



December 31, 2013 and 2012

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

Clean Technology Fund
Special Purpose Financial Statements

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SPECIAL PURPOSE STATEMENTS OF FINANCIAL POSITION

As of December 31, 2013 and December 31, 2012

Expressed in U.S. dollars

	Note	2013	2012
Assets			
Share of cash and investments in the Pool	5	\$ 2,794,622,558	\$ 2,727,924,361
Contributions receivable, net	3	941,497,936	799,113,152
Returns/reflows receivable from MDBs	6	6,420,572	11,120,026
Total assets		\$ 3,742,541,066	\$ 3,538,157,539
Liabilities and Net Trust Fund Resources			
Liabilities			
Project liabilities	7	\$ 2,300,542,758	\$ 1,689,139,500
MDB fees payable	8	2,014,742	1,132,000
Loans payable	10	1,093,836,212	1,081,991,162
Loan interest payable	10	706,436	698,786
Total liabilities		\$ 3,397,100,148	\$ 2,772,961,448
Net Trust Fund Resources		345,440,918	765,196,091
Total liabilities and Net Trust Fund Resources		\$ 3,742,541,066	\$ 3,538,157,539

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, 2013 and December 31, 2012

Expressed in U.S. dollars

	Note	2013	2012
Revenues			
Contributions	3	\$ 504,072,921	\$ 377,883,922
Net investment income	4	3,340,421	24,916,124
Returns/reflows of CTF funds from MDBs	6	7,630,024	5,749,424
Total revenues		\$ 515,043,366	\$ 408,549,470
Expenses			
Project expense	7	\$ 844,722,808	\$ 430,253,900
MDB fees expense	8	3,090,242	1,995,310
Administrative budget expense	9	6,945,565	6,679,667
Interest expense	10	8,247,076	7,555,231
Total expenses		\$ 863,005,691	\$ 446,484,108
Foreign currency exchange loss		(51,143,098)	(37,010,366)
Provision for doubtful contributions receivable		(20,649,750)	-
		(71,792,848)	(37,010,366)
Change in Net Trust Fund Resources		(419,755,173)	(74,945,004)
Net Trust Fund Resources, beginning of the year		765,196,091	840,141,095
Net Trust Fund Resources, end of the year		\$ 345,440,918	\$ 765,196,091

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, 2013 and December 31, 2012

Expressed in U.S. dollars

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in Net Trust Fund Resources	\$ (419,755,173)	\$ (74,945,004)
Adjustments to reconcile change in Net Trust Fund Resources to net cash used in operating activities:		
Unrealized foreign exchange loss	46,810,286	37,571,278
Provision for doubtful receivable	20,649,750	-
(Increase) Decrease in contributions receivable	(194,398,320)	230,096,208
Decrease (Increase) in returns/reflows receivable from MDBs	4,699,454	(5,002,498)
Increase in project liabilities	607,801,808	124,283,000
Increase in MDB fees payable	882,742	560,000
Increase in loan interest payable	7,650	131,983
Increase in share of cash and investments in the Pool	(66,698,197)	(512,071,229)
Net cash used in operating activities	<u>\$ -</u>	<u>\$ (199,376,262)</u>
Cash flows from financing activities:		
Increase in loans payable	-	199,376,262
Net cash provided by financing activities	<u>\$ -</u>	<u>\$ 199,376,262</u>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Supplemental Disclosure - Unrealized Foreign Exchange Loss		
Changes in ending balances resulting from exchange rate fluctuation		
Operating Activities		
Contributions receivable	31,363,786	32,016,628
Project liabilities	3,601,450	571,000
Financing activities		
Loans Payable	11,845,050	4,983,650
Total unrealized foreign exchange loss	<u><u>\$ 46,810,286</u></u>	<u><u>\$ 37,571,278</u></u>

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

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2013 and December 31, 2012

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 approval by

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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

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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 and 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 MDBs except the World Bank and IFC (“other MDBs”) on CTF funds, which is 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 and reported to the Trustee by the MDB. 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, the International Development Association, the International Finance Corporation, 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 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.

Generally, the Pool includes cash and liquid financial instruments such as government and agency obligations, time deposits, money market securities, and asset-backed securities. Additionally, the 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

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investment activities are also included in the Pool. The Pool may also include securities pledged as collateral under repurchase agreements as well as derivatives with other counterparties. The Pool may also include securities receivable from resale agreements as well as derivatives for which it has accepted collateral.

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. An individual sub-portfolio may hold all or a portion of the types of financial instruments held by the Pool.

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 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 but not grants, on terms no more concessional than the loan 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.

Upon effectiveness of the contribution agreements/arrangements, grants 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.

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When contributions receivable are overdue beyond dates specified in the 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%

Loans payable and related interest – 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 on principal will begin from year 11 and last 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 (the FPAs) between the Trustee and the MDBs. 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

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Administrative Unit and the MDBs are paid upon their request. The administrative budget expense is reported on a cash basis.

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 administered and held by the other MDBs as IEs 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 flows 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 as receivables and income from MDBs 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 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.

