



December 31, 2012 and 2011

# Clean Technology Fund

Administered by the International Bank for Reconstruction and Development as  
Trustee

**World Bank Reference: TF069011**

**Special Purpose Financial Statements**

**The World Bank Group**

Trust Funds Division, Client Services Department  
Controller's Vice Presidency

[www.worldbank.org](http://www.worldbank.org)

**Clean Technology Fund**  
**Special Purpose Financial Statements**

**December 31, 2012 and 2011**

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# SPECIAL PURPOSE STATEMENTS OF FINANCIAL POSITION

December 31, 2012 and December 31, 2011

Expressed in U.S. dollars

	Note	2012	2011
<b>Assets</b>			
Share of cash and investments in the Pool	5	\$ 2,727,924,361	\$ 2,215,853,132
Contributions receivable	3	799,113,152	1,061,225,988
Returns/reflows receivable from MDBs	6	11,120,026	6,117,528
<b>Total assets</b>		<b>\$ 3,538,157,539</b>	<b>\$ 3,283,196,648</b>
<b>Liabilities and Net Trust Fund Resources</b>			
<b>Liabilities</b>			
Project liabilities	7	\$ 1,689,139,500	\$ 1,564,285,500
MDB fees payable	8	1,132,000	572,000
Loans payable	10	1,081,991,162	877,631,250
Loan interest payable	10	698,786	566,803
<b>Total liabilities</b>		<b>\$ 2,772,961,448</b>	<b>\$ 2,443,055,553</b>
<b>Net Trust Fund Resources</b>		765,196,091	840,141,095
<b>Total liabilities and Net Trust Fund Resources</b>		<b>\$ 3,538,157,539</b>	<b>\$ 3,283,196,648</b>

The Notes to the Special Purpose Financial Statements are an integral part of these statements.

# SPECIAL PURPOSE STATEMENTS OF ACTIVITIES

For the fiscal years ended December 31, 2012 and December 31, 2011

Expressed in U.S. dollars

	Note	2012	2011
<b>Revenues</b>			
Contributions	3	\$ 377,883,922	\$ 1,107,931,413
Net investment income	4	24,916,124	29,183,167
Returns/reflows of CTF funds from MDBs	6	5,749,424	4,506,736
<b>Total revenues</b>		<b>\$ 408,549,470</b>	<b>\$ 1,141,621,316</b>
<b>Expenses</b>			
Project expense	7	\$ 430,253,900	\$ 873,719,500
MDB fees expense	8	1,995,310	2,356,775
Administrative budget expense	9	6,679,667	6,850,794
Interest expense	10	7,555,231	6,842,032
<b>Total expenses</b>		<b>\$ 446,484,108</b>	<b>\$ 889,769,101</b>
Foreign currency exchange (loss) gain		(37,010,366)	59,394,754
Change in Net Trust Fund Resources		(74,945,004)	311,246,969
Net Trust Fund Resources, beginning of the year		840,141,095	528,894,126
<b>Net Trust Fund Resources, end of the year</b>		<b>\$ 765,196,091</b>	<b>\$ 840,141,095</b>

The Notes to the Special Purpose Financial Statements are an integral part of these statements.

# SPECIAL PURPOSE STATEMENTS OF CASH FLOWS

For the fiscal years ended December 31, 2012 and December 31, 2011

Expressed in U.S. dollars

	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities:</b>		
Change in Net Trust Fund Resources	\$ (74,945,004)	\$ 311,246,969
Adjustments to reconcile change in net trust fund resources to net cash used in operating activities:		
Unrealized foreign exchange loss (gain)	37,571,278	(58,651,242)
Decrease (Increase) in contributions receivable	230,096,208	(609,480,809)
Increase in returns/reflows receivable from MDBs	(5,002,498)	(4,035,174)
Increase in project liabilities	124,283,000	758,723,000
Increase (Decrease) in MDB fees payable	560,000	(2,992,800)
Increase (Decrease) in loan interest payable	131,983	(5,847)
Increase in share of cash and investments in the Pool	(512,071,229)	(394,804,097)
<b>Net cash used in operating activities</b>	<b><u>\$ (199,376,262)</u></b>	<b><u>\$ -</u></b>
<b>Cash flows from financing activities:</b>		
Increase in loans payable	199,376,262	-
<b>Net cash provided by financing activities</b>	<b><u>\$ 199,376,262</u></b>	<b><u>\$ -</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents, beginning of year	-	-
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
 <b>Supplemental Disclosure - Unrealized Foreign Exchange Loss (Gain)</b>		
Changes in ending balances resulting from exchange rate fluctuation		
<b>Operating Activities</b>		
Contributions receivable	32,016,628	(49,597,442)
Project liabilities	571,000	-
<b>Financing activities</b>		
Loans Payable	4,983,650	(9,053,800)
<b>Total unrealized foreign exchange loss (gain)</b>	<b><u>\$ 37,571,278</u></b>	<b><u>\$ (58,651,242)</u></b>

