



# Climate Risk and Early Warning Systems Trust Fund

## Financial Report

Prepared by the Trustee

*As of September 30, 2019*



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## Introduction

The Climate Risk and Early Warning Systems (CREWS) Initiative was officially launched at the 21<sup>st</sup> session of the UN Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP21) in Paris, France as part of the Solutions Agenda. It aims to strengthen and increase the capacity for Multi-Hazards Early Warning Systems, to generate and communicate effective impact-based early warnings and risk information for hazardous hydro-meteorological and climate events to protect lives, livelihoods, and property in Least Developed Countries (LDCs) and Small Islands Developing States (SIDS).

The CREWS Trust Fund was established in September 2016. This report covers the financial status of the CREWS Trust Fund, and is produced by the Trustee in accordance with the Trustee's role in the CREWS Governance Document, as set forth under Section 18, which states:

*"The Trustee will provide to the Steering Committee regular reports on the financial status of the CREWS Trust Fund."*

In addition, Section 8 of the Standard Provisions in the Contribution Agreement/Arrangement states, as follows:

*"The Trustee shall maintain separate records and ledger accounts in respect of the funds in the Trust Fund and transfers made therefrom. The Trustee shall report to the Steering Committee annually unless otherwise agreed between the Trustee and the Steering Committee, on the financial status of the Trust Fund, including information on status of Contributions, investment income, commitments, transfers and funds available for allocation by the Steering Committee."*



## CREWS Trust Fund Financial Summary as of September 30, 2019

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

A pledge represents a contributor's expression of intent to make a contribution. Pledges are formalized into Contributions by way of a Contribution Agreement/Arrangement between the Contributor and the Trustee.

As of September 30, 2019, contributions to the CREWS Trust Fund totaled USDeq. 40.96 million. Of this amount, USDeq. 40.26 million has been deposited into the CREWS Trust Fund.

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

As of September 30, 2019, the CREWS Trust Fund earned investment income of approximately USD 0.62 million on the liquid balances of the Trust Fund. The CREWS Trust Fund balance is allocated to a short-term fixed income portfolio which has returned approximately 2.02% during calendar year 2019.

### ***Funding Approvals:***

As of September 30, 2019, the CREWS Steering Committee had approved funding from the CREWS Trust Fund totaling USD 36.54 million to cover projects and fees as well as administrative budgets to support the activities of the CREWS Secretariat and Trustee.

### ***Cash Transfers:***

The Trustee has transferred a total of USD 36.46 million up to September 30, 2019, of which USD 29.10 million is related to projects.

### ***Funds Held in Trust:***

Funds Held in Trust<sup>1</sup> reflect contributions paid-in from contributors and investment income earned, less cash transfers by the Trustee. Funds Held in Trust as of September 30, 2019 amounted to USDeq. 4.42 million.

### ***Funds Available for CREWS Steering Committee Funding Decisions:***

Funds available to support CREWS Steering Committee funding decisions amounted to USD 4.35 million as of September 30, 2019.

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<sup>1</sup> Funds Held in Trust represents balance of cash, investments and unencashed promissory notes (if any) as of the reporting date.

## 1. CREWS Trust Fund Summary – Inception through September 30, 2019

*In USD millions*

	Total	% of Total
<b><u>Donor Pledges and Contributions</u></b>		
Contributions	40.96	94.3%
Pledges	2.46	5.7%
<b>Total Pledges and Contributions</b>	<b>43.42</b>	<b>100.0%</b>

<b><u>Cumulative Resources</u></b>		
<u>Resources received</u>		
Cash Receipts	40.26	91.4%
Investment Income earned	0.62	1.4%
<b>Total Resources Received</b>	<b>40.89</b>	<b>92.8%</b>
<u>Resources not yet received</u>		
Contributions not yet received	0.70	1.6%
Pledges	2.46	5.6%
<b>Total resources not yet received</b>	<b>3.16</b>	<b>7.2%</b>
<b>Total Potential Resources (A) (in USD millions)</b>	<b>44.04</b>	<b>100.0%</b>

