CLEAN TECHNOLOGY FUND
ADMINISTERED BY THE
INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
AS TRUSTEE

WORLD BANK REFERENCE
TF069011

FINANCIAL STATEMENT AND
INDEPENDENT AUDITORS' REPORT
December 31, 2009
Independent Auditors’ Report

International Bank for Reconstruction and Development
as Trustee of the Clean Technology Fund

We have audited the accompanying statement of receipts, disbursements and fund balance of the Clean Technology Fund, administered by the International Bank for Reconstruction and Development as Trustee, for the period from February 25, 2009 (date of inception) to December 31, 2009. This financial statement is the responsibility of the Trustee’s management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trustee’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by the Trustee’s management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 2, the financial statement was prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements and fund balance of the Clean Technology Fund, administered by the International Bank for Reconstruction and Development as Trustee, for the period from February 25, 2009 (date of inception) to December 31, 2009, on the basis of accounting described in note 2.

March 16, 2010
## Clean Technology Fund

Administered by the International Bank for Reconstruction and Development as Trustee

### Statement of Receipts, Disbursements and Fund Balance

Expressed in U.S. dollars

February 25, 2009 (date of inception) to December 31, 2009

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions (Note 3)</td>
<td>$216,376,385</td>
</tr>
<tr>
<td>Investment income, net (Note 4)</td>
<td>$894,012</td>
</tr>
<tr>
<td><strong>Total receipts</strong></td>
<td><strong>217,270,397</strong></td>
</tr>
<tr>
<td>Transfers to multilateral development banks for projects (Note 6)</td>
<td>$20,250,000</td>
</tr>
<tr>
<td>Administrative budget disbursements (Note 7)</td>
<td>$6,492,481</td>
</tr>
<tr>
<td><strong>Total disbursements</strong></td>
<td><strong>26,742,481</strong></td>
</tr>
<tr>
<td>Excess of receipts over disbursements</td>
<td>$190,527,916</td>
</tr>
</tbody>
</table>

### Fund Balance:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of period</td>
<td>-</td>
</tr>
<tr>
<td>End of period</td>
<td>$190,527,916</td>
</tr>
<tr>
<td>Fund balance consists of:</td>
<td></td>
</tr>
<tr>
<td>Trust Fund's share of the cash and investments in the pool (Note 5)</td>
<td>$190,527,916</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this financial statement.
Note 1 - Organization

In July 2008, the World Bank Board of Executive Directors approved the creation of the Climate Investment Funds (CIF) Program. The CIF Program is designed to provide interim scaled up funding to help developing countries in their efforts to mitigate rises in greenhouse gas emissions and to adapt to climate change.

The CIF Program is jointly implemented by the African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IDB), World Bank, which is comprised of the International Bank for Reconstruction and Development (IBRD)/International Development Association (IDA), and the International Finance Corporation (IFC).

The CIF Program consists of two trust funds: the Clean Technology Fund (CTF), and the Strategic Climate Fund (SCF). Each of the multilateral development banks (MDBs) listed above will administer funds and implement projects related to the CTF and SCF respectively.

The CTF (the Trust Fund) finances scaled-up demonstration, deployment, and transfer of low-carbon technologies for significant greenhouse gas reductions. The focus is on piloting investment in countries or regions with opportunities for large greenhouse gas abatement.

The SCF finances targeted programs in developing countries to pilot new climate or sectoral approaches with scaling-up potential. Three programs have been established under the SCF: the Pilot Program for Climate Resilience (PPCR), the Forest Investment Program (FIP), and the Scaling-Up Renewable Energy Program in Low Income Countries (SREP).

The CTF is governed by the CTF Trust Fund Committee which oversees the operations and activities of the CTF. The CTF Trust Fund Committee is comprised of donor and recipient representatives, together with representatives from the World Bank, and other MDBs. The World Bank and MDB representatives are non voting members. Decision making is by consensus of the voting members of the CTF Trust Fund Committee.
Note 1 - Organization (continued)

The MDB Committee facilitates collaboration, coordination and information exchange among the MDBs. The MDB Committee is comprised of representatives of the MDBs, and is responsible for items such as the identification of specific areas by which MDBs may harmonize their climate change programs, reviewing recommendations proposed by the Administrative Unit on program criteria for approval by the CTF Trust Fund Committee, and serving as a forum to ensure effective operational coordination amongst the MDBs.