The Notes to the Special Purpose Financial Statements are an integral part of these statements.

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2012 and December 31, 2011

*All amounts expressed in U.S. dollars unless otherwise noted*

## Note 1 - Organization

In July 2008, the Executive Directors of the World Bank, herein defined as the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), approved the creation of the Climate Investment Funds (CIF). The CIF 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 is jointly implemented by the following multilateral development banks (MDBs): African Development Bank (AfDB); Asian Development Bank (ADB); European Bank for Reconstruction and Development (EBRD); Inter-American Development Bank (IADB); International Finance Corporation (IFC); and the World Bank.

The CIF consists of two trust funds: the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF). IBRD serves as Trustee and administrator for both. Each of the MDBs listed above implements projects related to the CTF and SCF and administers funds transferred to it by the Trustee.

The CTF 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.

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 composed of contributor and recipient representatives, together with representatives from the World Bank, and the other MDBs. The World Bank and the other MDB representatives are non-decision making members. Decisions are made by consensus of the contributor and recipient representative members of the CTF Trust Fund Committee.

In order to facilitate CIF collaboration, coordination and information exchange among the MDBs, a committee comprising representatives of the MDBs, including the World Bank, was established (the MDB Committee) and is responsible for duties such as identifying specific areas in which the MDBs may harmonize their climate change programs, reviewing recommendations proposed by the Administrative Unit on program criteria for

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2012 and December 31, 2011

*All amounts expressed in U.S. dollars unless otherwise noted*

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approval by the CTF Trust Fund Committee, and serving as a forum to ensure effective operational coordination among the MDBs.

The Administrative Unit supports the work of the CIF, including the CTF, and also supports the CTF Trust Fund Committee and other bodies of the CIF. The Administrative Unit is housed in the Washington, D.C. offices of the World Bank and comprises a team of World Bank professional and administrative staff. 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, and the preparation of the annual consolidated report on the CTF's activities, performance, status of implementation, in addition to managing partnerships and external relations.

IBRD serves as the Trustee and the World Bank serves as an Implementing Entity (IE) for the CTF. In its capacity as the Trustee of the CTF, IBRD established a trust fund (World Bank Reference TF069011) for the CTF under administration by IBRD as Trustee (the "Trust Fund") on February 25, 2009 (date of inception, hereinafter referred to as "Inception"), to receive contributions from contributors. The Trust Fund holds the assets of the CTF, pursuant to the terms of the contribution agreements/arrangements entered into with the contributors. In accordance with the decisions taken by the CTF Trust Fund Committee, or the MDB Committee where relevant, and subject to the availability of applicable resources in the Trust Fund and the terms of the contribution agreements/arrangements, the Trustee makes commitments and transfers the CTF resources, in the manner agreed with the MDBs. In addition, in its capacity as an IE of the CTF, the World Bank has established a separate trust fund (i.e., the CTF trust fund under administration by the World Bank as IE) to receive CTF funds transferred by the Trustee from this Trust Fund.

These special purpose financial statements report solely upon the activities of the Trust Fund. Separate special purpose financial statements are prepared for (i) the CTF trust fund under administration by the World Bank as IE, (ii) the SCF trust fund under administration by IBRD as Trustee, and (iii) the SCF trust fund under administration by the World Bank as IE. In addition, these special purpose financial statements do not include any activities undertaken by other MDBs as IEs of the CTF and SCF, as they are reported separately.