<b><u>Cumulative Funding Decisions</u></b>		
Projects	29.10	79.6%
Fees	3.56	9.7%
Administrative Budget	3.88	10.6%
<b>Total Funding Decisions Net of Cancellations (B)</b>	<b>36.54</b>	<b>100.0%</b>
<b>Total Potential Resources Net of Funding Decisions (A) - (B)</b>	<b>7.50</b>	

<b><u>Funds Available</u></b>		
Funds Held in Trust with no restrictions	4.42	
Approved Amounts Pending Cash Transfers	0.08	
<b>Total Funds Available to Support Steering Committee Decisions</b>	<b>4.35</b>	

Note: sub-totals may not add up to due to rounding



## 2. Pledges and Contributions as of September 30, 2019

*In millions*

<u>Contributor</u>	<u>Curr</u>	<u>Pledge in Currency of Contribution</u>	<u>Effective (or signed) Contribution</u>	<u>Receipts in Currency of Contribution</u>	<u>Receipts in USDeq. a/</u>
Australia	AUD	5.00	5.00	3.97	2.99
France	EUR	18.10	18.10	18.10	20.14
Germany	EUR	3.00	3.00	3.00	3.13
Luxembourg	EUR	1.50	1.50	1.50	1.65
Netherlands	USD	3.35	3.35	3.35	3.35
Switzerland	CHF	9.00	9.00	9.00	9.00
United Kingdom	GBP	2.00	-	-	-
<b>Total Contributions Received</b>					<b>40.26</b>

a/ Represents actual USD receipts

*Note: totals may not add up due to rounding*

### HIGHLIGHTS FOR THE PERIOD JULY 1, 2019 TO SEPTEMBER 30, 2019:

- A pledge of GBP 2 million (approximately USDeq. 2.46 million valued as of September 30, 2019) was made by the United Kingdom, and the contribution agreement is being processed by the Trustee.

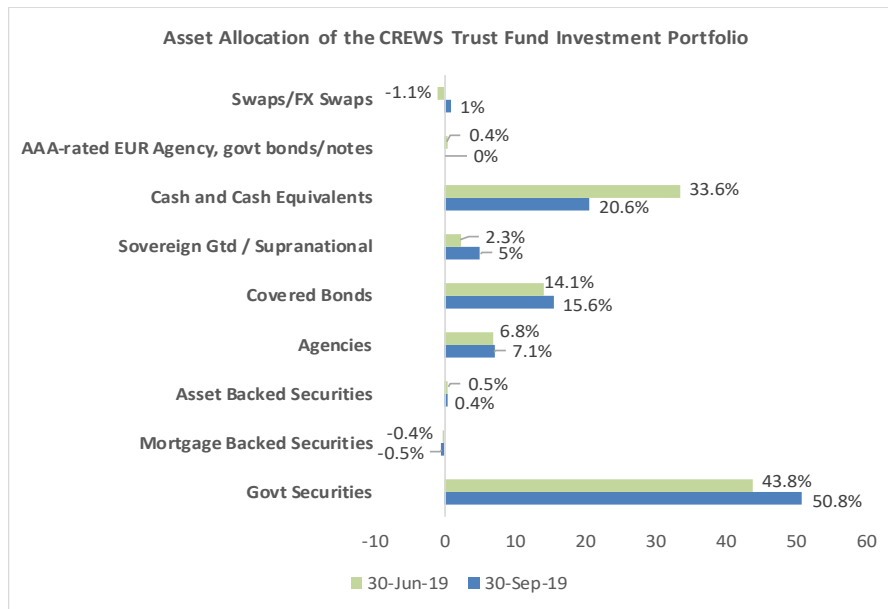


### 3. Asset Mix and Investment Income

#### 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 World Bank uses 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 portfolio allocation by asset class has the largest allocations to government securities and money market instruments.