The Administrative Unit supports the work of the CIF Program, including the CTF, and also supports the CTF Trust Fund Committee and other bodies of the CIF Program. The Administrative Unit is housed in the Washington, DC offices of the World Bank and comprises a small team of professional and administrative staff employed by the World Bank. The Administrative Unit’s responsibilities include the preparation of documentation for review by the CTF Trust Fund Committee, the formulation of recommendations on program criteria and priorities, evaluating the CTF’s activities, performance, status of implementation, and managing relationships amongst various bodies.

IBRD serves both as a Trustee and as an implementing entity for the CIF Program. In its capacity as the Trustee, IBRD established both the CTF and the SCF Trust Funds to receive donor contributions. These Trust Funds hold the assets of CTF and SCF, pursuant to the terms entered into with the contributors. In accordance with the decisions taken by the CTF Trust Fund Committee, or the MDB Committee where relevant, and the availability of funds, the Trustee makes commitments and transfers the CTF or SCF resources, as applicable, as agreed with the MDBs. In addition, in its capacity as an Implementing Entity of the CTF and SCF, IBRD has established separate trust funds to receive funds from the CTF and SCF Trustee respectively.

This financial statement reports solely upon the activities of the IBRD as the Trustee to the CTF. Separate financial statements will be prepared for the IBRD as the Trustee to the SCF, IBRD as Implementing Entity (IE) to the CTF and IBRD as IE to the SCF. In addition, this statement does not include any activities undertaken by the respective MDBs as IEs to the CTF and SCF. Separate financial statements will be prepared by the MDBs to report their CTF and SCF IE activities respectively.
Note 2 - Significant accounting policies

The accompanying financial statement has been prepared on the cash receipts and disbursements basis of accounting - modified to record the share in pooled cash and investments at fair value (modified cash basis of accounting). Accordingly, net investment income includes realized and unrealized investment income (loss).

The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP) or International Financial Reporting Standards (IFRS). Receipts, with the exception of investment income, net as described above, are recorded when collected (i.e., when credited to the trust fund) rather than when pledged/earned, and disbursements are recorded when paid (i.e., when debited from the trust fund). In accordance with policies adopted for the administration of this Trust Fund, certain transactions, including: (i) donor contributions not credited to the Trust Fund at the financial statement date due to timing or other reasons; (ii) reposting of disbursements in the ordinary course of business as deemed necessary; and (iii) any refunds of previous disbursements deemed by management not to be eligible in accordance with the relevant agreements, are reported in the Statement of Receipts, Disbursements and Fund Balance in the period in which the transaction is credited/debited to the Trust Fund. This financial statement is not intended to be a presentation in conformity with U.S. GAAP or IFRS; however certain information pertaining to the fair value of financial instruments is presented in accordance with the applicable U.S. GAAP requirements as described below.

U.S. GAAP defines fair value, establishes a consistent framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and requires disclosure about fair value measurements. It also requires that the valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs. Notes 4 and 5 provide further details on the fair value measurement of the pooled cash and investments.

Transactions in currencies other than the Trust Fund’s reporting currency of U.S. dollars are recorded at the market rates of exchange in effect on the date of the transaction. Transaction gains or losses on disbursements, if any are borne by IBRD. Transactions and fund balance at the end of each reporting period that are not denominated in U.S. dollars are translated using the rate in effect for that date. The use of different exchange rates may result in a translation adjustment.
Note 3 – Contributions

Cash contributions are received either as a result of the direct receipt of cash from contributors, or as a result of promissory note encashments. Conversions of contributions received in various currencies into U.S. dollars are initiated by IBRD upon the later of the receipt and identification of funds, or the receipt of the signed Contribution Agreement/Arrangement. The Trust Fund accepts contributions from contributors in accordance with the provisions of the CTF Standard Provisions and the Contribution Agreements/Arrangements entered into between the Trustee and the contributors. Contributors may make Contributions in the form of (i) a Grant Contribution, (ii) a Capital Contribution, or (iii) with the consent of all Contributors to the Trust Fund and the Trustee, a Loan Contribution.

Grant Contributions may be used for any purposes under the Contribution Agreements/Arrangements, including financing grants, concessional loans and other financial products, such as guarantees.