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2012 and December 31, 2011

All amounts expressed in U.S. dollars unless otherwise noted

## Note 2 - Significant Accounting Policies

*Basis of Special Purpose Presentation* – These special purpose financial statements have been prepared for the specific purpose of reflecting the sources and applications of contributions received from contributors are not intended to be a presentation in conformity with U.S. generally accepted accounting principles (U.S. GAAP) or International Financial Reporting Standards (IFRS).

These special purpose financial statements have been prepared solely for the information and use of the CTF Trust Fund Committee, IBRD as the Trustee of the Trust Fund, and the contributors to the Trust Fund, and are not intended to be and should not be used by anyone other than these specified parties.

*Basis of Accounting* – As approved by the CTF Trust Fund Committee, the Trust Fund's financial statements are prepared on the special purpose basis of accounting. The Trust Fund's special purpose financial statements are prepared on the accrual basis of accounting, with the exception of (i) administrative budget expenses, which are accounted for on a cash basis; (ii) net investment income earned by the other MDBs on CTF funds, which are also accounted for on a cash basis; and (iii) reflows and returns of CTF funds disbursed by MDBs, such as principal repayment, interest and other reflows are recorded by the Trust Fund when the cash is received by the MDBs from the project recipients. The specific accounting policies are as described in more detail below:

*Share of cash and investments in the Pool* – Amounts paid into the Trust Fund, but not yet disbursed, are managed by IBRD, which maintains an investment portfolio (the Pool) for all of the trust funds administered by IBRD, IDA, IFC, the Multilateral Investment Guarantee Agency, and the International Centre for Settlement of Investment Disputes (collectively, the World Bank Group). IBRD, on behalf of the World Bank Group maintains all trust fund assets separate and apart from the funds of 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, on behalf of the World Bank Group. These sub-portfolios may hold all or a portion of the financial instruments held by the Pool.

Generally, the Pool includes cash and liquid financial instruments such as government and agency obligations, time deposits, money market securities, and asset-backed securities. The Pool may also include securities pledged as collateral under repurchase agreements as well as derivatives with other counterparties, and receivables from resale agreements as well as derivatives for which it has accepted collateral. Additionally, the



# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

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All amounts expressed in U.S. dollars unless otherwise noted

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Pool includes derivative contracts such as currency forward contracts, currency swaps, interest rate swaps, and contracts to purchase or sell mortgage-backed securities to-be-announced (TBAs). Payables and receivables associated with the investment activities are also included in the Pool.

The Pool is a trading portfolio and is reported at fair value, with realized and unrealized gains/losses included in net investment income. The share in pooled cash and investments represents the Trust Fund's share of the Pool's fair value at the end of each reporting period and is not deemed to be equivalent to cash for the purpose of the special purpose statements of cash flows.

*Contributions and contributions receivable* – The Trust Fund holds all paid in contributions, and the Trustee manages them in accordance with the contribution agreements/arrangements with the contributors and based on the funding decisions made by the CTF Trust Fund Committee.

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.

A grant contribution to the CTF may be used to finance 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, but not grants. Loan contributions to the CTF may be used to finance concessional loans and other financial products, such as guarantees, on terms no more concessional than the contributions. The term "capital contribution" defines the permitted use of funds, and does not mean that share capital or equity instruments have been issued to contributors in return for capital contributions received.

Upon termination of the Trust Fund, any remaining unallocated funds, including related reflows and returns of other funds, and net investment income, if any, held by the 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.

Unconditional grant and capital contributions are recorded as revenue in the special purpose statements of activities upon execution of a contribution agreement/arrangement between a contributor and the Trustee. Contributions receivable are reported at nominal value, net of an allowance for doubtful receivables, if any. Contributions receivable are individually assessed for impairment at each date of the special purpose statements of financial position. When contributions receivable are overdue beyond dates specified in the

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

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contribution agreements/arrangements, the Trustee reduces the carrying value by recognizing a provision and an allowance for doubtful receivables as specified in the table below:

Contributions Receivable	
Period in arrears	Allowance percentage
24 months	50%
36 months	100%

Loan contributions are recorded as loans payable in the special purpose statements of activities upon execution of a loan agreement between a contributor and the Trustee and receipt of the cash by the Trustee. Loan contributors provide loans to the CTF at a rate of 0.75% interest per annum, with a 20 year maturity and a 10 year grace period on principal repayment. Therefore, repayments will begin from year 11 through year 20. Contributors that have made loan contributions to the Trust Fund will receive repayments based on the agreed loan terms.