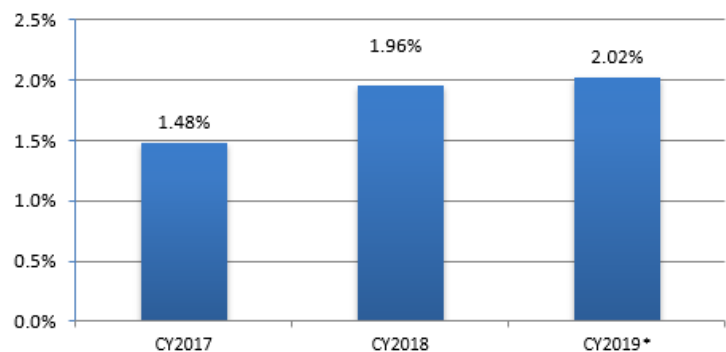


*Note:* The negative position in swaps is primarily due to changes in foreign currency exchange (FX) rates in cross currency basis swaps. Such swap instruments are used to implement currency hedges on bond positions within the portfolio. These hedges remain in place.

Mortgage Backed Securities allocation includes To-Be Announced (TBA) contracts for which only Mark-To-Market (MTM) is used to calculate the value of the position which, as a result, could be negative.

#### INVESTMENT RETURNS

The CREWS Trust Fund balances are invested in accordance with the investment strategy established for all trust funds administered by the World Bank. They are invested in a short-term fixed income portfolio with an investment horizon of one year. The CREWS Trust Fund portfolio has earned approximately USD 0.62 million in investment income since inception.



\*non-annualized



## 4. Cumulative Funding Decisions

In USD millions

<u>Projects</u>	<u>Implementing Partner</u>	<u>as of September 30, 2019</u>
Afghanistan	IBRD	2.45
	WMO	0.86
Burkina Faso	WMO	1.94
Caribbean	WMO	0.28
Caribbean	IBRD	2.58
	UNDRR	0.29
	WMO	2.00
Chad	IBRD	1.50
	WMO	1.33
Congo, DR	IBRD	2.51
	WMO	0.26
Mali	IBRD	2.78
	WMO	0.22
Niger	IBRD	2.24
	WMO	0.22
Pacific Islands	WMO	2.18
Papua New Guinea	WMO	1.46
Togo	IBRD	1.15
	WMO	0.97
West Africa	WMO	1.62
Global	WMO	0.28
		<b>29.10</b>
<b><u>Fees</u></b>		
IBRD		1.65
UNDRR		0.04
WMO		1.87
		<b>3.56</b>
<b><u>Administrative Budget</u></b>		
Secretariat a/ Trustee		3.39
		0.49
		<b>3.88</b>
<b>Total Funding Decisions</b>		<b>36.54</b>
a/ includes support from Implementing Partners, provided through staff secondments		

Note: sub-totals may not add up due to rounding





## 5. Funds Available

*In USD millions*

	As of September 30, 2019 (a)	As of June 30, 2019 (b)	Change since last report (a) - (b)
<b>1. Cumulative Receipts</b>	<b>40.89</b>	<b>40.81</b>	<b>0.08</b>
a. Cash receipts from Contributors	40.26	40.26	-
b. Investment Income earned	0.62	0.55	0.08
<b>2. Cumulative Cash Transfers</b>	<b>36.46</b>	<b>25.50</b>	<b>10.96</b>
a. Projects	29.10	20.56	8.55
b. Fees	3.56	2.60	0.96
c. Administrative Budget	3.81	2.35	1.46
<b>3. Funds Held in Trust ( 3 = 1 - 2 )</b>	<b>4.42</b>	<b>15.31</b>	<b>(10.88)</b>
<b>4. Funding Decisions Pending Cash Transfer</b>	<b>0.08</b>	<b>0.33</b>	<b>(0.25)</b>
<b>5. Funds available to support Steering Committee decisions ( 5 = 3 - 4 )</b>	<b>4.35</b>	<b>14.98</b>	<b>(10.63)</b>

*Note: sub-totals may not add up due to rounding*



## Glossary

Term	Definition
IBRD	International Bank for Reconstruction and Development
IP	Implementing Partner
UNDRR	United Nations Office for Disaster Risk Reduction
WMO	World Meteorological Organization