



Concessional Financing Facility Trust Fund

Financial Report

Prepared by the Trustee

As of September 30, 2016



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Introduction

The Concessional Financing Facility (CFF) was established in July 2016 as part of the *New Financing Initiative to Support the Middle East and North Africa (MENA) Region* which aims to provide additional financing on more favorable terms to countries in the MENA region impacted by forced displacement, conflict and economic instability. In September 2016, the CFF was expanded to a global facility in order to provide middle income countries the development support needed to address refugee crises across the globe.

This report covers the financial status of the CFF Trust Fund, and is produced by the Trustee (World Bank) in accordance with the Trustee's role in the CFF Operations Manual and Standard Provisions for the Contribution Agreements/Arrangements (Section 6):

“The Trustee will maintain separate records and ledger accounts with respect to the funds deposited in the Trust Fund and transfers made therefrom. The Trustee will report to the Steering Committee semi-annually on the financial status of the Trust Fund, including information on the status of Contributions, investment income, Allocations, Commitments, transfers and funds available for approval by the Steering Committee.”



CFF Trust Fund Financial Summary as of September 30, 2016

Pledges and Contributions:

A pledge represents a Supporting Country's expression of intent to make a contribution. Pledges are converted to Contributions by way of a countersigned Contribution Agreement/Arrangement.

As of September 30, 2016, pledges and contributions to the CFF Trust Fund totaled USDeq. 341.81 million.¹ Of this amount, USDeq. 64.58 million has been deposited into the CFF Trust Fund.

Investment Income:

As of September 30, 2016, the CFF Trust Fund earned investment income of approximately USD 0.11 million on the liquid balances in the Trust Fund. The CFF Trust Fund portfolio has returned 0.25% from inception (July 2016) through September 30, 2016. The CFF Trust Fund balance is allocated to a short term fixed income portfolio.

Funding Approvals:

As of September 30, 2016, the CFF Steering Committee had approved funding from the CFF Trust Fund totaling USD 53.82 million to cover administrative costs of the CFF Coordination Unit and Trustee, as well as Concessionality Amounts and Implementation Support Agency (ISA) Costs.

Funds Held in Trust:

Funds Held in Trust² reflect contributions paid-in from Supporting Countries, plus investment income, less cash transfers. Funds Held in Trust as of September 30, 2016 amounted to USDeq. 64.69 million.

Funds Available for CFF Steering Committee Funding Decisions:

Funds available to support CFF funding decisions amounted to USD 10.87 million as of September 30, 2016.

¹ In addition, Japan pledged to provide JPY 100 billion in loans that may be used by IBRD to generate additional grant contribution amounts.

² Funds Held in Trust represents balance of cash, investments and unencashed promissory notes (if any) as of the reporting date.

1. CFF Trust Fund Summary – Inception through September 30, 2016

In USD millions

	Total	% of Total
<u>Supporting Country Pledges and Contributions</u>		
Contributions	147.26	43.1%
Pledges	194.55	56.9%
Total Pledges and Contributions	341.81	100.0%
<u>Cumulative Resources</u>		
<u>Resources received</u>		
Cash Receipts	64.58	18.9%
Investment Income earned	0.11	0.0%
Total Resources Received	64.69	18.9%
<u>Resources not yet received</u>		
Contributions not yet received	82.68	24.2%
Pledges	194.55	56.9%
Total Resources not yet received	277.23	81.1%
Total Potential Resources (A) (in USD millions)	341.92	100.0%
<u>Cumulative Funding Decisions</u>		
Concessionality	52.95	98.4%
ISA Costs	0.10	0.2%
Administrative Budget	0.77	1.4%
Total Funding Decisions Net of Cancellations (B)	53.82	100.0%
Total Potential Resources Net of Funding Decisions (A) - (B)	288.10	
<u>Funds Available</u>		
Funds Held in Trust with no restrictions	64.69	
Approved Amounts Pending Cash Transfers	53.82	
Total Funds Available to Support Steering Committee Decisions	10.87	

