



# Pandemic Fund Trust Fund

## Financial Report

Prepared by the Trustee

*As of June 30, 2024*



## Table of Contents

### Table of Contents

Introduction .....	3
Pandemic Fund Trust Fund Financial Summary as of June 30, 2024 .....	4
1. Pandemic Fund Trust Fund Summary – Inception through June 30, 2024 .....	5
2. Pledges and Contributions as of June 30, 2024 .....	6
3. Asset Mix and Investment Income .....	7
4. Cumulative Funding Decisions .....	10
5. Funds Available .....	11
Glossary .....	12



## Introduction

The Pandemic Prevention, Preparedness and Response (Pandemic Fund) Trust Fund will provide a dedicated stream of additional, long-term financing for critical pandemic prevention, preparedness and response capabilities in low and middle-income countries, through investments and technical support at the national level, as well as at the regional and global levels.

The Pandemic Fund was established in September 2022. This report covers the financial status of the Pandemic Fund Trust Fund, and is produced by the Trustee in accordance with the Trustee’s role in the Pandemic Fund Governance Document, as set forth under Section D, which states:

*“The Trustee will provide to the Governing Board regular reports on the financial status of the Pandemic Fund Trust Fund.”*

In addition, Section 5 of the Standard Provisions (Annex 1) in the Contribution Agreement/Arrangement states, as follows:

*“The Trustee shall maintain separate records and ledger accounts in respect of the funds deposited in the Trust Fund and transfers made therefrom. Unless otherwise agreed between the Governing Board and the Trustee, the Trustee shall annually furnish to the Governing Board a report on the receipts on, transfers from and fund balance of the Trust Fund in the Holding Currency.”*

This report covers the financial status of the Pandemic Fund Trust Fund as of June 30, 2024.



## Pandemic Fund Trust Fund Financial Summary as of June 30, 2024

### ***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 June 30, 2024, contributions and pledges to the Pandemic Fund Trust Fund totaled USDeq. 1,937.56 million. Of this amount, USD 1,283.90 million has been received by the Trustee and applied to the Pandemic Fund Trust Fund.

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

From inception through June 30, 2024, the Pandemic Fund Trust Fund earned investment income of approximately USD 91.32 million on the liquid balances of the Trust Fund.

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

As of June 30, 2024, the Pandemic Fund Governing Board had approved funding totaling USD 365.37 million, with USD 312.71 million to finance project activities, USD 25.69 million for Implementing Entity (IE) fees and USD 26.98 million, net of returned unused funds, for administrative budgets to support the activities of the Pandemic Fund Secretariat and Trustee.

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

The Trustee has transferred a total of USD 111.27 million up to June 30, 2024, including USD 85.80 million 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 June 30, 2024 amounted to USD 1,263.95 million.

### ***Funds Available for Pandemic Fund Governing Board Funding Decisions:***

Funds available to support Pandemic Fund Governing Board funding decisions amounted to USD 1,009.85 million as of June 30, 2024.

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



## 1. Pandemic Fund Trust Fund Summary – Inception through June 30, 2024

*In USD millions*

	Total	% of Total
<b><u>Donor Pledges and Contributions</u></b>		
Contributions	1,687.56	87.1%
Pledges	250.00	12.9%
<b>Total Pledges and Contributions</b>	<b>1,937.56</b>	<b>100.0%</b>
<b><u>Cumulative Resources</u></b>		
<u>Resources received</u>		
Cash Receipts	1,283.90	63.3%
Investment Income earned a/	91.32	4.5%
<b>Total Resources Received</b>	<b>1,375.22</b>	<b>67.8%</b>
<u>Resources not yet received</u>		
Contributions not yet received	403.67	19.9%
Pledges	250.00	12.3%
<b>Total resources not yet received</b>	<b>653.67</b>	<b>32.2%</b>
<b>Total Potential Resources (A) (in USD millions)</b>	<b>2,028.89</b>	<b>100.0%</b>
<b><u>Cumulative Funding Decisions</u></b>		
Projects	312.71	85.6%
Fees	25.69	7.0%
Administrative Budget	26.98	7.4%
<b>Total Funding Decisions Net of Cancellations (B)</b>	<b>365.37</b>	<b>100.0%</b>
<b>Total Potential Resources Net of Funding Decisions (A) - (B)</b>	<b>1,663.52</b>	
<b><u>Funds Available</u></b>		
Funds Held in Trust with no restrictions	1,263.95	
Approved Amounts Pending Cash Transfers	254.10	
<b>Total Funds Available to Support Steering Committee Decisic</b>	<b>1,009.85</b>	

a/ Represents investment income earned on the liquid balances of the Pandemic Fund Trust Fund

