



December 31, 2014 and 2013

# 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, Accounting and Business Services Department  
Finance and Accounting Vice Presidency

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

**Clean Technology Fund  
Administered by IBRD as Trustee**

**Special Purpose Financial Statements**

**December 31, 2014 and 2013**

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# SPECIAL PURPOSE STATEMENTS OF FINANCIAL POSITION

As of December 31, 2014 and December 31, 2013

Expressed in U.S. dollars

|   | Note | 2014                    | 2013                    |
|---|------|-------------------------|-------------------------|
| <b>Assets</b>   |      |                         |                         |
| Share of cash and investments in the Pool             | 3    | \$ 2,485,591,431        | \$ 2,794,622,558        |
| Contributions receivable, net                         | 4    | 888,909,906             | 941,497,936             |
| Returns/reflows receivable from MDBs                  | 6    | 15,859,979              | 6,420,572               |
| <b>Total assets</b>                                   |      | <b>\$ 3,390,361,316</b> | <b>\$ 3,742,541,066</b> |
| <b>Liabilities and Net Trust Fund Resources</b>       |      |                         |                         |
| <b>Liabilities</b>                                    |      |                         |                         |
| Project liabilities                                   | 7    | \$ 2,490,352,075        | \$ 2,300,542,758        |
| MDB fees payable                                      | 8    | 3,170,500               | 2,014,742               |
| Loans payable   | 10   | 1,061,132,912           | 1,093,836,212           |
| Loan interest payable                                 | 10   | 685,315                 | 706,436                 |
| <b>Total liabilities</b>                              |      | <b>\$ 3,555,340,802</b> | <b>\$ 3,397,100,148</b> |
| <b>Net Trust Fund Resources</b>                       | 11   | (164,979,486)           | 345,440,918             |
| <b>Total liabilities and Net Trust Fund Resources</b> |      | <b>\$ 3,390,361,316</b> | <b>\$ 3,742,541,066</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, 2014 and December 31, 2013

Expressed in U.S. dollars

|   | Note | 2014                    | 2013                  |
|---|------|-------------------------|-----------------------|
| <b>Revenues</b>   |      |                         |                       |
| Contributions   | 4    | \$ 393,748,750          | \$ 504,072,921        |
| Net investment income   | 5    | 30,548,611              | 3,340,421             |
| Returns/reflows of CTF funds from MDBs                        | 6    | 14,928,620              | 7,630,024             |
| Interest income earned on MDBs grant funds                    |      | 126,747                 | -                     |
| <b>Total revenues</b>   |      | <b>\$ 439,352,728</b>   | <b>\$ 515,043,366</b> |
| <b>Expenses</b>   |      |                         |                       |
| Project expense   | 7    | \$ 933,228,247          | \$ 844,722,808        |
| MDB fees expense  | 8    | 6,119,846               | 3,090,242             |
| Administrative budget expense                                 | 9    | 6,266,681               | 6,945,565             |
| Interest expense  | 10   | 8,201,667               | 8,247,076             |
| <b>Total expenses</b>   |      | <b>\$ 953,816,441</b>   | <b>\$ 863,005,691</b> |
| Foreign currency exchange loss                                |      | (16,606,440)            | (51,143,098)          |
| Recovery of (provision for) doubtful contributions receivable |      | 20,649,750              | (20,649,750)          |
|   |      | 4,043,310               | (71,792,848)          |
| Change in Net Trust Fund Resources                            |      | (510,420,404)           | (419,755,173)         |
| Net Trust Fund Resources, beginning of the year               |      | 345,440,918             | 765,196,091           |
| <b>Net Trust Fund Resources, end of the year</b>              |      | <b>\$ (164,979,486)</b> | <b>\$ 345,440,918</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, 2014 and 2013