*Project expense and project liabilities* – The CTF Trust Fund Committee approves project funding to be transferred by the Trust Fund to the MDBs to fund CTF projects. Project expenses and project liabilities to the MDBs are recognized upon the CTF Trust Fund Committee’s approval. Project liabilities are paid to the MDBs upon their request in accordance with the financial procedure agreements between the Trustee and the MDBs (the FPAs). Project liabilities may be denominated in either U.S. dollars or euro.

*MDB fees expense and MDB fees payable* – In accordance with the FPAs, fees are paid to the MDBs to cover their expenses associated with the project cycle management of CTF projects. The Trust Fund recognizes MDB fee expenses and MDB fees payable upon approval by the CTF Trust Fund Committee. MDB fees are paid to the MDBs upon their request in accordance with the FPAs.

*Administrative budget expense* – The CTF Trust Fund Committee, on an annual basis, approves the budget for administrative services to be paid by the Trust Fund. The administrative budget primarily covers the costs incurred by the Trustee, the Administrative Unit and the MDBs for the performance of their administrative services and other activities in support of the CTF. Once approved, and further allocated by the MDB Committee in the case of country programming budgets, administrative budget amounts pertaining to the Trustee, the Administrative Unit and the MDBs are paid upon their request. The administrative budget expense is reported on a cash basis.

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

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*Net investment income* – Investment income earned on CTF funds held by the World Bank and IFC as IE is credited directly in the Trust Fund on an accrual basis. Consequently, net investment income comprises the investment income earned by this Trust Fund, the investment income earned by the CTF Trust Fund under administration by the World Bank as IE, and the investment income earned by the CTF Trust Fund under administration by IFC as IE. Net investment income includes realized and unrealized investment income/loss.

*Net investment income from other MDBs* – In accordance with the FPAs, net investment income earned on CTF funds held by the other MDBs shall be returned to the Trust Fund upon the Trustee's request. Net investment income from the other MDBs is recorded on a cash basis. Since inception of the Trust Fund, no net investment income earned by the other MDBs has been received.

*Returns/reflows of CTF funds disbursed by MDBs* – Upon transfer of funds to MDBs for project expense, MDBs may disburse CTF funds to project recipients in the form of loans or other financial products, such as guarantees. In accordance with the FPAs, repayments of principal, interest, fees and other flow of funds from MDB loans and other financial products issued using CTF funds are reported and remitted by the MDB to the Trustee. These amounts are reflected in the Trust Fund when the cash is received by the MDBs from the recipients and reported to the Trustee by the MDBs.

*Translation of currencies* – The Trust Fund's special purpose financial statements are presented in U.S. dollars, which is the Trust Fund's functional and presentation currency. Transactions in currencies other than the U.S. dollars are reported at the market rates of exchange in effect on the date of the transaction. At the end of each reporting period, assets and liabilities that are not denominated in U.S. dollars are revalued at the market rate of exchange prevailing at the end of the respective reporting period. Any adjustment resulting from currency exchange rate changes is recognized as foreign currency exchange gain or loss.

*Use of estimates* – The preparation of financial statements requires management to make estimates and assumptions based upon information available as of the date of the special purpose financial statements. Actual results could differ from these estimates. Areas in which management makes estimates and assumptions in determining the amounts to be recorded include the fair value of financial instruments.

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2012 and December 31, 2011

All amounts expressed in U.S. dollars unless otherwise noted

## Note 3 – Contributions and Contributions Receivable

The amounts pledged by the contributors and received by the Trust Fund in the respective currencies for the period from Inception to December 31, 2012, are as follows:

Contributor	Type	Currency	Contributions	Paid in Cash	Contributions Receivable
Australia	Grant	Australian dollars	100,000,000	100,000,000	-
Japan	Grant	Japanese Yen	92,655,000,000	60,225,750,000	32,429,250,000
Sweden	Grant	Swedish kronor	600,000,000	600,000,000	-
United States	Grant	U.S. dollars	714,260,000	714,260,000	-
Spain	Capital	Euro	80,000,000	50,000,000	30,000,000
United Kingdom	Capital	Pounds sterling	609,921,760	372,854,000	237,067,760
Canada	Loan	U.S. dollars	199,376,262	199,375,262	-
France	Loan	Euro	203,000,000	203,000,000	-
Germany	Loan	U.S. dollars	615,000,000	615,000,000	-

The contribution of £609,921,760 made by the United Kingdom to the Trust Fund was in the form of a transfer from the SCF to the CTF pursuant to the contribution arrangement between the IBRD as Trustee of the SCF and the CTF and the United Kingdom of Great Britain and Northern Ireland, which authorized the transfer to the CTF.

