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SPECIAL CLIMATE CHANGE FUND FINANCIAL REPORT

Financial Report
As of September 30, 2015

(Prepared by the Trustee)

Special Climate Change Fund (SCCF)

Financial Report

Prepared by the Trustee

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Introduction

1. 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, 2015.
2. 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).
3. 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.
4. 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:
5. *“[...] 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.”*
6. This report provides (i) a snapshot of the financial situation of the SCCF Trust Fund since its inception to September 30, 2015 and some of the recent developments from April 1, 2015 to September 30, 2015; (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, 2015

Pledges and Contributions:

7. As of September 30, 2015, 15 donors pledged and signed Contribution Agreements or Contribution Arrangements amounting to USDeq. 350.09 million, including USDeq. 290.31 million towards Program for Adaptation and USDeq. 59.78 million towards Program for Technology Transfer. The Trustee has received USDeq. 344.08 million in cash to date from these donors.

Investment Income:

8. As of September 30, 2015, the SCCF Trust Fund earned investment income of approximately USD 14.70 million on the undisbursed balance of the Trust Fund, including investment income from external agencies USD 0.14 million. The SCCF Trust Fund liquid portfolio has returned 0.27%¹ through the calendar year to September 30, 2015.

Funding Approvals and Trustee Commitments:

9. As of September 30, 2015, cumulative funding decisions by the Council and the CEO amounted to USD 348.3 million. Of the total amount approved, USD 312.05 million was for projects and project preparation activities, USD 30.31 million was for fees, and USD 5.93 million was for administrative expenses and corporate activities of the SCCF.

10. 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 263.3 million, of which USD 231.71 million relates to projects and project preparation activities, USD 25.65 million to fees, and USD 5.93 million to cover corporate activities and administrative expenses.

Cash Transfers:

11. Cash transfers were made to Agencies on an as-needed basis to meet their projected disbursement requirements. Out of the cumulative commitments of USD 263.3 million, upon request from Agencies, the Trustee has transferred USD 162.66 million. The balance of USD 100.64 million remains payable as of September 30, 2015.

¹ Represents non-annualized rate of return.



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

12. **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, 2015 amounted to USDeq. 196.13 million.

13. **Funds available to support Council or CEO decision amounted to USD 5.01 million as of September 30, 2015**, after taking into account USD 5.48 million pending for council approval in October 2015. This represents a decrease of USD 15.65 million as compared to funds available as of March 31, 2015. This is due to the new funding decisions approved from April 1, 2015 to September 30, 2015 and the new work program pending council approval in October 2015.



1. SCCF Trust Fund Summary – Inception through September 30, 2015

In USD millions

	Total	% of Total
<u>Donor Pledges and Contributions</u>		
Contributions	349.08	99.7%
Pledges	1.01	-
Total Pledges and Contributions	350.09	100.0%
<u>Cumulative Resources</u>		
<u>Resources received</u>		
Cash Receipts	344.08	94.3%
Investment Income earned	14.56	4.0%
Investment Income received from external agencies	0.14	0.0%
Total Resources Received	358.78	98.4%
<u>Resources not yet received</u>		
Contributions not yet paid	5.00	1.4%
Pledges	1.01	0.3%
Total resources not yet received	6.01	1.6%
Total Potential Resources (A)	364.79	100.0%
<u>Cumulative Funding Decisions</u>		
Projects	312.05	88.2%
Fees	30.31	8.6%
Administrative Budgets	5.93	1.7%
Total Funding Decisions Net of Cancellation (B)	348.30	98.5%
Total Potential Resources Net of Funding Decisions (A) - (B)	11.02	
<u>Funds Available</u>		
Funds Held in Trust	196.13	
Approved Amounts Pending Cash Transfers	185.64	
Amounts pending Council/CEO approval	/a 5.48	
Total Funds Available to Support Council / CEO Decisions	5.01	

/a The work program submitted for council approval in October 2015

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. e/
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	18.00	0.90	1.01	12.97	12.97	16.99	-	-
	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	9.85	9.50	-	-	9.85	9.85	9.50	-	-
	USD	0.40	0.40	-	-	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	-	-
			350.09		1.01			344.08		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, 2015 value of outstanding pledges and unpaid amounts.

c/ Valued at the exchange rates available on September 30, 2015.

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.

