



# Least Developed Countries Fund (LDCF)

Financial Report

Prepared by the Trustee

*As of September 30, 2012*



## Table of Contents

Introduction .....	3
LDCF Trust Fund Financial Summary as of September 30, 2012 .....	4
1. LDCF Trust Fund Summary – Inception through September 30, 2012 .....	5
2. Pledges and Contributions .....	6
3. Asset Mix and Investment Income.....	7
4. Cumulative Funding Decisions, Trustee Commitments and Cash Transfers.....	8
5. Funds Available .....	9
Annex I - Cumulative Funding Decisions Details by Activity and Agency.....	10



## Introduction

The information contained in this report is prepared based on financial information as of September 30, 2012.

The Least Developed Countries Fund (LDCF) was established in November 2002 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”) 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 trustee of it (GEF/C.19/6).

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 LDCF Trust Fund since its inception to September 30, 2012 and some of the recent developments from April 1, 2012 to September 30, 2012; (ii) the status of pledges and contributions, and (iii) the details of financial activities of the LDCF Trust Fund.



## LDCF Trust Fund Financial Summary as of September 30, 2012

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

As of September 30, 2012, 25 donors pledged and signed Contribution Agreements amounting to USD eq. 538.8million. The Trustee has received USD 506.5 million in cash to date from these donors.

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

As of September 30, 2012, the LDCF Trust Fund earned investment income of approximately USD 16.1 million on the undisbursed balance of the Trust Fund. The LDCF Trust Fund liquid portfolio has returned 0.34%<sup>1</sup> through the calendar year to date.

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

As of September 30, 2012, cumulative funding decisions by the Council and the CEO amounted to USD 355.7 million. This represents an increase of USD 100 million since April 1, 2012. Of the total amount approved USD 318.4 million was for projects and project preparation activities, USD 31.6 million was for fees, and USD 5.7 million was for administrative expenses and corporate activities of the LDCF.

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 172.5 million, of which USD 151.8 million relates to projects and project preparation activities, USD 15.1 million to fees, and USD 5.6 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 172.5 million, upon request from Agencies, the Trustee has transferred USD 111.1 million, of which USD 32.2 million has been transferred between April 1 and September 30, 2012. As a result, USD 61.4 million remains payable to Agencies as of September 30, 2012.

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

**Funds Held in Trust<sup>2</sup>** 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, 2012 amounted to USDeq. 412.3 million.

**Funds available to support Council or CEO decision amounted to USD 171.39 million<sup>3</sup> as of September 30, 2012.** This represents a decrease of USD 42.5 million as compared to March 31, 2012. The receipt of new funds from donors between April 1, 2012 and September 30, 2012 was offset by funding approvals by the Council and CEO during the same period.

<sup>1</sup> Represents non-annualized rate of return.

<sup>2</sup> Funds Held in Trust represents balance of cash, investments and unencashed promissory notes, if any, as of the reporting date.

<sup>3</sup> Funds available for Council decision would be adjusted accordingly to reflect new payments received from donors and by additional funding approvals between October 1, 2012 and the date of work program approval by the Council in November 2012.

## 1. LDCF Trust Fund Summary – Inception through September 30, 2012

*In USD millions*

	Total	% of Total
<b><u>Donor Pledges and Contributions</u></b>		
Contributions	538.81	100.0%
Pledges	-	0.0%
<b>Total Pledges and Contributions</b>	<b>538.81</b>	<b>100.0%</b>
<b><u>Cumulative Resources</u></b>		
<u>Resources received</u>		
Cash Receipts	506.47	91.3%
Investment Income earned	16.14	2.9%
<b>Total Resources Received</b>	<b>522.61</b>	<b>94.2%</b>
<u>Resources not yet received</u>		
Contributions not yet paid	32.34	5.8%
Pledges	-	0.0%
Total resources not yet received	32.34	5.8%
<b>Total Potential Resources (A)</b>	<b>554.95</b>	<b>100.0%</b>
<b><u>Cumulative Funding Decisions</u></b>		
Projects	318.39	89.5%
Fees	31.64	8.9%
Administrative Budgets	5.71	1.6%
<b>Total Funding Decisions Net of Cancellations (B)</b>	<b>355.74</b>	<b>100.0%</b>
<b>Total Potential Resources Net of Funding Decisions (A) - (B)</b>	<b>199.21</b>	
<b><u>Funds Available</u></b>		
Funds Held in Trust	412.34	
Approved Amounts Pending Cash Transfers	240.95	
<b>Total Funds Available to Support Council / CEO Decisions</b>	<b>171.39</b>	