Capital contributions to the CTF may be used to finance concessional loans and other financial products, such as guarantees. The term capital contribution defines the permitted use of funds vis-à-vis grant and loan contributions, and does not mean that share capital or equity instruments have been issued to Contributors in return for contributions received.

For the period February 25, 2009 (inception) to December 31, 2009, no contributions were received in the form of loans from Contributors. If and when contributions are received in the form of loans, they may be used to finance loans and other financial products, such as guarantees, on terms no more concessional than the terms of the contributions. It is also expected that loan contributors will provide loans to the CTF at 0.75% interest, 20 year maturity and 10 years grace period on principal repayment.

Upon termination of the CTF Trust Fund, any remaining unallocated funds, including related reflows, returns of other funds, and investment income, if any, held by the CTF Trust Fund will be returned to Contributors on a pro-rata basis, to be calculated using specific measurements which differ for Grant Contributors and Capital Contributors as defined in the relevant Contribution Agreements/Arrangements.
Note 3 - Contributions (continued)

The amounts committed by contributors and received by the Trust Fund for the period from February 25, 2009 (date of inception) to December 31, 2009, are as follows:

<table>
<thead>
<tr>
<th>Contributors</th>
<th>Type of Contribution</th>
<th>Received as</th>
<th>Amounts Committed</th>
<th>Amounts Received as of December 31, 2009</th>
<th>Amounts in US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Grant</td>
<td>Cash</td>
<td>A$ 100,000,000</td>
<td>A$ 50,000,000</td>
<td>39,415,000</td>
</tr>
<tr>
<td>Spain</td>
<td>Capital</td>
<td>Cash</td>
<td>€ 80,000,000</td>
<td>€ 30,000,000</td>
<td>43,028,000</td>
</tr>
<tr>
<td>Sweden</td>
<td>Grant</td>
<td>Cash</td>
<td>SKr 600,000,000</td>
<td>SKr 300,000,000</td>
<td>38,378,385</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Capital</td>
<td>Cash</td>
<td>£ 385,000,000</td>
<td>£ 58,000,000</td>
<td>95,555,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>216,376,385</strong></td>
</tr>
</tbody>
</table>

The contribution of US$95,555,000 made by the United Kingdom was received as a result of a transfer from the SCF to the CTF pursuant to the “Contribution Arrangement” between the IBRD as Trustee to the SCF and the United Kingdom of Great Britain and Northern Ireland, which authorized the transfer to the CTF.

Note 4 - Investment income, net

Amounts paid into the Trust Fund, but not yet disbursed, are managed by the Trustee, which maintains an investment portfolio (the “Pool”) for all of the trust funds administered by the IBRD, IDA, IFC, the Multilateral Investment Guarantee Agency, and the International Centre for Settlement of Investment Disputes (the World Bank Group). The Pool is divided into sub-portfolios to which allocations are made based on fund specific investment horizons, risk tolerances and/or other eligibility requirements for trust funds with common characteristics as determined by IBRD as Trustee. Generally, the Pool is invested in liquid financial instruments such as money market instruments, government and agency obligations, mortgage-backed securities, and other high-grade bonds. The Pool may also include securities pledged as collateral under repurchase agreements with other counterparties and receivables from resale agreements for which it has accepted collateral. Additionally, the Pool includes derivative contracts such as currency forward contracts, plain vanilla swaps and callable swaps linked to interest rates or foreign exchange rates.
Note 4 - Investment income, net (continued)

The Pool is a trading portfolio and is reported at fair value, for which gains/losses are included in investment income, net. Share in pooled cash and investments represents the Trust Fund’s allocated share of the Pool’s fair value at the end of the reporting period.

Net investment income consists of the Trust Fund’s allocated share of: interest income earned by the Pool, realized gains/losses from sales of securities and unrealized gains/losses resulting from recording the assets held by the Pool at fair value. Investment income, net in the amount of US$894,012 was credited to the Trust Fund during the period from February 25, 2009 (date of inception) to December 31, 2009 based on its allocated share of the cash and investments in the Pool.

Note 5 - Fair value of financial instruments

As discussed in Note 4, the cash and investments of all trust funds administered by the World Bank Group are managed in a pooled investment portfolio. As such, all investment decisions are made and performance monitored at the Pool level. The ensuing disclosure on fair value measurement and fair value hierarchy is therefore at the Pool level. The fair value amount of the Trust Fund’s share in the pooled cash and investments at the end of the reporting period is also disclosed.

