an environment of rising yields during the period.



* YTD and non-annualized

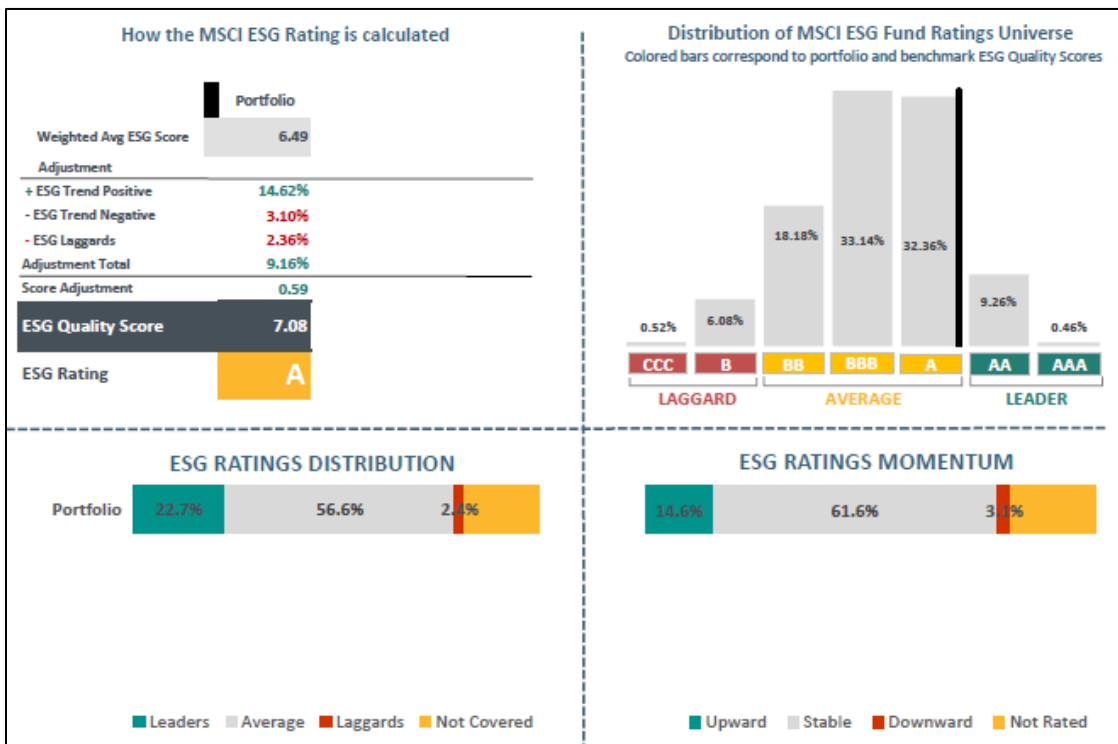
ESG RATING OF THE SCCF TRUST FUND

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 at September 2021, the portfolio has an ESG Quality Score¹ of 7.08 and an ESG Rating² 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 falls within the top decile of the ratings universe. This reflects high 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.



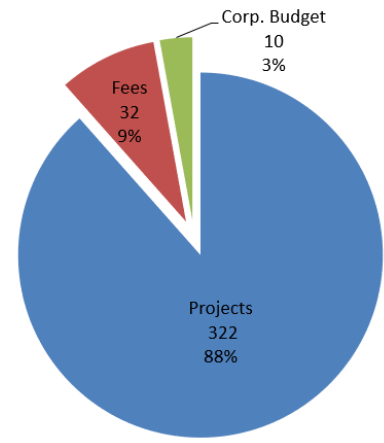
^{1/2} ESG Quality Score is based on MSCI ESG Ratings and measured on a scale of 0 to 10 (worst to best) following a rule-based methodology. ESG Ratings Momentum represents the percentage of a portfolio's market value coming from holdings that have had an ESG Ratings upgrade, and those with a downgrade, 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/1296102/4769829/MSCI+ESG+Ratings+Methodology+-+Exec+Summary+Dec+2020.pdf/15e36bed-bba2-1038-6fa0-2cf52a0c04d6?t=1608110671584>.