## 2. Pledges and Contributions

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	7 = 8 + 10	Paid (Receipts)		Unpaid		
							8	9	10	11	
Contributing Participant	Currency	Amount	USDeq. b/	Amount	USDeq. b/	Total Contributions	Amount Paid in Currency	USDeq. a/	Amount Due in Currency	USDeq. b/	
Australia	AUD	31.50	29.22	-	-	31.50	31.50	29.22	-	-	
Austria	EUR	0.40	0.58	-	-	0.40	0.40	0.58	-	-	
Belgium	EUR	20.44	27.43	-	-	20.44	20.44	27.43	-	-	
Canada	CAD	30.00	27.36	-	-	30.00	30.00	27.36	-	-	
Czech Republic	EUR	0.02	0.03	-	-	0.02	0.02	0.03	-	-	
Denmark	DKK	170.40	30.23	-	-	170.40	170.40	30.23	-	-	
Finland	EUR	14.38	19.20	-	-	14.38	14.38	19.20	-	-	
France	EUR	10.85	14.62	-	-	10.85	10.85	14.62	-	-	
Germany	EUR	115.00	153.08	-	-	115.00	100.00	133.69	15.00 c/	19.38	
Hungary	EUR	1.00	1.34	-	-	1.00	1.00	1.34	-	-	
Iceland	USD	0.13	0.13	-	-	0.13	0.13	0.13	-	-	
Ireland	d/ EUR	3.88	5.01	-	-	3.88	3.88	5.01	-	-	
	USD	8.00	8.00	-	-	8.00	8.00	8.00	-	-	
Italy	USD	1.00	1.00	-	-	1.00	1.00	1.00	-	-	
Japan	USD	0.25	0.25	-	-	0.25	0.25	0.25	-	-	
Luxembourg	d/ EUR	1.00	1.58	-	-	1.00	1.00	1.58	-	-	
	USD	4.12	4.12	-	-	4.12	4.12	4.12	-	-	
Netherlands	d/ USD	2.10	2.10	-	-	2.10	2.10	2.10	-	-	
	EUR	10.20	14.24	-	-	10.20	10.20	14.24	-	-	
New Zealand	NZD	8.10	5.81	-	-	8.10	8.10	5.81	-	-	
Norway	d/ USD	2.00	2.00	-	-	2.00	2.00	2.00	-	-	
	NOK	116.00	19.56	-	-	116.00	116.00	19.56	-	-	
Portugal	EUR	0.05	0.06	-	-	0.05	0.05	0.06	-	-	
Romania	EUR	0.15	0.21	-	-	0.15	0.15	0.21	-	-	
Spain	EUR	1.35	1.77	-	-	1.35	1.35	1.77	-	-	
Sweden	SEK	287.00	41.22	-	-	287.00	287.00	41.22	-	-	
Switzerland	CHF	7.80	7.39	-	-	7.80	7.80	7.39	-	-	
United Kingdom	GBP	42.00	66.26	-	-	42.00	34.00	53.30	8.00 e/	12.95	
United States	USD	55.00	55.00	-	-	55.00	55.00	55.00	-	-	
			<u>538.81</u>		<u>-</u>			<u>506.47</u>		<u>32.34</u>	

a/ Represents (1) the actual US dollar value of paid-in cash contributions and (2) September 30, 2012 value of amount pending FX.

b/ Valued at the exchange rates available on September 30, 2012

c/ Payable in installments in the years 2013, 2014 and 2015.

d/ Contributions made in more than one currency.

e/ Payment arrangements are underway to receive the funds.

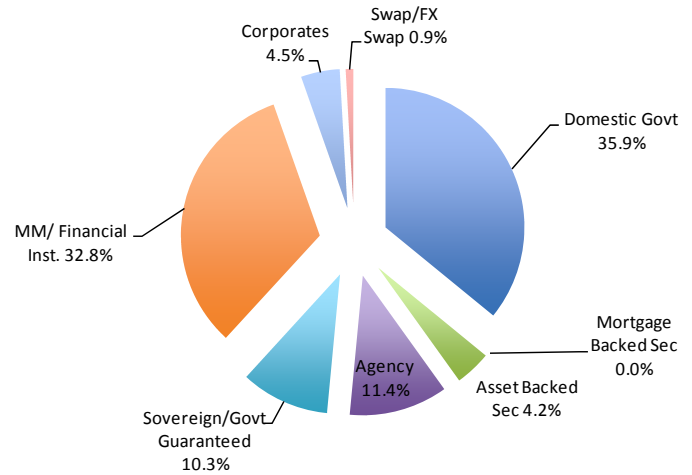
- The above table shows the total pledges and contributions to the LDCF. As of September 30, 2012, the Trustee had entered into Contribution Agreements/Contribution Arrangements with 25 donors for a total of USD eq. 538.81 million and received USD 506.47 million in cash to date from these donors.