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



## 2. Pledges and Contributions as of June 30, 2024

*In millions*

Contributor	Curr	Pledges in Currency of Contribution	Effective (or signed) Contribution	Receipts in Currency of Contribution	Outstanding Contributions in Currency of Contribution	Total Outstanding Contributions in USDeq. a/	Receipts in USD b/
Australia	AUD	50.00	50.00	20.00	30.00	19.98	13.26
Austria	EUR	0.90	0.90	0.90	-	-	0.98
Bill and Melinda Gates Foundation	USD	15.00	15.00	15.00	-	-	15.00
Canada	CAD	50.00	50.00	50.00	-	-	37.00
China	USD	50.00	50.00	40.00	10.00	10.00	40.00
Denmark	DKK	25.00	25.00	25.00	-	-	3.67
European Commission	EUR	427.00	427.00	227.00	200.00	214.18	247.57
France	EUR	50.00	50.00	30.00	20.00	21.42	32.17
Germany	EUR	119.00	119.00	119.00	-	-	121.81
India	USD	10.00	10.00	10.00	-	-	10.00
Indonesia	USD	50.00	50.00	20.00	30.00	30.00	20.00
Italy	EUR	100.00	100.00	100.00	-	-	105.56
Japan	USD	70.00	70.00	50.00	20.00	20.00	50.00
Korea	USD	30.00	30.00	10.00	20.00	20.00	10.00
Netherlands	USD	20.53	20.53	20.53	-	-	20.53
New Zealand	NZD	2.00	2.00	2.00	-	-	1.28
Norway	NOK	110.00	110.00	110.00	-	-	10.61
Rockefeller Foundation	USD	10.00	10.00	6.25	3.75	3.75	6.25
Saudi Arabia	USD	50.00	50.00	10.00	40.00	40.00	10.00
Singapore	USD	10.00	10.00	10.00	-	-	10.00
South Africa	USD	5.00	5.00	5.00	-	-	5.00
Spain	EUR	20.00	20.00	15.00	5.00	5.35	16.37
Switzerland	CHF	2.00	2.00	2.00	-	-	2.35
United Arab Emirates	USD	20.00	20.00	20.00	-	-	20.00
United Kingdom	GBP	25.00	25.00	10.00	15.00	18.98	12.34
United States	USD	700.00	450.00	450.00	-	-	450.00
Wellcome Trust	GBP	10.00	10.00	10.00	-	-	12.15
<b>Total</b>						<b>403.67</b>	<b>1,283.90</b>

a/ Valued on the basis of exchange rates as of June 30, 2024

b/ Represent actual USD receipts

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



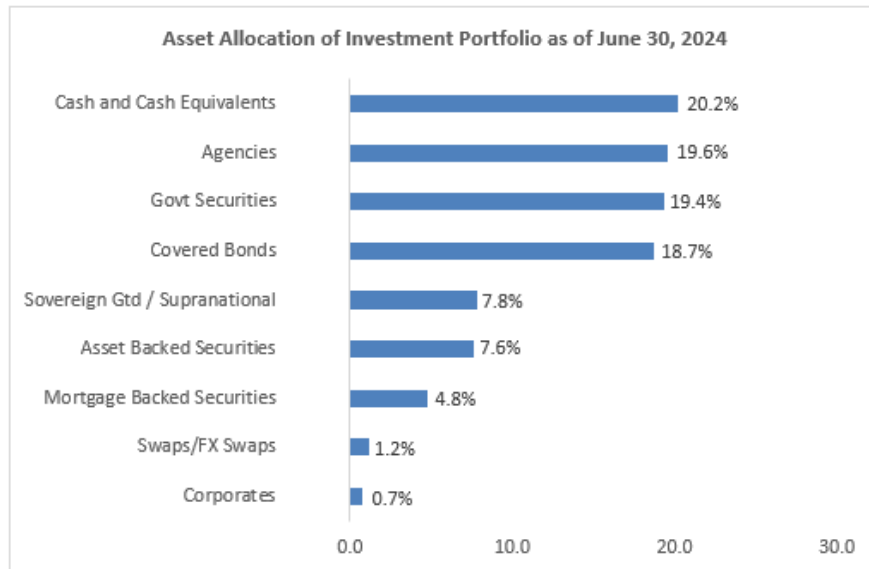
### 3. Asset Mix and Investment Income

#### ASSET MIX

The undisbursed cash balance of the Pandemic Fund Trust Fund is maintained in a commingled investment portfolio (“Pool”) for all trust funds managed by the World Bank. Within this pool, Pandemic Fund Trust Fund funds are invested in a short term, high quality fixed income portfolio with an investment horizon of up to one year.