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Note 3 – Contributions and Contributions Receivable

The contribution amounts agreed to by the contributors and received by the Trust Fund in the respective currencies for the period from Inception to December 31, 2013, 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	71,807,625,000	20,847,375,000
Sweden	Grant	Swedish kronor	600,000,000	600,000,000	-
United States	Grant	U.S. dollars	889,542,921	889,542,921	-
Spain	Capital	Euro	80,000,000	50,000,000	30,000,000
United Kingdom	Capital	Pounds sterling	809,921,760	372,854,000	437,067,760
Canada	Loan	U.S. dollars	199,376,262	199,376,262	-
France	Loan	Euro	203,000,000	203,000,000	-
Germany	Loan	U.S. dollars	615,000,000	615,000,000	-

The contribution of £809,921,760 made by the United Kingdom to the Trust Fund was in the form of a transfer of the receivable 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. A summary of loan contributions is presented in Note 10.

Contributing Participants	Type	Contributions for the fiscal year ended December 31, 2013	Contributions for the fiscal year ended December 31, 2012	Contributions Receivable at December 31, 2013	Contributions Receivable at December 31, 2012
Japan	Grant	\$ -	\$ -	\$ 198,593,713	\$ 376,296,705
United States	Grant	175,282,921	229,630,000	-	-
Grant Contributions Total		175,282,921	229,630,000	198,593,713	376,296,705
Spain	Capital	-	-	41,299,500	39,549,000
United Kingdom	Capital	328,790,000	148,253,922	722,254,473	383,267,447
Capital Contributions Total		328,790,000	148,253,922	763,553,973	422,816,447
Total Contributions/Receivables		\$504,072,921	\$377,883,922	\$962,147,686	\$799,113,152
Less Allowance for doubtful receivable				20,649,750	-
Net Contributions Receivable				\$941,497,936	\$799,113,152

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

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 policy specified in Note 2. As of December 31, 2013 and December 31, 2012, respectively an allowance in the amount of \$20, 649,750 and nil was recorded.

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.

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-

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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 of the trust funds administered by the World Bank Group are recorded at fair value on a recurring basis and are categorized based on the 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 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).

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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, 2013 and December 31, 2012. Payables and receivables associated with the investment activities and cash are not included in the fair value hierarchy tables as 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, 2013			
	Level 1	Level 2	Level 3	Total
Government and agency obligations	\$4,757	\$10,631	\$ -	\$15,388
Time deposits and money market securities	738	6,905	-	7,643
Asset-backed securities	-	2,922	-	2,922
Securities purchased under resale agreements and securities sold under repurchase agreements, net	-	1,732	-	1,732
Derivatives, net	-	(219)	-	(219)
Total of financial instruments in the Pool at fair value	\$5,495	\$21,971	\$ -	\$27,466

In millions of U.S. dollars

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

During the fiscal years ended December 31, 2013 and December 31, 2012 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.

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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-.

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 received securities as collateral with a fair value of \$2,069 million and nil as of December 31, 2013 and December 31, 2012, respectively, and is permitted to sell or repledge these securities. No securities have been sold or repledged as of December 31, 2013. As of December 31, 2013 and December 31, 2012, the carrying amount of securities pledged as collateral under repurchase agreements was \$332 million and nil, respectively.

The following is a summary of the collateral received by IBRD, on behalf of the World Bank Group, in relation to derivatives as of December 31, 2013 and December 31, 2012:

In millions of U.S. dollars

	2013	2012
Collateral received at fair value	\$1.4	\$0.3
Collateral permitted to be repledged	1.4	0.3
Amount of collateral repledged	-	-
Collateral paid at carrying value	-	0.2

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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 \$2,794,622,558 and \$2,727,924,361 as of December 31, 2013 and December 31, 2012, respectively.

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, 2013 and December 31, 2012.

Counterparty credit ratings	2013	2012
AA or greater	75%	65%
A- or greater	98%	99%
BBB+ or greater	100%	100%
Types of financial instruments		
Government and agency obligations	60%	55%
Time deposits and money market securities	20%	30%
Asset-backed securities	17%	15%
Securities purchased under resale agreements and securities sold under repurchase agreements, net	4%	-
Derivatives, net	-1%	-
Total	100%	100%

Note 6 – Returns/Reflows of CTF Funds

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

Returns/reflows of CTF Funds Received by the MDBs

	For the fiscal year ended December 31, 2013			Total
	Principal	Interest	Fees	
ADB	\$ 448,000	\$ 84,055	\$ -	\$ 532,055
EBRD	75,952	754,784	-	830,736
IADB	1,260,000	1,195,808	-	2,455,808
IBRD/IDA as IE	-	1,268,729	-	1,268,729
IFC	1,482,668	712,559	347,469	2,542,696
Total	\$ 3,266,620	\$ 4,015,935	\$ 347,469	\$ 7,630,024

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2013 and December 31, 2012

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

Returns/reflows of CTF Funds Received by the MDBs

	For the fiscal year ended December 31, 2012			Total
	Principal	Interest	Fees	
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
Total	\$ 2,365,000	\$ 2,618,473	\$ 765,951	\$ 5,749,424