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



2. Pledges and Contributions as of September 30, 2016

In millions

Supporting Country	Curr	Pledge in Currency of Contribution	Effective (or signed) Contribution				Receipts in Currency of Contribution			Receipts in USDeq. a/
			Lebanon / Jordan	Jordan	Lebanon	Total	Lebanon / Jordan	Jordan	Lebanon	
Canada	CAD	20.00	-	-	-	-	-	-	-	-
Denmark	DKK	100.00	-	-	-	-	-	-	-	-
European Commission	EUR	5.00	-	-	-	-	-	-	-	-
Germany	EUR	20.00	20.00	-	-	20.00	5.50	-	-	6.13
Japan	USD	110.00	50.00	-	-	50.00	10.00	-	-	10.00
Japan	b/ JPY	-	-	-	-	-	-	-	-	-
Netherlands	EUR	25.00	-	-	-	-	-	-	-	-
Norway	NOK	82.00	82.00	-	-	82.00	70.00	-	-	8.16
Sweden	SEK	180.00	-	-	-	-	-	-	-	-
United Kingdom	c/ USD	40.30	-	40.30	-	40.30	-	40.30	-	40.30
United States	USD	75.00	-	25.00	-	25.00	-	-	-	-
Total Contributions Received										64.58

a/ Represents actual USD receipts

b/ Japan pledged to provide JPY 100bn in additional loans that may be used by IBRD to generate additional grant contribution

c/ Represents grant amount only

Note: totals may not add up to due to rounding

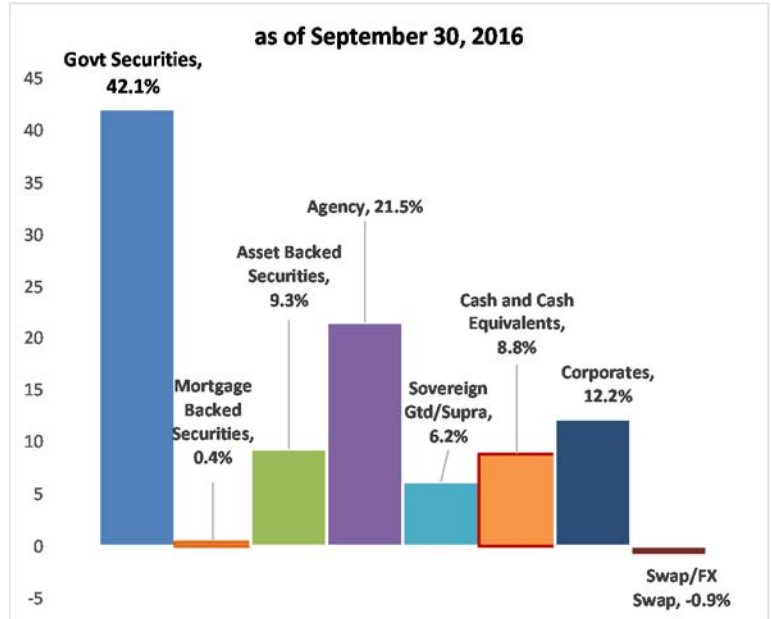


3. Asset Mix and Investment Income

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. On July 1, 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 portfolio allocation by asset class has the largest allocations to government securities, agency, corporates, and asset backed securities.



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.

INVESTMENT RETURNS

The CFF funds are invested in accordance with the investment strategy established for all of the trust funds administered by the World Bank. The CFF funds are invested in a short term fixed income portfolio with an investment horizon of one year. The CFF Trust Fund portfolio earned approximately USD 0.11 million in investment income since inception.



4. Cumulative Funding Decisions

In USD millions

<u>Concessionality</u>	<u>ISA</u>	<u>Lebanon / Jordan</u>	<u>Jordan</u>	<u>Lebanon</u>	<u>Total</u>
Jordan - Ain Ghazal Wastewater	EBRD	1.95	-	-	1.95
Jordan - Economic Opportunities	WB	11.24	39.76	-	51.00
		13.19	39.76	-	52.95
ISA Costs					
EBRD		0.08	-	-	0.08
WB		0.00	0.01	-	0.01
		0.09	0.01	-	0.10
Administrative Budget					
Coordination Unit		0.12	0.26	-	0.38
Trustee		0.12	0.27	-	0.40
		0.24	0.53	-	0.77
Total Funding Decisions		13.52	40.30	-	53.82

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



5. Funds Available as of September 30, 2016

In USD millions

	Lebanon / Jordan	Jordan	Lebanon
1. Cumulative Receipts	24.31	40.37	-
a. Cash receipts from Supporting Countries	24.28	40.30	-
b. Investment Income earned	0.03	0.07	-
2. Cumulative Cash Transfers	-	-	-
a. Concessionality	-	-	-
b. ISA Costs	-	-	-
c. Administrative Budget	-	-	-
3. Funds Held in Trust (3 = 1 - 2)	24.31	40.37	-
4. Funding Decisions Pending Cash Transfer	13.52	40.30	-
5. Funds available to support Steering Committee decisions (5 = 3 - 4)	<u>10.80</u>	<u>0.07</u>	<u>-</u>

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