*Fair Value Measurements*

IBRD has an established and documented process for determining fair values of the financial instruments in the Pool. Fair value is based upon quoted market prices for identical and similar instruments, where available. Financial instruments for which quoted market prices are not readily available are valued based on discounted cash flow models. These models primarily use market-based or independently-sourced market parameters such as yield curves, interest rates, volatilities, foreign exchange rates and credit curves.

The techniques applied in determining the fair values of financial instruments are summarized below.

*Investment securities*

Where available, quoted market prices are used to determine the fair value of trading securities. Examples include some government securities, futures and money market securities. For instruments for which market quotations are not available, fair values are determined using model-based valuation
techniques, either internally-generated or vendor-supplied, that include the standard discounted cash flow method using market observable inputs such as yield curves, credit spreads and prepayment speeds. Unless quoted prices are available, money market instruments are reported at face value, which approximates fair value.

Securities purchased under resale agreements and securities sold under repurchase agreements

Securities purchased under resale agreements and securities sold under repurchase agreements are reported at face value which approximates fair value.

Derivative contracts

Derivative contracts include currency forward contracts, plain vanilla swaps and callable swaps linked to interest rates or foreign exchange rates. Derivatives are valued using the standard discounted cash flow methods using market observable inputs such as yield curves, foreign exchange rates, or basis spreads.

Fair Value Hierarchy

U.S. GAAP establishes a three-level fair value hierarchy under which financial instruments are categorized based on the priority of the inputs to the valuation technique. It also requires that the valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs.

Financial instruments representing the entire Pool of investments for all trust funds administered by the World Bank Group are recorded at fair value and are categorized based on the inputs to the valuation techniques as follows:

Level 1: Financial instruments whose values are based on unadjusted quoted prices for identical instruments in active markets.

Level 2: Financial instruments whose values are based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; or pricing models for which all significant inputs are observable, either directly or indirectly for substantially the full term of the instrument.
Note 5 - Fair value of financial instruments (continued)

Level 3: Financial instruments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The following table presents the Pool’s fair value hierarchy for those financial instruments measured at fair value on a recurring basis as of December 31, 2009:

<table>
<thead>
<tr>
<th>In millions of U.S. dollars</th>
<th>Fair Value Measurement on a Recurring Basis as of December 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
</tr>
<tr>
<td>Investment securities</td>
<td>5,177</td>
</tr>
<tr>
<td>Securities purchased under resale agreements and securities sold under repurchase agreements</td>
<td>(212)</td>
</tr>
<tr>
<td>Derivatives, net</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total of financial instruments in the Pool at fair value</strong></td>
<td><strong>4,965</strong></td>
</tr>
</tbody>
</table>

Level 3 financial instruments are not significant, and therefore, further disclosures are not provided.

As of December 31, 2009, the Pool does not have any financial instruments measured at fair value on a non-recurring basis.

Trust Fund’s Share of the Cash and Investments in the Pool

The Trust Fund’s share of the cash and investments in the Pool, which was allocated based on the specific investment horizons, risk tolerances and other eligibility requirements pursuant to the agreements, has a fair value of US$190,527,916 as of December 31, 2009.

Note 6 – Transfers to MDBs for projects

During the period from February 25, 2009 (date of inception) to December 31, 2009, the Trustee transferred amounts totaling US$20,250,000 to IBRD as an IE to the CTF, for use in implementing projects pursuant to the respective Trust Fund Committee approvals.
Note 7 – Transfer of administrative budget

Upon approval by the CTF Trust Fund Committee and, when relevant, by the MDB Committee, the Trustee transfers administrative budget funds to assist in the defrayment of costs incurred by the Trustee, the Administrative Unit and the MDBs for administration, supervision, and oversight in support of the CTF. The administrative budget transferred is subject to an end of year adjustment based on actual costs incurred. The Trustee transferred administrative budget in the amount of US$6,492,481 during the period from February 25, 2009 (date of inception) to December 31, 2009, broken down as follows:

<table>
<thead>
<tr>
<th>Administrative budget transferred to:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Unit</td>
<td>US$ 3,003,616</td>
</tr>
<tr>
<td>IBRD as an Implementing Entity</td>
<td>1,812,021</td>
</tr>
<tr>
<td>Trustee</td>
<td>1,676,844</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>US$ 6,492,481</strong></td>
</tr>
</tbody>
</table>