The investment objectives for the Pandemic Fund Trust Fund are to optimize investment returns subject to preserving capital and maintaining adequate liquidity to meet foreseeable cash flow needs, within a conservative risk management framework.<sup>2</sup>

The portfolio allocation by asset class has the largest allocations to money market instruments and government securities.



#### INVESTMENT RETURNS

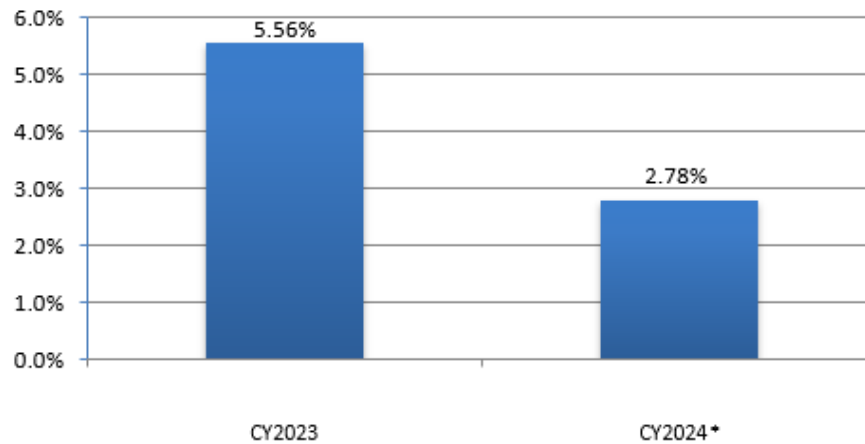
Fixed income portfolio performance was positive during the fourth quarter of FY2024. Fourth quarter of fiscal year 2024 started with sharp spikes in treasury yields owing to upward surprises in inflation and economic activity resulting in markets pricing just one interest rate cut in 2024. The US 10-year treasury yields spiked 48 bps to 4.68% in April. US Treasury yields declined during May as inflation came in lower than expected. Fed officials maintained the need to see sustained improvement in inflation towards the 2% target before any changes to the monetary policy. Further softening

<sup>2</sup> World Bank defines the market risk measures and tolerances for Model Portfolios of 1-year or less investment horizon as 99% CVaR be no worse than -0.25%; and for Model Portfolios of longer than 1-year but less or equal to 5-year investment horizon as 99% CVaR be no worse than -1%.



of inflation and economic data in June lead to rates rally and heightened market expectations that the Fed is closer to achieving its 2% inflation target, which could open the door to interest rate cuts. Treasury yields were 10-15 bps lower across the curve with Ten-year yields getting as low as 4.22% during the month. The fixed income portfolios continue to be duration neutral to the benchmark.

The Pandemic Fund Trust Fund liquid portfolio earned USD 91.32 million in investment income since inception. The portfolio returns during the first two quarters of calendar year 2024 was 2.78%, non-annualized.



\*non-annualized

## ESG SUMMARY REPORT – PANDEMIC FUND INVESTMENT PORTFOLIO

As per the investment management strategy implemented by the World Bank, the funds held in trust benefit from the approach to Sustainable and Responsible Investment (SRI), which considers and incorporates Environmental, Social and Governance (ESG) factors into Trustee’s investment processes. The implementation of ESG Integration falls within the purview of existing authorizations by the World Bank Board. Based on the endorsement by the World Bank management, starting from July 2019, the Trustee has applied ESG Integration as the default SRI approach for all portfolios managed by the World Bank, including for the Pandemic Fund assets.