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

|  | <u>2014</u>                  | <u>2013</u>                 |
|--|------------------------------|-----------------------------|
| <b>Cash flows from operating activities:</b>   |                              |                             |
| Change in Net Trust Fund Resources   | \$ (510,420,404)             | \$ (419,755,173)            |
| Adjustments to reconcile change in Net Trust Fund Resources<br>to net cash used in operating activities: |                              |                             |
| Unrealized foreign exchange (gain)/loss  | (9,099,914)                  | 46,810,286                  |
| (Recovery of) provision for doubtful contributions receivable  | (20,649,750)                 | 20,649,750                  |
| Decrease (increase) in contributions receivable  | 29,625,244                   | (194,398,320)               |
| (Increase) decrease in returns/reflows receivable from MDBs  | (9,439,407)                  | 4,699,454                   |
| Increase in project liabilities  | 209,818,467                  | 607,801,808                 |
| Increase in MDB fees payable   | 1,155,758                    | 882,742                     |
| (Decrease) increase in loan interest payable   | (21,121)                     | 7,650                       |
| Decrease (increase) in share of cash and investments in the Pool   | 309,031,127                  | (66,698,197)                |
| <b>Net cash used in operating activities</b>   | <u>\$ -</u>                  | <u>\$ -</u>                 |
| <b>Cash flows from financing activities:</b>   |                              |                             |
| Increase in loans payable  | -                            | -                           |
| <b>Net cash provided by financing activities</b>   | <u>\$ -</u>                  | <u>\$ -</u>                 |
| <b>Net increase in cash and cash equivalents</b>   | -                            | -                           |
| Cash and cash equivalents, beginning of year   | -                            | -                           |
| <b>Cash and cash equivalents, end of year</b>  | <u><u>\$ -</u></u>           | <u><u>\$ -</u></u>          |
| <b>Supplemental Disclosure:</b>  |                              |                             |
| <b>Unrealized Foreign Exchange (Gain)/Loss</b>   |                              |                             |
| Changes in ending balances resulting from exchange rate fluctuation                                      |                              |                             |
| <b>Operating Activities</b>  |                              |                             |
| Contributions receivable   | 43,612,536                   | 31,363,786                  |
| Project liabilities  | (20,009,150)                 | 3,601,450                   |
| <b>Financing activities</b>  |                              |                             |
| Loans Payable  | (32,703,300)                 | 11,845,050                  |
| <b>Total unrealized foreign exchange (gain)/loss</b>   | <u><u>\$ (9,099,914)</u></u> | <u><u>\$ 46,810,286</u></u> |
| <b>Interest paid</b>   | <u><u>\$ 7,516,352</u></u>   | <u><u>\$ 8,247,076</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, 2014 and December 31, 2013

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

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## 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 decision making 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 the CTF Trust Fund Committee, and serving as a forum to ensure effective operational coordination among the MDBs.

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2014 and December 31, 2013

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

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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, 2014 and December 31, 2013

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 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) and is 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 that 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:

*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.



# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2014 and December 31, 2013

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

Upon effectiveness of signed contribution agreement/arrangement between a contributor and the Trustee, grant and capital contributions are recorded as revenue in the special purpose statements of activities. Contributions receivable are reported at nominal value, net of an allowance for doubtful receivables, if any.

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:

| <b>Contributions Receivable</b> |                             |
|---------------------------------|-----------------------------|
| <b>Period in arrears</b>        | <b>Allowance percentage</b> |
| 24 months                       | 50%                         |
| 36 months                       | 100%                        |

*Loans payable and related interest* – Loan contributions are recorded as loans payable in the special purpose statements of financial position 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, payable semi-annually, 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. Principal repayment of 5% of the loan amount will be made semi-annually. 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.

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2014 and December 31, 2013

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

*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.

*Net investment income* – Investment income earned on CTF funds held by the World Bank and IFC as IE in the Pool (Note 3) 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.

*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 and allowance for doubtful contributions receivable

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2014 and December 31, 2013

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

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## Note 3 – Share of the 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 a trading portfolio and is reported at fair value, with realized and unrealized gains/losses included in net investment income. The share in the pooled cash and investments represents the Trust Fund's share of the Pool's fair value at the end of each reporting period. 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.