The contribution of ¥92,655,000,000 made by Japan to the Trust Fund was in the form of a transfer from the SCF to the CTF pursuant to the contribution agreement between the IBRD as Trustee of the SCF and the CTF and the Government of Japan, which authorized the transfer to the CTF.

Grant and capital contributions and contributions receivables are presented below. The loan contributions summary is in Note 10.

Contributing Participants	Type	Contributions for the fiscal year ended December 31, 2012	Contributions for the fiscal year ended December 31, 2011	Contributions Receivable at December 31, 2012	Contributions Receivable at December 31, 2011
Japan	Grant	\$ -	\$ 716,418,843	\$376,296,705	\$ 658,571,336
United States	Grant	229,630,000	184,630,000	-	-
<b>Grant Contributions Total</b>		<b>229,630,000</b>	<b>901,048,843</b>	<b>376,296,705</b>	<b>658,571,336</b>
Spain	Capital	-	-	39,549,000	38,812,500
United Kingdom	Capital	148,253,922	206,882,570	383,267,447	363,842,152
<b>Capital Contributions Total</b>		<b>148,253,922</b>	<b>206,882,570</b>	<b>422,816,447</b>	<b>402,654,652</b>
<b>Total Contributions/Receivables</b>		<b>\$377,883,922</b>	<b>\$1,107,931,413</b>	<b>\$799,113,152</b>	<b>\$1,061,225,988</b>

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2012 and December 31, 2011

*All amounts expressed in U.S. dollars unless otherwise noted*

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The contributions receivable are expected to be received based on installment schedules in the respective contribution agreements/arrangements. Allowances for doubtful receivables are made in accordance with the table specified in Note 2. As of December 31, 2012 and December 31, 2011 none of the contributions receivable were assessed to be uncollectible, and therefore, no allowance has been established.

## **Note 4 – Net Investment Income**

Net investment income consists of the World Bank and IFC CTF trust funds' allocated share of the following: 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.

## **Note 5 - Fair value of Financial Instruments**

The Trust Fund's share in the Pool is not traded in any market; however, the underlying assets within the Pool are reported at fair value. All investment decisions are made and performance is monitored at the Pool level. The disclosure on fair value measurement and fair value hierarchy is therefore at the Pool level. The fair value of the Trust Fund's share of the cash and investments in the Pool at the end of each reporting period is also disclosed.

### ***Fair Value Measurements***

IBRD, on behalf of the World Bank Group, has an established and documented process for determining fair values. Fair value is based upon quoted market prices for the same or similar securities, 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, and may incorporate unobservable inputs. Selection of these inputs involves judgment. The Pool may include financial instruments such as government and agency obligations, time deposits, money market securities, asset-backed securities, securities purchased under resale agreements and securities sold under repurchase agreements, and derivatives.

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

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

## *Government and agency obligations and asset-backed securities*

Where available, quoted market prices are used to determine the fair value of government and agency obligations and asset-backed securities. For securities for which quoted market prices are not readily 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, prepayment speeds, foreign exchange rates, and funding spreads.

## *Time deposits and money market securities*

Unless quoted prices are available, time deposits and money market securities are of a short term nature and 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 of a short term nature and are reported at face value, which approximates fair value.

## *Derivative contracts*

Derivative contracts include currency forward contracts, currency swaps, interest rate swaps, and contracts to purchase or sell TBA securities. Derivatives are valued using model based valuation techniques which include the standard discounted cash flow method with market observable inputs such as yield curves, foreign exchange rates, basis spreads and funding spreads.

## ***Fair Value Hierarchy***

Financial instruments representing the pooled investments for all trust funds administered by the World Bank Group are recorded at fair value on a recurring basis and are categorized based on inputs to the valuation techniques as follows (in order of priority placed on the inputs):

- 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

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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.

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.