4. Cumulative Funding Decisions, Trustee Commitments and Cash Transfers

FUNDING DECISIONS BY ACTIVITY

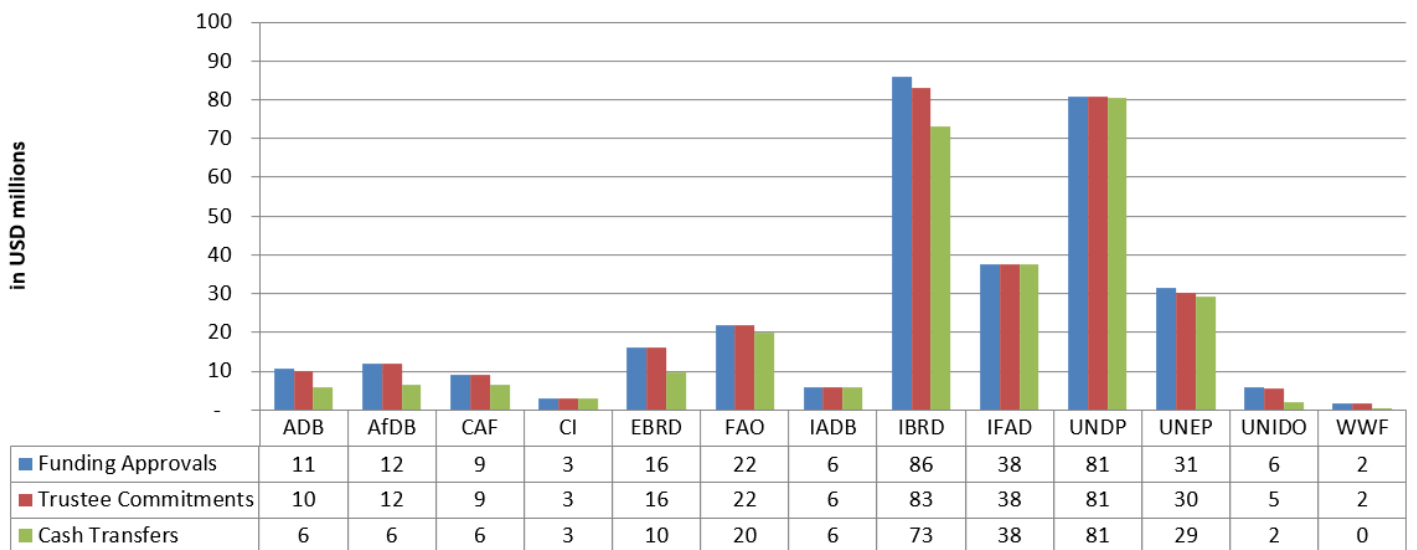
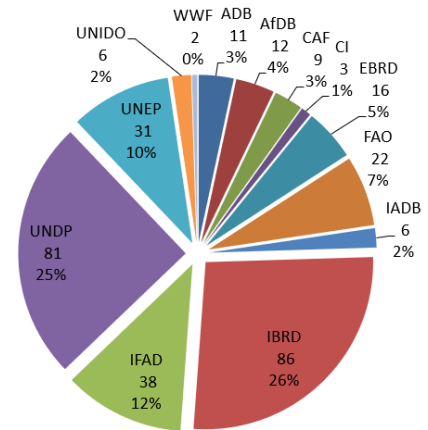
Since inception to September 30, 2021 funding approvals made by the LDCF/SCCF Council totaled USD 364.54 million. Projects represent about 88%, fees for Agencies 9%, and corporate budgets for the Secretariat, the Trustee, STAP and Independent Evaluation Office 3%.



PROJECT FUNDING DECISIONS BY AGENCY

The pie chart shows the project funding decisions by Agency. Of the total USD 322.47 million of approved projects to date, 26% has been allocated to IBRD, 25% to UNDP, 12% 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

	As of September 30, 2021		As of March 31, 2021		Change (c) = (a) - (b)
	(a)	(b)	(a)	(b)	
I. Program for Adaptation					
1. Funds held in Trust	34.46	38.09	34.46	38.09	(3.63)
a. Cash and investments	34.46	38.09	34.46	38.09	(3.63)
b. Unencashed promissory notes	-	-	-	-	-
2. Approved Amounts Pending Cash Transfers to Agencies	31.84	34.67	31.84	34.67	(2.83)
a. Trustee committed	25.88	24.25	25.88	24.25	1.63
b. Approved by Council/CEO pending Endorsement	3.05	7.51	3.05	7.51	(4.46)
c. Umbrella Set-aside	2.91	2.91	2.91	2.91	-
3. Funding decisions pending for Council/CEO approval	-	-	-	-	-
4. Funds Available to Support Council or CEO Decisions (4 = 1 - 2 - 3)	2.62	3.42	2.62	3.42	(0.80)
II. Program for Technology Transfer					
5. Funds held in Trust	20.76	22.06	20.76	22.06	(1.30)
a. Cash and investments	20.76	22.06	20.76	22.06	(1.30)
b. Unencashed promissory notes	-	-	-	-	-
6. Approved Amounts Pending Cash Transfers to Agencies	13.55	14.88	13.55	14.88	(1.33)
a. Trustee committed	13.55	14.88	13.55	14.88	(1.33)
b. Approved by Council/CEO pending Endorsement	-	-	-	-	-
7. Funds Available to Support Council or CEO Decisions (7 = 5 - 6)	7.21	7.18	7.21	7.18	0.04
III. Total SCCF Funds Available for Council/CEO approval and/or CEO endorsement (4 + 7)	9.83	10.60	9.83	10.60	(0.77)