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 equity securities, 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 may also include securities pledged as collateral under repurchase agreements, receivables from resale agreements and 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.

CTF'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 \$2,485,591,431 and \$2,794,622,558 as of December 31, 2014 and December 31, 2013, respectively.

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2014 and December 31, 2013

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

## Note 4 – 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, 2014, 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 | 90,338,625,000 | 2,316,375,000            |
| Sweden         | Grant   | Swedish kronor     | 600,000,000    | 600,000,000    | -                        |
| United States  | Grant   | U.S. dollars       | 1,095,089,671  | 1,095,089,671  | -                        |
| Spain          | Capital | Euro               | 80,000,000     | 80,000,000     | -                        |
| United Kingdom | Capital | Pounds sterling    | 929,921,760    | 372,854,000    | 557,067,760              |
| 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 £929,921,760 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 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 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, 2014 | Contributions for the fiscal year ended December 31, 2013 | Contributions Receivable at December 31, 2014 | Contributions Receivable at December 31, 2013 |
|--|---------|---|---|---|---|
| Japan                                  | Grant   | \$ -  | \$ -  | \$ 19,410,693                                 | \$ 198,593,713                                |
| United States                          | Grant   | 205,546,750   | 175,282,921   | -   | -   |
| <b>Grant Contributions Total</b>       |         | <b>205,546,750</b>  | <b>175,282,921</b>  | <b>19,410,693</b>                             | <b>198,593,713</b>                            |
| Spain                                  | Capital | -   | -   | -   | 41,299,500                                    |
| United Kingdom                         | Capital | 188,202,000   | 328,790,000   | 869,499,213                                   | 722,254,473                                   |
| <b>Capital Contributions Total</b>     |         | <b>188,202,000</b>  | <b>328,790,000</b>  | <b>869,499,213</b>                            | <b>763,553,973</b>                            |
| <b>Total Contributions/Receivables</b> |         | <b>\$393,748,750</b>                                      | <b>\$504,072,921</b>                                      | <b>\$888,909,906</b>                          | <b>\$962,147,686</b>                          |
| Less Allowance for doubtful receivable |         |   |   | -   | 20,649,750                                    |
| <b>Net Contributions Receivable</b>    |         |   |   | <b>\$888,909,906</b>                          | <b>\$941,497,936</b>                          |

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2014 and December 31, 2013

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

Contribution receivables 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, 2014 and December 31, 2013, respectively an allowance in the amount of nil and \$20,649,750 was recorded. A recovery of allowance for doubtful receivable in the amount of \$20,649,750 was recorded as of December 31, 2014 and nil as of December 31, 2013.

On April 14, 2014, Australia withdrew from further engagement with the Climate Investment Funds as a member of the CIF Trust Fund Committees. This follows a review of Australia's strategic and budgetary priorities across the Australian aid program. However, according to the contribution arrangements for CIF, Australia will continue to keep the right to receive its proportionate residual resources upon completion of the CIF programs in 2050.

## Note 5 – Net Investment Income

Net investment income consists of the World Bank and IFC as IEs and 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 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, 2014 |                     |                     |                      |
|----------------|---|---------------------|---------------------|----------------------|
|                | Principal                                   | Interest            | Fees                | Total                |
| ADB            | \$ 2,904,578                                | \$ 1,941,063        | \$ 400,000          | \$ 5,245,641         |
| EBRD           | 495,840                                     | 1,125,423           | -                   | 1,621,263            |
| IADB           | 1,326,000                                   | 1,654,279           | 276,189             | 3,256,468            |
| IBRD/IDA as IE | -   | 1,515,741           | -                   | 1,515,741            |
| IFC            | 2,032,839                                   | 931,322             | 325,346             | 3,289,507            |
| <b>Total</b>   | <b>\$ 6,759,257</b>                         | <b>\$ 7,167,828</b> | <b>\$ 1,001,535</b> | <b>\$ 14,928,620</b> |

|                | For the fiscal year ended December 31, 2013 |                     |                   |                     |
|----------------|---|---------------------|-------------------|---------------------|
|                | Principal                                   | Interest            | Fees              | Total               |
| 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           |
| <b>Total</b>   | <b>\$ 3,266,620</b>                         | <b>\$ 4,015,935</b> | <b>\$ 347,469</b> | <b>\$ 7,630,024</b> |