When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest priority level input that is significant to the fair value measurement of the instrument in its entirety. Thus, a Level 3 fair value measurement of the instrument may include inputs that are observable (Level 2) and unobservable (Level 3).

The following tables present the Pool's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of December 31, 2012 and December 31, 2011. Payables and receivables associated with the investment activities and cash are not included in the fair value hierarchy tables and their carrying amounts approximate their fair values. The Trust Fund's share of the Pool's financial instruments may comprise varying proportions among the three levels.

*In millions of U.S. dollars*

	Fair Value Measurement			
	as of December 31, 2012			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Government and agency obligations	\$4,266	\$ 9,016	\$-	<b>\$13,282</b>
Time deposits and money market securities	108	9,733	-	<b>9,841</b>
Asset-backed securities	-	3,000	1	<b>3,001</b>
Derivatives, net	-	(64)	-	<b>(64)</b>
<b>Total of financial instruments in the Pool at fair value</b>	<b>\$4,374</b>	<b>\$21,685</b>	<b>\$1</b>	<b>\$26,060</b>

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All amounts expressed in U.S. dollars unless otherwise noted

In millions of U.S. dollars

	Fair Value Measurement as of December 31, 2011			Total
	Level 1	Level 2	Level 3	
Government and agency obligations	\$5,268	\$ 8,318	\$ -	\$13,586
Time deposits and money market securities	849	7,374	-	8,223
Asset-backed securities	-	3,610	1	3,611
Securities purchased under resale agreements and securities sold under repurchase agreements, net	-	(4)	-	(4)
Derivatives, net	-	161	-	161
<b>Total of financial instruments in the Pool at fair value</b>	<b>\$6,117</b>	<b>\$19,459</b>	<b>\$1</b>	<b>\$25,577</b>

During the fiscal years ended December 31, 2012 and December 31, 2011, neither transfers between levels nor changes in the fair value of Level 3 securities were significant; therefore, no further disclosures on these items are included.

## ***Risks Management Related to the Pool***

The Trust Fund is exposed to credit risk on its share in the cash and investments in the Pool. IBRD, on behalf of the World Bank Group, limits investments to those financial instruments with minimum credit ratings at the time of purchase in the U.S. markets or equivalent as follows:

- Government and agency obligations - issued or unconditionally guaranteed by government agencies rated at least AA- if denominated in a currency other than the home currency of the issuer. Obligations issued by an agency or instrumentality of a government, a multilateral organization or any other official entity require a minimum credit rating of AA-;
- Time deposits and money market securities - issued or guaranteed by financial institutions whose senior debt securities are rated at least A-;
- Asset-backed securities - minimum rating must be AAA; and
- Derivatives - counterparties must have a minimum rating of A-.



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IBRD, on behalf of the World Bank Group, may require collateral in the form of cash or other approved liquid securities from individual counterparties in connection with resale agreements as well as derivatives. This collateral serves to mitigate IBRD's exposure to credit risk. The risk is also mitigated through the application of eligibility criteria and volume limits for transactions with individual counterparties and through the use of mark-to-market collateral arrangements for derivatives.

Under resale agreements, IBRD, on behalf of the World Bank Group, has not received securities as collateral as of December 31, 2012 and December 31, 2011, respectively. As of December 31, 2012 and December 31, 2011, the carrying amount of securities pledged as collateral under repurchase agreements was nil and \$4 million, respectively.

The following is a summary of the collateral received/paid by IBRD, on behalf of the World Bank Group, in relation to derivatives as of December 31, 2012 and December 31, 2011:

*In millions of U.S. dollars*

	<b>2012</b>	<b>2011</b>
Collateral received at fair value	\$0.3	\$131.0
Collateral permitted to repledge	0.3	131.0
of which, amount of collateral repledged	-	-
Collateral paid at carrying value	0.2	0.03

### ***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 to a sub-portfolio based on specific investment horizons, risk tolerances and other eligibility requirements, has a fair value of \$2,727,924,361 and \$2,215,853,132 as of December 31, 2012 and December 31, 2011, respectively.

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2012 and December 31, 2011

All amounts expressed in U.S. dollars unless otherwise noted

The following table presents investment holdings in the sub-portfolio in terms of the counterparty credit risk exposure and investment categories as of December 31, 2012 and December 31, 2011.