### 3. Asset Mix and Investment Income

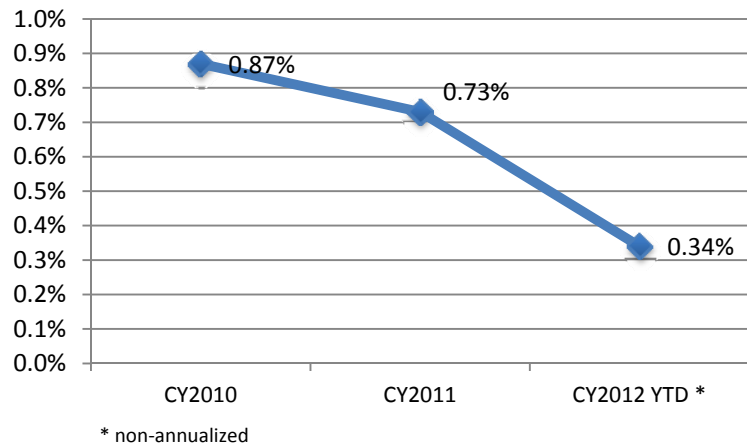
#### ASSET MIX

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 LDCF funds are invested.



#### INVESTMENT RETURNS

The LDCF funds are invested in accordance with the investment strategy established for all of the trust funds administered by the World Bank. Funds are invested so that the probability of incurring negative returns is no more than approximately 1% over the applicable investment horizon. The LDCF Trust Fund liquid portfolio (which totaled approximately USD 412 million at end-September 2012) earned approximately USD 16.14 million in investment income since inception.

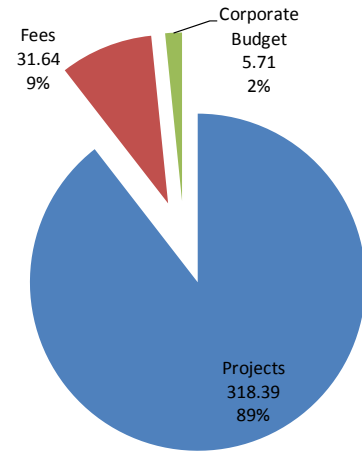




## 4. Cumulative Funding Decisions, Trustee Commitments and Cash Transfers

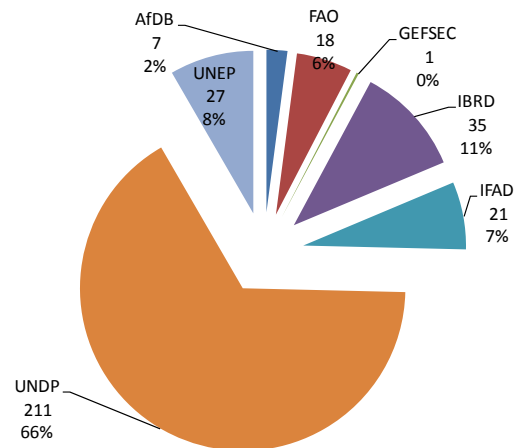
### FUNDING DECISIONS BY ACTIVITY

Since inception to September 30, 2012 funding approvals made by the GEF Council totaled USD 355.74 million. Projects represent about 89%, fees for Agencies 9%, and corporate budgets for the Secretariat, the Trustee, STAP and Evaluation 2%.

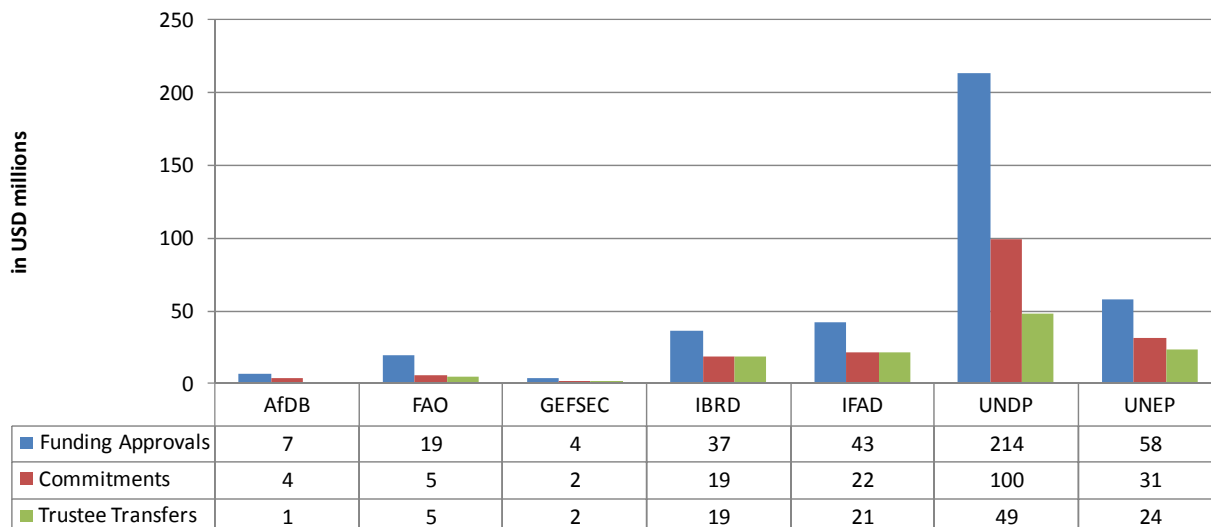


### PROJECT FUNDING DECISIONS BY AGENCY

The pie chart shows the projects and fees funding decisions by Agency. Of the total USD 350 million of approved projects and fees to date, 66 % has been allocated to UNDP, 11 % to IBRD, and 8 % to UNEP.