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2014 and December 31, 2013

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

Receivables from the MDBs are as follows:

## Returns/reflows of CTF Funds Receivable

| Implementing Entity | As of<br>December 31, 2014 | As of<br>December 31, 2013 |
|---------------------|----------------------------|----------------------------|
| ADB                 | \$ 5,068,676               | \$ 532,055                 |
| EBRD                | 1,560,667                  | 830,736                    |
| IADB                | 5,712,276                  | 2,455,808                  |
| IBRD/IDA as IE      | 235,924                    | 59,277                     |
| IFC                 | 3,282,436                  | 2,542,696                  |
| <b>Total</b>        | <b>\$ 15,859,979</b>       | <b>\$ 6,420,572</b>        |

## Note 7 – Project Expense and Project Liabilities

Project expense and liabilities are as follows:

### Project expense

| Implementing Entity | For the fiscal year ended<br>December 31, 2014 | For the fiscal year ended<br>December 31, 2013 |
|---------------------|--|--|
| ADB                 | \$ 132,450,000                                 | \$ 398,105,000                                 |
| AfDB                | 155,999,000                                    | (6,125,000)                                    |
| EBRD                | 115,218,000                                    | 85,258,183                                     |
| IADB                | 105,600,000                                    | 73,450,000                                     |
| IBRD/IDA as IE      | 373,811,247                                    | 195,000,000                                    |
| IFC                 | 50,150,000                                     | 99,034,625                                     |
| <b>Total</b>        | <b>\$ 933,228,247</b>                          | <b>\$ 844,722,808</b>                          |

### Project liabilities

| Implementing Entity | As of<br>December 31, 2014 | As of<br>December 31, 2013 |
|---------------------|----------------------------|----------------------------|
| ADB                 | \$ 540,215,000             | \$ 548,365,000             |
| AfDB                | 316,961,000                | 321,762,000                |
| EBRD                | 113,506,900                | 160,159,233                |
| IADB                | 240,760,500                | 202,970,500                |
| IBRD/IDA as IE      | 1,035,485,000              | 847,510,000                |
| IFC                 | 243,423,675                | 219,776,025                |
| <b>Total</b>        | <b>\$ 2,490,352,075</b>    | <b>\$ 2,300,542,758</b>    |

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2014 and December 31, 2013

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

| Implementing Entity | For the fiscal year ended<br>December 31, 2014 | For the fiscal year ended<br>December 31, 2013 |
|---------------------|--|--|
| ADB                 | \$ 825,000                                     | \$ 845,000                                     |
| AfDB                | 663,000  | (377,500)                                      |
| EBRD                | 1,944,000                                      | 375,242  |
| IADB                | 1,380,000                                      | 547,500  |
| IBRD/IDA as IE      | 268,346  | 50,000   |
| IFC                 | 1,039,500                                      | 1,650,000                                      |
| <b>Total</b>        | <b>\$ 6,119,846</b>                            | <b>\$ 3,090,242</b>                            |

### MDB fees payable

| Implementing Entity | As of<br>December 31, 2014 | As of<br>December 31, 2013 |
|---------------------|----------------------------|----------------------------|
| ADB                 | \$ 825,000                 | \$ 845,000                 |
| AfDB                | 238,000                    | (425,000)                  |
| EBRD                | 1,479,000                  | 884,242                    |
| IADB                | 78,500                     | -                          |
| IFC                 | 550,000                    | 710,500                    |
| <b>Total</b>        | <b>\$ 3,170,500</b>        | <b>\$ 2,014,742</b>        |

## Note 9 – Administrative Budget Expense

Administrative budget expense is as follows:

### Administrative budget expense

| Implementing Entity             | For the fiscal year ended<br>December 31, 2014 | For the fiscal year ended<br>December 31, 2013 |
|---------------------------------|--|--|
| ADB                             | \$ 238,052                                     | \$ 379,368                                     |
| AfDB                            | 137,452  | 177,322  |
| EBRD                            | 326,814  | 405,157  |
| IADB                            | 244,644  | 474,200  |
| IBRD/IDA as IE                  | 607,407  | (396,188)                                      |
| IFC                             | 485,366  | 512,164  |
| IBRD as Trustee                 | 1,498,145                                      | 3,465,055                                      |
| IBRD/IDA as Administrative Unit | 2,728,801                                      | 1,928,487                                      |
| <b>Total</b>                    | <b>\$ 6,266,681</b>                            | <b>\$ 6,945,565</b>                            |

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2014 and December 31, 2013

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

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

For the period from inception to December 31, 2014, 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<br/>December 31, 2014</u> | <u>U.S. dollar equivalent<br/>December 31, 2013</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   | 246,756,650   | 279,459,950   |
| 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  |
| <b>Total</b> |                      |                 |               | <b><u>\$1,061,132,912</u></b>                       | <b><u>\$1,093,836,212</u></b>                       |

As explained in Note 2, 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.

The interest expense and interest payable for the fiscal years ended December 31, 2014 and December 31, 2013 is as summarized below.

### As of and for the fiscal year ended December 31, 2014:

| <u>Donor</u> | <u>Date received</u> | <u>Currency</u> | <u>Amount</u> | <u>Interest<br/>expense</u> | <u>U.S. dollar<br/>equivalent</u> | <u>Interest<br/>paid</u> | <u>Interest<br/>payable</u> | <u>U. S. dollar<br/>equivalent</u> |
|--------------|----------------------|-----------------|---------------|-----------------------------|-----------------------------------|--------------------------|-----------------------------|------------------------------------|
| 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                 | 2,009,014                         | € 1,412,542              | € 131,104                   | 159,364                            |
| 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                             |
| <b>Total</b> |                      |                 |               |                             | <b><u>\$ 8,201,667</u></b>        |                          |                             | <b><u>\$ 685,315</u></b>           |

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

| <u>Donor</u> | <u>Date received</u> | <u>Currency</u> | <u>Amount</u> | <u>Interest<br/>expense</u> | <u>U.S. dollar<br/>equivalent</u> | <u>Interest<br/>paid</u> | <u>Interest<br/>payable</u> | <u>U. S. dollar<br/>equivalent</u> |
|--------------|----------------------|-----------------|---------------|-----------------------------|-----------------------------------|--------------------------|-----------------------------|------------------------------------|
| 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                             |
| <b>Total</b> |                      |                 |               |                             | <b><u>\$ 8,247,076</u></b>        |                          |                             | <b><u>\$ 706,436</u></b>           |



# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2014 and December 31, 2013

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

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## **Note 11. Net Trust fund Resources**

The Trust Fund has an accumulated deficit of \$164,979,486 as of December 31, 2014 as compared to net trust fund resources of \$345,440,918 at January 1, 2014. This deficit is the result of excess of expenses over revenues in the current year due to timing differences between when project expenses and contributions are recognized under the special purpose basis of accounting, and because certain contributions are received in the form of loans from contributors. A positive net trust fund resources will be presented in future periods as and when return/reflows are paid into the Trust Fund by the MDBs. The contributors' loan agreements provides that the Trustee may defer any portion of the debt service to the loan contributors should there be insufficient resources designated in the Trust Fund to service such payments. Losses on defaults on outgoing loans from the Trust Fund not covered by net income will be shared by all Contributors on the same basis, in proportion to their overall contributions to the Trust Fund (excluding the portion, if any, used for outgoing grants) pursuant to the terms of the Standard Provisions of the Contribution Agreements.

## **Note 12 – Subsequent Events**

Management has evaluated subsequent events through May 15, 2015, the date the special purpose financial statements were available to be issued. There were no subsequent events that required adjustment or disclosure.