Counterparty credit ratings	2012	2011
AA or greater	65%	63%
A- or greater	99%	100%
BBB+ or greater	100%	-
Types of financial instruments		
Government and agency obligations	55%	47%
Time deposits and money market securities	30%	37%
Asset-backed securities	15%	15%
Derivatives, net	-	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Note 6 – Returns/Reflows of CTF Funds

The returns/reflows of CTF funds which have been received by the MDBs and are receivable by the Trust Fund from the MDBs are as follows:

For the fiscal year ended December 31, 2012:

Returns/reflows of CTF Funds Received by the MDBs				
	Principal	Interest	Fees	Total
EBRD	\$ -	\$ 630,209	\$ -	\$ 630,209
IADB	1,125,000	779,512	-	1,904,512
IBRD/IDA as IE	-	747,756	-	747,756
IFC	1,240,000	460,996	765,951	2,466,947
<b>Total</b>	<b>\$ 2,365,000</b>	<b>\$ 2,618,473</b>	<b>\$ 765,951</b>	<b>\$ 5,749,424</b>

For the fiscal year ended December 31, 2011:

Returns/reflows of CTF Funds Received by the MDBs				
	Principal	Interest	Fees	Total
EBRD	\$ -	\$ 506,945	\$ -	\$ 506,945
IADB	1,035,000	806,891	-	1,841,891
IBRD/IDA as IE	-	390,276	-	390,276
IFC	1,010,000	345,531	412,093	1,767,624
<b>Total</b>	<b>\$ 2,045,000</b>	<b>\$ 2,049,643</b>	<b>\$ 412,093</b>	<b>\$ 4,506,736</b>

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2012 and December 31, 2011

All amounts expressed in U.S. dollars unless otherwise noted

## Returns/reflows of CTF Funds Receivable

Implementing Entity	As of December 31, 2012	As of December 31, 2011
EBRD	\$ 1,360,487	\$ 730,278
IADB	5,484,069	3,579,557
IFC	4,275,470	1,807,693
<b>Total</b>	<b>\$ 11,120,026</b>	<b>\$ 6,117,528</b>

## Note 7 – Project Expense and Project Liabilities

Project expense and liabilities are as follows:

### Project expense

Implementing Entity	For the fiscal year ended December 31, 2012	For the fiscal year ended December 31, 2011
ADB	\$ 204,710,000	\$ 2,000,000
AfDB	-	325,995,500
EBRD	49,435,400	71,914,000
IADB	119,224,000	114,260,000
IBRD/IDA as IE	55,744,000	350,000,000
IFC	213,000	9,550,000
Subtotal	429,326,400	873,719,500
Independent Evaluation of the CTF	927,500	-
<b>Total</b>	<b>\$ 430,253,900</b>	<b>\$ 873,719,500</b>

### Project liabilities

Implementing Entity	As of December 31, 2012	As of December 31, 2011
ADB	\$ 185,260,000	\$ -
AfDB	374,075,000	374,075,000
EBRD	83,366,000	58,200,000
IADB	181,105,500	141,435,500
IBRD/IDA as IE	740,645,000	821,500,000
IFC	124,688,000	169,075,000
<b>Total</b>	<b>\$ 1,689,139,500</b>	<b>\$ 1,564,285,500</b>

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2012 and December 31, 2011

All amounts expressed in U.S. dollars unless otherwise noted

## Note 8 – MDB Fees Expense and MDB Fees Payable

MDB fees expense and payable are as follows:

### MDB fees expense

<u>Implementing Entity</u>	<u>For the fiscal year ended December 31, 2012</u>	<u>For the fiscal year ended December 31, 2011</u>
ADB	\$ 762,500	\$ 100,000
AfDB	0	49,775
EBRD	756,110	858,000
IADB	429,000	749,000
IBRD/IDA as IE	37,200	150,000
IFC	10,500	450,000
<b>Total</b>	<b>\$ 1,995,310</b>	<b>\$ 2,356,775</b>

### MDB fees payable

<u>Implementing Entity</u>	<u>As of December 31, 2012</u>	<u>As of December 31, 2011</u>
ADB	\$ 240,000	\$ -
EBRD	869,000	522,000
IADB	12,500	-
IBRD/IDA as IE	-	50,000
IFC	10,500	-
<b>Total</b>	<b>\$ 1,132,000</b>	<b>\$ 572,000</b>