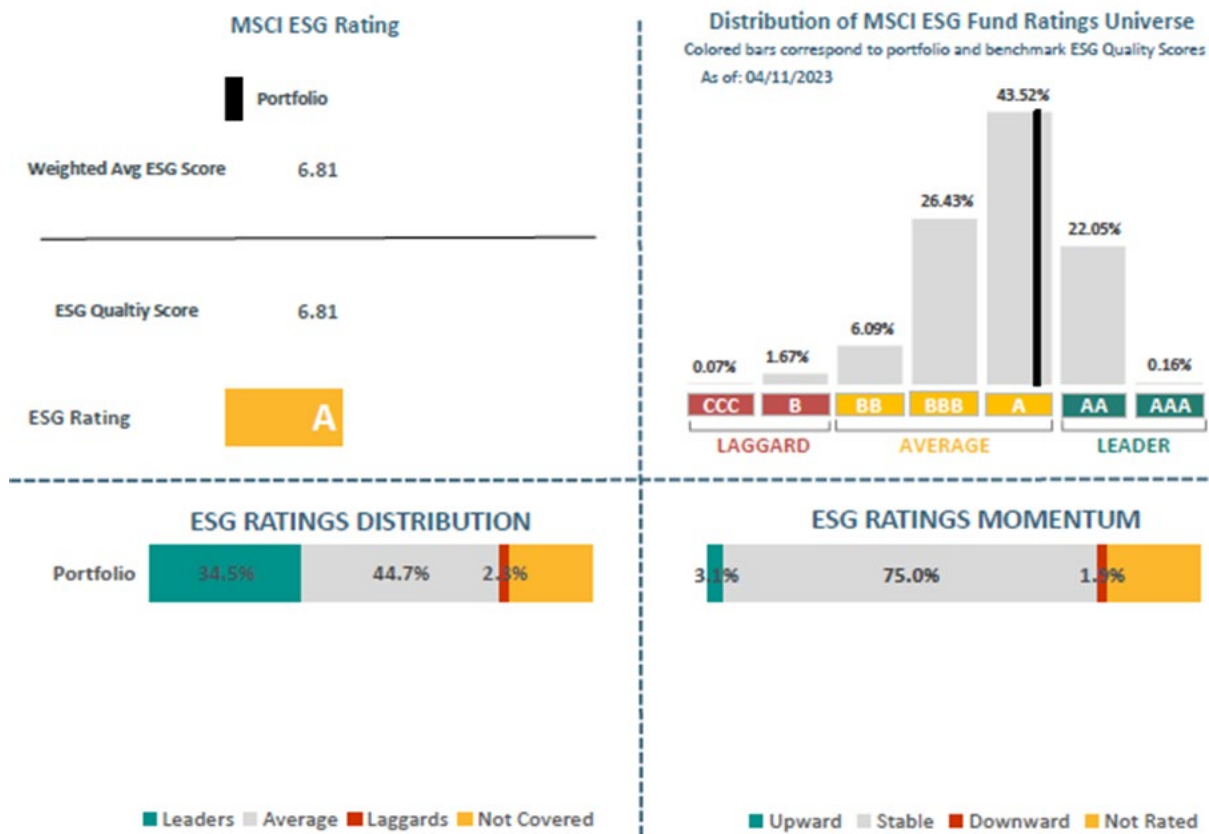
Considering and incorporating ESG factors into investment processes should, all things being equal, lead to portfolios that have stronger ESG profiles compared to portfolios that do not explicitly consider these ESG issues. ESG Integration has become part of the existing investment processes and is intended to help fulfil the existing investment objectives. The application of ESG Integration as part of the investment process would not involve any changes in the current investment objectives or risk limits for the Pandemic Fund portfolio.





The Pandemic Fund investment portfolio is primarily comprised of short-term high-grade fixed-income securities (sovereign, supranational and agency securities and bank deposits), and as of June 30, 2024, the portfolio has an ESG Quality Score\* of 6.81 and an ESG Rating\* of A. Based on its ESG positioning in the MSCI ESG Fund Ratings Universe (upper right of Figure 1), which is deemed to be the more consistent reference indicator, Pandemic Fund’s investment portfolio falls in the average decile of the ratings universe. This reflects high capability of Pandemic Fund portfolio’s holdings in terms of managing key medium to long term risks and opportunities arising from Environmental, Social and Governance factors.

Figure 1: MSCI ESG Portfolio Summary – Pandemic Fund



\* Note: 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 [here](#).