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

Highlights for the period April 1, 2021 through September 30, 2021:

- **Funds Held in Trust** represent cumulative cash receipts and investment income less cumulative cash transfers, and amount to USD 55.22 million as of September 30, 2021 (including USD 34.46 million for Program for Adaptation and USD 20.76 million for Program for Technology Transfer). Funds Held in Trust decreased by USD 4.93 million due to cash transfers (USD 5.02 million) exceeding investment income (USD 0.10 million) during the period.
- **Funding Decisions Pending Cash Transfer** arising from the LDCF/SCCF Council approvals amount to USD 45.39 million for both Programs.
- **Funding Availability** for Council decision amounts to USD 9.83 million representing a decrease of USD 0.77 million over the prior reporting period because fund transfers and new funding approvals by the Council and CEO exceeded receipt of new funds from donors and investment income earned during the same period.



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	
						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/
Program for Adaptation										
Canada	CAD	11.00	10.34	-	-	11.00	11.00	10.34	-	-
Denmark	DKK	40.00	7.23	-	-	40.00	40.00	7.23	-	-
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	90.02	120.45	-	-	90.02	90.02	120.45	-	-
Ireland	USD	1.28	1.28	-	-	1.28	1.28	1.28	-	-
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	-	-
Spain	EUR	8.00	11.05	-	-	8.00	8.00	11.05	-	-
Sweden	SEK	37.00	5.69	-	-	37.00	37.00	5.69	-	-
Switzerland	d/ CHF	8.50	8.84	-	-	8.50	8.50	8.84	-	-
	USD	2.06	2.06	1.66 f/	1.66	0.40	0.40	0.40	-	-
United Kingdom	GBP	10.00	18.60	-	-	10.00	10.00	18.60	-	-
United States	USD	50.00	50.00	-	-	50.00	50.00	50.00	-	-
			294.46		1.66			287.80		5.00
Program for Technology Transfer										
Belgium	EUR	31.00	41.21	-	-	31.00	31.00	41.21	-	-
Canada	CAD	2.50	2.55	-	-	2.50	2.50	2.55	-	-
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	4.60	5.06	-	-	4.60	4.89	5.06	-	-
			61.63		-			61.63		-
TOTAL			356.09		1.66			349.44		5.00

a/ Represents (1) the actual US dollar value of paid-in cash contributions and (2) September 30, 2021 value of amount pending FX.

b/ Valued at the exchange rates available on September 30, 2021.

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

d/ Contributions made in more than one currency.

e/ Represents past due amount.

f/ Represents the balance of Switzerland's pledge of USD 3,312,500 made during the 25th Council meeting in December 2018.

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

Annex II - Cumulative Funding Decisions Details by Activity and Agency

Entity	Cumulative Net Amounts			
	Approved Allocations (1)	Commitments (2)	Transfers (3)	Amount Due (4) = (2) - (3)
Projects				
ADB	10.83	9.99	5.99	4.00
AfDB	12.08	12.08	6.48	5.61
CAF	8.96	8.96	6.42	2.54
CI	3.10	3.10	3.10	0.00
EBRD	16.14	16.14	9.75	6.39
FAO	21.91	21.91	20.04	1.86
IADB	6.03	6.03	6.03	0.00
IBRD	85.89	83.12	73.17	9.95
IFAD	37.64	37.64	37.59	0.05
UNDP	80.93	80.93	80.61	0.32
UNEP	31.37	30.28	29.28	1.00
UNIDO	5.93	5.48	1.96	3.52
WWF	1.65	1.65	0.08	1.58
Sub-total	322.47	317.32	280.50	36.82
Fees				
ADB	1.11	1.03	1.03	0.00
AfDB	1.13	1.13	0.00	1.13
CAF	0.53	0.48	0.48	0.00
CI	0.28	0.28	0.28	0.00
EBRD	1.58	1.58	1.56	0.02
FAO	1.85	1.79	1.79	0.00
IADB	0.60	0.60	0.60	0.00
IBRD	8.98	8.84	8.84	0.00
IFAD	3.75	3.75	2.55	1.19
UNDP	7.95	7.95	7.95	0.00
UNEP	3.13	3.03	3.03	0.00
UNIDO	0.56	0.33	0.32	0.01
WWF	0.15	0.01	0.01	0.00
Sub-total	31.61	30.81	28.46	2.35
Corporate Budget ^{a/}				
Secretariat	6.19	6.19	6.19	0.00
Evaluation	0.57	0.57	0.57	0.00
STAP	1.13	1.13	0.88	0.26
Trustee	2.56	2.56	2.56	0.00
Sub-total	10.46	10.46	10.20	0.26
Total for SCCF	364.54	358.58	319.16	39.43

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.