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2012 and December 31, 2011

All amounts expressed in U.S. dollars unless otherwise noted

## Note 9 – Administrative Budget Expense

Administrative budget expense is as follows:

	For the fiscal year ended December 31, 2012	For the fiscal year ended December 31, 2011
<b>Administrative budget expense</b>		
ADB	\$ 243,284	\$ 179,193
AfDB	138,100	477,500
EBRD	395,730	401,611
IADB	344,027	623,523
IBRD/IDA as IE	788,574	676,602
IFC	325,978	136,380
IBRD as Trustee	1,830,674	1,122,885
IBRD/IDA as Administrative Unit	2,613,300	3,233,100
<b>Total</b>	<b>\$ 6,679,667</b>	<b>\$ 6,850,794</b>

## Note 10 – Loans Payable, Interest Expense and Interest Payable

During the fiscal year ended December 31, 2012, CTF received loan contributions of \$199,376,262 from the Government of Canada. For the period from inception to December 31, 2012, CTF received contributions in the form of loans as summarized below. The change in the U.S. dollar loan contribution amount of the France loan from December 31, 2011 to December 31, 2012 is due to foreign currency exchange rate revaluation.

<u>Donor</u>	<u>Date received</u>	<u>Currency</u>	<u>Amount</u>	<u>U.S. dollar equivalent December 31, 2012</u>	<u>U.S. dollar equivalent December 31, 2011</u>
Germany	6/1/2010	U.S. dollar	615,000,000	\$ 615,000,000	\$ 615,000,000
France	12/1/2010	Euro	203,000,000	267,614,900	262,631,250
Canada	4/13/2012	U.S. dollar	100,150,225	100,150,225	-
Canada	7/27/2012	U.S. dollar	99,226,037	99,226,037	-
<b>Total</b>				<b>\$ 1,081,991,162</b>	<b>\$ 877,631,250</b>

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2012 and December 31, 2011

All amounts expressed in U.S. dollars unless otherwise noted

The interest rate on the loans is three-fourths of one percent (3/4%) per annum and is payable semi-annually. Principal repayment of 5% of the loan amount will be made semi-annually for ten years after a ten year grace period from the date the loan was received.

The interest expense and interest payable for the fiscal years ended December 31, 2012 and December 31, 2011 is as summarized below.

As of and for the fiscal year ended December 31, 2012:

Donor	Date received	Currency	Amount	Interest rate	Days in 2012	Interest expense	U.S. dollar equivalent	Interest paid	Interest payable	U. S. dollar equivalent
Germany	6/1/2010	U.S. dollar	615,000,000	0.75%	366	\$ 4,689,376	\$ 4,689,376	\$ 4,292,188	\$ 397,188	\$ 397,188
France	12/1/2010	Euro	203,000,000	0.75%	366	€ 1,547,875	1,990,497	€ 1,416,771	€ 131,104	172,835
Canada	4/13/2012	U.S. dollar	100,150,225	0.75%	263	\$ 548,740	548,740	\$ 484,059	\$ 64,680	64,680
Canada	7/27/2012	U.S. dollar	99,226,037	0.75%	158	\$ 326,619	326,619	\$ 262,536	\$ 64,083	64,083
<b>Total</b>							<u>\$ 7,555,231</u>			<u>\$ 698,786</u>

As of and for the fiscal year ended December 31, 2011:

Donor	Date received	Currency	Amount	Interest rate	Days in 2011	Interest expense	U.S. dollar equivalent	Interest paid	Interest payable	U. S. dollar equivalent
Germany	6/1/2010	U.S. dollar	615,000,000	0.75%	365	\$ 4,676,563	\$ 4,676,563	\$ 4,279,376	\$ 397,187	\$ 397,187
France	12/1/2010	Euro	203,000,000	0.75%	365	€ 1,543,646	2,165,469	€ 1,412,542	€ 131,104	169,616
<b>Total</b>							<u>\$ 6,842,032</u>			<u>\$ 566,803</u>

## Note 11 – Subsequent Events

Management has evaluated subsequent events through April 30, 2013, the date the special purpose financial statements were available to be issued. There were no subsequent events that required adjustment or disclosure.