## 4. Cumulative Funding Decisions

In USD millions

<u>Projects</u>	<u>as of June 30, 2024</u>
ADB	11.22
AIIB	10.00
FAO	57.50
IBRD	48.32
IDB	17.04
UNICEF	22.17
WHO	146.46
	<b>312.71</b>
<u>Fees</u>	
ADB	0.79
AIIB	0.59
FAO	4.16
IBRD	5.39
IDB	0.89
UNICEF	1.47
WHO	12.40
	<b>25.69</b>
<u>Administrative Budget</u> a/	
Secretariat	23.59
Trustee	3.39
	<b>26.98</b>
<b>Total Funding Decisions</b>	<b>365.37</b>
a/ Net of unused funds which are returned to the Trust Fund	

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



## 5. Funds Available

In USD millions

	As of June 30, 2024 (a)	As of June 30, 2023 (b)	Change since last report (a) - (b)
<b>1. Cumulative Receipts</b>	<b>1,375.22</b>	<b>1,141.56</b>	<b>233.66</b>
a. Cash receipts from Contributors	1,283.90	1,120.72	163.17
b. Investment Income earned a/	91.32	20.84	70.48
<b>2. Cumulative Cash Transfers</b>	<b>111.27</b>	<b>5.10</b>	<b>106.18</b>
a. Projects	85.80	-	85.80
b. Fees	10.61	-	10.61
c. Administrative Budget	14.86	5.10	9.77
<b>3. Funds Held in Trust ( 3 = 1 - 2 )</b>	<b>1,263.95</b>	<b>1,136.47</b>	<b>127.48</b>
<b>4. Funding Decisions Pending Cash Transfer</b>	<b>254.10</b>	<b>-</b>	<b>254.10</b>
<b>5. Funds available to support Steering Committee decisions ( 5 = 3 - 4 )</b>	<b>1,009.85</b>	<b>1,136.47</b>	<b>(126.62)</b>

a/ represents investment income earned on the liquid balances of the Pandemic Fund Trust Fund

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

### HIGHLIGHTS FOR THE PERIOD JULY 1, 2023 THROUGH JUNE 30, 2024:

- **Funds Held in Trust** represent cumulative receipts less cumulative cash transfers, and amount to USD 1,263.95 million as of June 30, 2024. Funds Held in Trust increased by USD 127.48 million due to:
  - Total cash receipts of USD 233.66 million, comprising of cash receipts from contributors of USD 163.17 million and additional investment income of approximately USD 70.48 million during the period;
  - Offset by cash transfers of USD 106.18 million.
- **Funding Availability** decreased by USD 126.62 million over the prior reporting period due to:
  - New funding decisions, net of returned unused funds, totaling USD 360.28 million
  - Offset by total cash receipts of USD 233.66 million as mentioned above.

## Glossary

Term	Definition
ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
Cash and Investments	The Trust Fund's share in the co-mingled cash and investment pool.
Cash Contribution	Contribution or Installment provided in the form of cash, including promissory note encashments
Cash Transfer	Cash payment made to an Implementing Partner under a Financial Procedures Agreement
Contribution	The funds provided and to be provided by a Contributor to a Trust Fund, as specified in the Contribution Agreement/Arrangement, or in the Instrument of Commitment
Contribution Agreement/ Arrangement	An agreement or arrangement between a World Bank entity, as Trustee, and a Contributor, setting forth specific terms for the receipt and use of a specific Contribution for a specific Trust Fund
Contribution Paid-In	Contribution or Installment provided in the form of cash, Promissory Note or other instruments acceptable to the Trustee
Contribution Receivable	Any portion of a Contribution that is not a Qualified Contribution to be received in the form of Cash or Promissory Note.
FAO	Food and Agriculture Organization of the United Nations
Financial Intermediary Fund (FIF)	Financial arrangements that leverage a variety of public and private resources in support of global development initiatives and partnership. These Funds involve financial engineering or complex finance schemes, or where the Bank provides a specified set of administrative, financial or operational services
Financial Procedures Agreement	An agreement or arrangement between a World Bank entity, as Trustee, and Partner Entity for the commitment and transfer of funds by the Trustee to the Partner Entity under terms that do not involve Bank responsibility post-transfer
Funding Availability	Assets available to support funding decisions, as calculated under a specific basis of commitment.
Funds Held in Trust	Cash and Investments plus unencashed Promissory Note balance
IBRD	International Bank for Reconstruction and Development
IDB	Inter-American Development Bank
Implementing Entity (IE)	Any agency receiving funds from a FIF, which is responsible for managing those funds for project activities as approved by the governing body
Investment Income	Returns (realized and unrealized) on cash and investments, allocated to individual Trust Funds
Pledge	A Contributor's expression of its intention to make a Contribution
Promissory Note (if applicable)	A document consisting of a promise to pay that is non-interest bearing and payable on demand
UNICEF	United Nations Children's Fund
WHO	World Health Organization