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

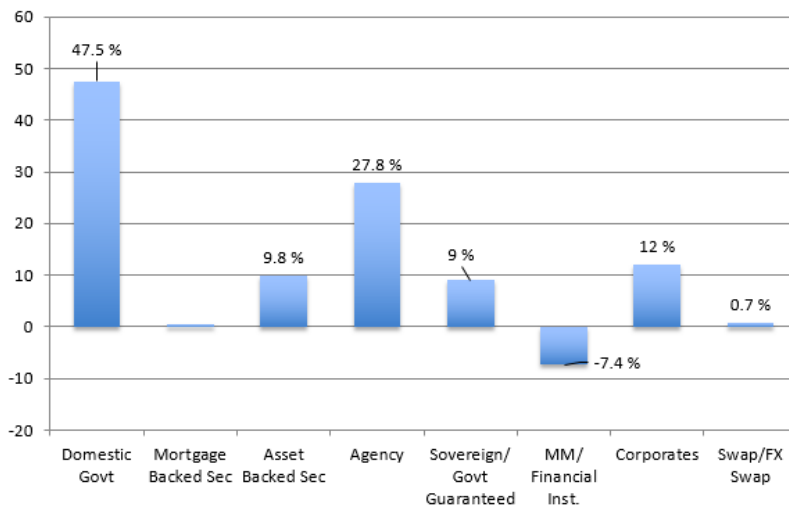
- The above table shows the total pledges and contributions to the SCCF. As of September 30, 2015, the Trustee had entered into Contribution Agreements with 15 donors for a total contribution of USDeq. 349.08 million and has received USDeq. 344.08 million in cash.



3. Asset Mix and Investment Income

ASSET MIX

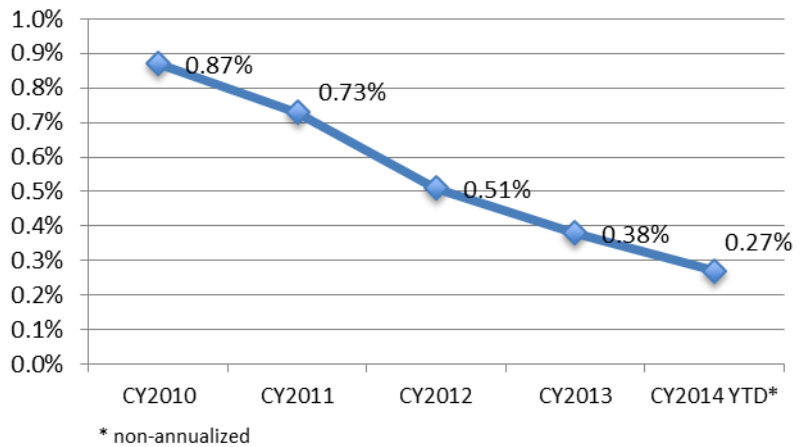
Funds held in trust by the World Bank (as the Trustee) are maintained in a commingled investment portfolio (the "Pool") for all trust funds administered by the World Bank. The assets in the Pool are managed in accordance with the investment strategy established for all trust funds administered by the World Bank. The chart reflects the asset mix of the portfolio in which SCCF funds are invested as of August 31, 2015.



Note: The negative allocation to cash and cash equivalents (MM/Financial inst.) is a result of repurchase agreements that are used to purchase yield enhancing securities. The asset mix of the portfolio is as of August 31, 2015

INVESTMENT RETURNS

The SCCF funds are invested in accordance with the investment strategy established for all of the trust funds administered by the World Bank. On July 1st, 2015, the World Bank formally adopted the Conditional Value-at-Risk (CVaR) measure as the risk constraint in the management of trust funds. Funds are managed such that the expected maximum loss, as measured by the CVaR, at the portfolio's investment horizon, is not to exceed 1% with 99% confidence. The SCCF Trust Fund liquid portfolio (which totaled approximately USD 196.13 million at end-September 2015) earned approximately USD 14.56 million in investment income since inception. In addition the investment income received from the external agencies is USD 0.14 million.