The bar chart below shows the projects and funding decisions, commitments and transfers by Agency. Details of funding approvals, commitments and cash transfers can be found in Annex 1.





## 5. Funds Available

In USD millions

	As of Sept. 30, 2012 (a)	As of Mar. 31, 2012 (b)	Change (c) = (a) - (b)
<b>1. Funds held in Trust</b>	<b>412.34</b>	<b>372.22</b>	<b>40.12</b>
a. Cash and investments	412.34	372.22	
b. Unencashed promissory notes	-	-	
<b>2. Approved Amounts Pending Cash Transfers to Agencies</b>	<b>240.95</b>	<b>158.37</b>	<b>82.57</b>
a. Trustee committed	61.40	83.39	(21.99)
b. Amounts pending Council but not yet CEO Endorsed	179.55	0.00	179.55
c. Requested amounts for financing pending decision	-	74.98	(74.98)
<b>3. Funds Available to Support Council or CEO Decisions ( 3 = 1 - 2 )</b>	<b><u>171.39</u></b>	<b><u>213.85</u></b>	<b><u>(42.46)</u></b>

### Highlights for the period April 1, 2012 through September 30, 2012:

- **Funds Held in Trust** represent cumulative receipts less cumulative cash transfers, and amount to USD 412.34 million as of September 30, 2012. Funds Held in Trust increased by USD 40.12 million primarily due to:
  - Contributions received during the period of April 1, 2012 to September 30, 2012 amounting to USD 70.97 million.
  - Cash transfers to recipients amounting to USD 32.23 million
- **Funding Decisions Pending Cash Transfer** arising from the LDCF/SCCF Council approvals amounting to USD 240.95 million.
- **Funding Availability** currently amounts to USD 171.39 million representing a decrease of USD 42.46 million over the prior reporting period as a result of new funding decisions made by the LDCF/SCCF Council and the CEO during the period.



## Annex I - Cumulative Funding Decisions Details by Activity and Agency

Entity	Cumulative Net Amounts			
	Funding Approvals	Commitments	Cash Transfers	Amount Due
	(1)	(2)	(3)	(4) = (2) - (3)
<b>Projects</b>				
AfDB	6,605,335	3,525,335	525,335	3,000,000
FAO	17,616,818	4,908,818	4,908,818	0
GEFSEC	700,000	0	0	0
IBRD	34,519,586	17,813,632	17,813,632	0
IFAD	21,366,686	11,682,140	11,564,800	117,340
UNDP	210,985,460	98,045,778	47,020,664	51,025,114
UNEP	26,596,705	15,879,005	9,729,555	6,149,450
<i>Sub-total</i>	<u>318,390,590</u>	<u>151,854,708</u>	<u>91,562,804</u>	<u>60,291,904</u>
<b>Fees</b>				
AfDB	660,534	352,534	0	352,534
FAO	1,761,682	490,882	218,182	272,700
IBRD	3,144,663	1,603,697	1,603,697	0
IFAD	2,136,668	1,168,214	1,156,480	11,734
UNDP	21,241,458	9,854,000	9,674,000	180,000
UNEP	2,692,916	1,621,146	1,621,146	0
<i>Sub-total</i>	<u>31,637,921</u>	<u>15,090,473</u>	<u>14,273,505</u>	<u>816,968</u>
<b>Corporate Budget and Workshop<sup>a/</sup></b>				
Secretariat <sup>b/</sup>	3,944,386	3,805,609	3,805,609	0
Evaluation	78,500	78,500	78,500	0
STAP	156,600	156,600	156,600	0
Trustee	1,532,100	1,532,100	1,241,000	291,100
<i>Sub-total</i>	<u>5,711,586</u>	<u>5,572,809</u>	<u>5,281,709</u>	<u>291,100</u>
<b>Total for LDCF</b>	<b>355,740,097</b>	<b>172,517,990</b>	<b>111,118,018</b>	<b>61,399,972</b>

a/ Includes amounts allocated to cover administrative expenses to manage the LDCF and Corporate Activities.

b/ USD 700,000 loan from the LDCF Trust Fund to the Adaptation Fund Secretariat Trust Fund has been reimbursed and is included in Secretariat amounts