Receivables by the Trust Fund from the MDBs are as follows:

Returns/reflows of CTF Funds Receivable

	As of December 31, 2013	As of December 31, 2012
ADB	\$ 532,055	\$ -
EBRD	830,736	1,360,487
IADB	2,455,808	5,484,069
IBRD/IDA as IE	59,277	-
IFC	2,542,696	4,275,470
Total	\$ 6,420,572	\$ 11,120,026

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, 2013	For the fiscal year ended December 31, 2012
ADB	\$ 398,105,000	\$ 204,710,000
AfDB	(6,125,000)	-
EBRD	95,668,883	49,435,400
IADB	73,450,000	119,224,000
IBRD/IDA as IE	195,000,000	55,744,000
IFC	88,623,925	213,000
Subtotal	844,722,808	429,326,400
Independent Evaluation of the CTF	-	927,500
Total	\$ 844,722,808	\$ 430,253,900

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2013 and December 31, 2012

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

Project liabilities

Implementing Entity	As of December 31, 2013	As of December 31, 2012
ADB	\$ 548,365,000	\$ 185,260,000
AfDB	321,762,000	374,075,000
EBRD	160,159,233	83,366,000
IADB	202,970,500	181,105,500
IBRD/IDA as IE	847,510,000	740,645,000
IFC	219,776,025	124,688,000
Total	\$ 2,300,542,758	\$ 1,689,139,500

Note 8 – MDB Fees Expense and MDB Fees Payable

MDB fees expense and payable are as follows:

MDB fees expense

Implementing Entity	For the fiscal year ended December 31, 2013	For the fiscal year ended December 31, 2012
ADB	\$ 845,000	\$ 762,500
AfDB	(377,500)	-
EBRD	375,242	756,110
IADB	547,500	429,000
IBRD/IDA as IE	50,000	37,200
IFC	1,650,000	10,500
Total	\$ 3,090,242	\$ 1,995,310

MDB fees payable

Implementing Entity	As of December 31, 2013	As of December 31, 2012
ADB	\$ 845,000	\$ 240,000
AfDB	(425,000)	-
EBRD	884,242	869,000
IADB	-	12,500
IFC	710,500	10,500
Total	\$ 2,014,742	\$ 1,132,000

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2013 and December 31, 2012

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, 2013	For the fiscal year ended December 31, 2012
Administrative budget expense		
ADB	\$ 379,368	\$ 243,284
AfDB	177,322	138,100
EBRD	405,157	395,730
IADB	474,200	344,027
IBRD/IDA as IE	(396,188)	788,574
IFC	512,164	325,978
IBRD as Trustee	3,465,055	1,830,674
IBRD/IDA as Administrative Unit	1,928,487	2,613,300
Total	\$ 6,945,565	\$ 6,679,667

Note 10 – Loans Payable, Interest Expense and Interest Payable

For the period from inception to December 31, 2013, CTF received contributions in the form of loans as summarized below.

<u>Donor</u>	<u>Date received</u>	<u>Currency</u>	<u>Amount</u>	<u>U.S. dollar equivalent December 31, 2013</u>	<u>U.S. dollar equivalent December 31, 2012</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	279,459,950	267,614,900
Canada	4/13/2012	U.S. dollar	100,150,225	100,150,225	100,150,225
Canada	7/27/2012	U.S. dollar	99,226,037	99,226,037	99,226,037
Total				\$1,093,836,212	\$1,081,991,162

The interest rate on the loans is three-fourths of one percent (0.75%) 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.

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2013 and December 31, 2012

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

The interest expense and interest payable for the fiscal years ended December 31, 2013 and December 31, 2012 is as summarized below.

As of and for the fiscal year ended December 31, 2013:

Donor	Date received	Currency	Amount	Interest expense	U.S. dollar equivalent	Interest paid	Interest payable	U. S. dollar equivalent
Germany	6/1/2010	U.S. dollar	615,000,000	\$ 4,676,563	\$ 4,676,563	\$ 4,279,375	\$ 397,188	\$ 397,188
France	12/1/2010	Euro	203,000,000	€ 1,543,646	2,054,423	€ 1,412,542	€ 131,104	180,485
Canada	4/13/2012	U.S. dollar	100,150,225	\$ 755,968	755,968	691,288	\$ 64,680	64,680
Canada	7/27/2012	U.S. dollar	99,226,037	\$ 760,122	760,122	696,039	\$ 64,083	64,083
Total					\$ 8,247,076			\$ 706,436

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

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

Note 11 – Subsequent Events

On April 14, 2014, Australia withdrew from further engagement with the Climate Investment Funds both as a contributor and member of the CIF Trust Fund Committees. This follows a review of Australia's strategic and budgetary priorities across the Australian aid program. However, Australia will continue to keep the right to receive its proportionate residual resources upon completion of the CIF programs in 2030.

Subsequent events have been evaluated through May 30, 2014, which is the date the special purpose financial statements were authorized to be issued by IBRD's management, in its capacity as the Trustee, and the Trustee has determined that there are no other items to disclose.