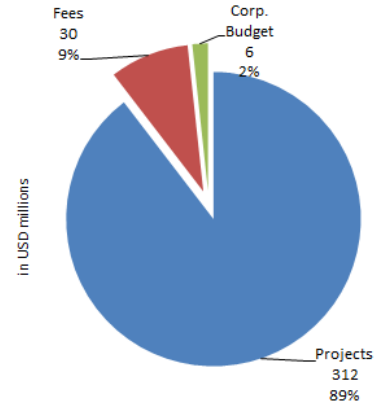




4. Cumulative Funding Decisions, Trustee Commitments and Cash Transfers

FUNDING DECISIONS BY ACTIVITY

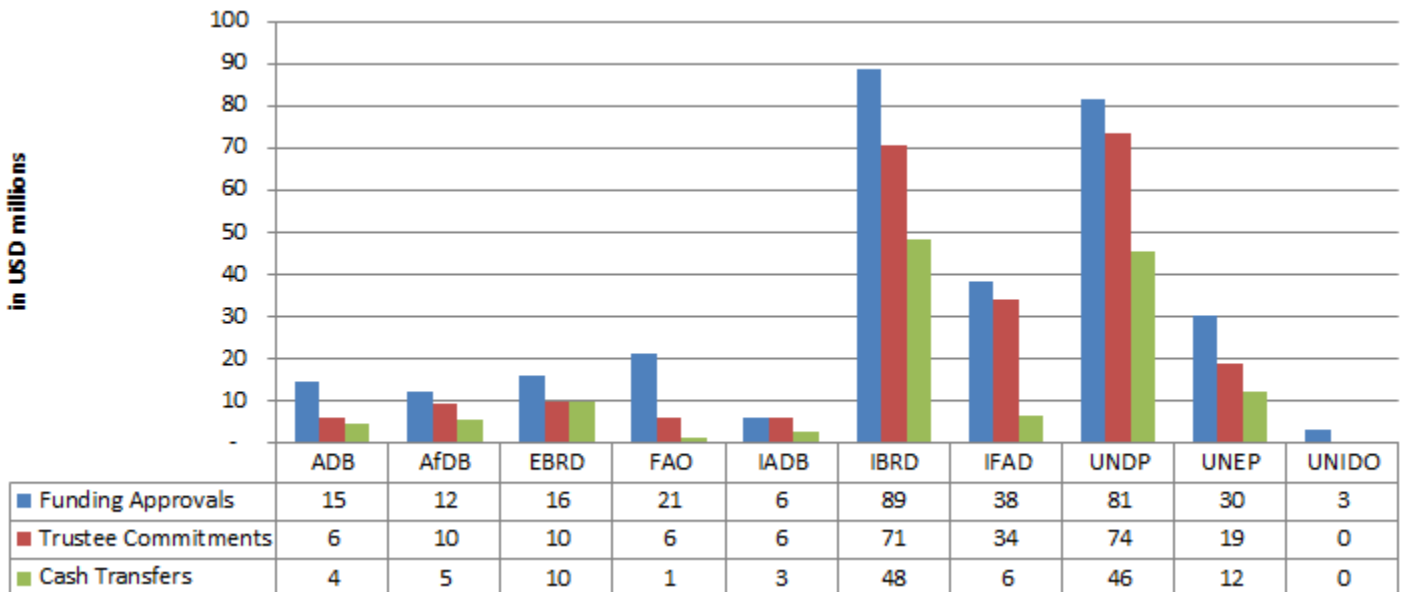
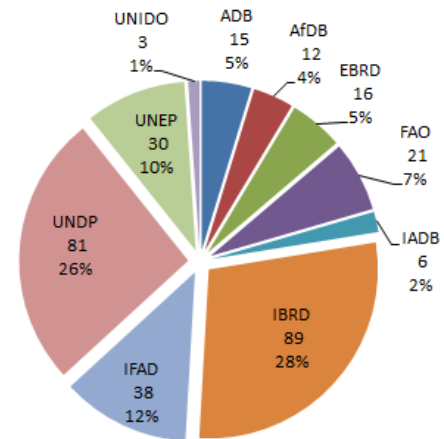
Since inception to September 30, 2015 funding approvals made by the LDCF/SCCF Council totaled USD 348.3 million. Projects represent about 89%, fees for Agencies 9%, and corporate budgets for the Secretariat, the Trustee, STAP and Evaluation 2%.



PROJECT FUNDING DECISIONS BY AGENCY

The pie chart shows the project funding decisions by Agency. Of the total USD 312.05 million of approved projects to date, 28% has been allocated to IBRD, 26% to UNDP, and 12% 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 September 30, 2015		As of March 31, 2015		Change
	(a)	(b)	(a)	(b)	(c) = (a) - (b)
1. Funds held in Trust		159.21		159.55	(0.33)
a. Cash and investments	159.21		159.55		(0.33)
b. Unencashed promissory notes	-		-		-
2. Approved Amounts Pending Cash Transfers to Agencies		150.06		145.42	4.65
a. Trustee committed	87.66		77.26		10.39
b. Approved by Council/CEO pending Endorsement	62.41		68.15		(5.74)
3. Funding decisions pending for Council/CEO approval /a		5.48		-	5.48
4. Funds Available to Support Council or CEO Decisions (4 = 1 - 2 - 3)		3.67		14.13	(10.46)
II. Program for Technology Transfer	As of September 30, 2015		As of March 31, 2015		Change
	(a)	(b)	(a)	(b)	(c) = (a) - (b)
5. Funds held in Trust		36.92		37.26	(0.34)
a. Cash and investments	36.92		37.26		(0.34)
b. Unencashed promissory notes	-		-		-
6. Approved Amounts Pending Cash Transfers to Agencies		35.58		30.73	4.85
a. Trustee committed	12.99		13.01		(0.02)
b. Approved by Council/CEO pending Endorsement	22.58		17.72		4.86
7. Funds Available to Support Council or CEO Decisions (7 = 5 - 6)		1.34		6.53	(5.19)
III. Total SCCF Funds Available for Council/CEO approval and/or CEO endorsement (3 + 6)		5.01		20.66	(15.65)

/a The amount USD 5.48 million submitted for council approval in October 2015

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



Highlights for the period April 1, 2015 through September 30, 2015:

- **Funds Held in Trust** represent cumulative cash receipts and investment income less cumulative cash transfers, and amount to USD 196.13 million as of September 30, 2015 (including USD 159.21 million for Program for Adaptation and USD 36.92 million for Program for Technology Transfer). Funds Held in Trust decreased by USD 0.68 million primarily due to:
 - Cash transfers to Agencies amounting to USD 4.25 million.
 - Offset by contributions received during the period of April 1, 2015 to September 30, 2015 amounting to USD 3.33 million.
 - Offset by investment income received during the period of April 1, 2015 to September 30, 2015 amounting to USD 0.24 million.
- **Funding Decisions Pending Cash Transfer** arising from the LDCF/SCCF Council approvals amount to USD 185.64 million for both Programs.
- **Funding Availability** for Council decision amounts to USD 5.01 million representing a decrease of USD 15.65 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, 2015 to September 30, 2015 and the new work program pending for the council approval exceeding the payments from the development partners received 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	12.62	0.37	-	-	12.62	12.62	0.37	-	-
	EUR	0.37	17.58	-	1.01	0.37	0.37	16.57	-	-
Germany	EUR	87.00	120.45	-	-	87.00	87.00	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	6.50	6.30	-	-	6.50	6.50	6.30	-	-
	USD	0.40	0.40	-	-	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	-	-
			290.31		1.01			284.30		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	2.85	3.21	-	-	2.85	3.35	3.21	-	-
			59.78		-			59.78		-
TOTAL			350.09		1.01			344.08		5.00

a/ Represents (1) the actual US dollar value of paid-in cash contributions and (2) September 30, 2015 value of amount pending FX.

b/ Valued at the exchange rates available on September 30, 2015.

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

d/ Contributions made in more than one currency.

e/ Represents past due payment.

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	Commitments	Transfers	Amount Due
	(1)	(2)	(3)	(4) = (2) - (3)
<u>Projects</u>				
ADB	14.76	6.08	4.50	1.59
AfDB	12.08	9.51	5.48	4.03
EBRD	16.14	9.95	9.75	0.20
FAO	21.01	5.90	1.31	4.59
IADB	6.03	6.03	2.82	3.22
IBRD	88.82	68.00	48.17	19.83
IFAD	38.32	33.72	6.47	27.25
UNDP	81.45	73.40	45.67	27.73
UNEP	30.03	19.03	12.03	7.00
UNIDO	3.40	0.09	0.09	0.00
Sub-total	312.05	231.71	136.28	95.44
<u>Fees</u>				
ADB	1.43	0.94	0.58	0.35
AfDB	1.13	0.93	0.00	0.93
EBRD	1.58	1.23	1.21	0.02
FAO	1.77	0.88	0.80	0.08
IADB	0.60	0.60	0.60	0.00
IBRD	8.85	7.67	6.99	0.67
IFAD	3.75	3.49	0.66	2.83
UNDP	7.95	7.49	7.49	0.00
UNEP	2.92	2.30	2.17	0.13
UNIDO	0.32	0.13	0.01	0.13
Sub-total	30.31	25.65	20.52	5.14
<u>Corporate Budget ^{a/}</u>				
Secretariat	3.41	3.41	3.41	0.00
Evaluation	0.29	0.29	0.22	0.07
STAP	0.39	0.39	0.39	0.00
Trustee	1.84	1.84	1.84	0.00
Sub-total	5.93	5.93	5.86	0.07
Total for SCCF	348.30	263.30	162.66	100.64

^{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.