



December 31, 2022

Clean Technology Fund Parallel Fund

Administered by the International Bank for Reconstruction and Development as Trustee

World Bank Reference: TF069036

Special Purpose Financial Statements

The World Bank Group
Trust Funds and Loans Department
Finance and Accounting Vice Presidency
www.worldbank.org

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

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SPECIAL PURPOSE STATEMENT OF FINANCIAL POSITION

As of December 31, 2022

Expressed in U.S. dollars

	<u>Note</u>	<u>2022</u>
Assets		
Share of cash and investments in the Pool	3	\$ 315,521,248
Total assets		\$ 315,521,248
 Liabilities and Net Trust Fund Resources		
Liabilities		
Loans payable	8	299,415,264
Loan interest payable	8	187,135
Total liabilities		\$ 299,602,399
Net Trust Fund Resources		15,918,849
Total liabilities and Net Trust Fund Resources		\$ 315,521,248

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

SPECIAL PURPOSE STATEMENT OF ACTIVITIES

For the period from April 4, 2022 to December 31, 2022

Expressed in U.S. dollars

	<u>Note</u>	<u>2022</u>
Revenues		
Net investment income	5	\$ 1,749,166
Administrative fee and other income	6	19,111,613
Total revenues		\$ <u>20,860,779</u>
Expenses		
Administrative budget expense	7	3,344,720
Interest expense	8	1,596,881
Total expenses		\$ <u>4,941,601</u>
Foreign currency exchange gain/(loss)		<u>(329)</u>
Change in Net Trust Fund Resources		15,918,849
Net Trust Fund Resources, beginning of the year		-
Net Trust Fund Resources, end of the year		\$ <u><u>15,918,849</u></u>

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

SPECIAL PURPOSE STATEMENT OF CASH FLOWS

For the period from April 4, 2022 to December 31, 2022

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

	<u>2022</u>
Cash flows from operating activities:	
Change in Net Trust Fund Resources	\$ 15,918,849
Adjustments to reconcile change in Net Trust Fund Resources to net cash provided by operating activities:	
Unrealized foreign exchange loss/(gain)	329
Increase in loan interest payable	187,135
Net cash provided by operating activities	\$ 16,106,313
Cash flows from investing activities:	
Increase in share of cash and investments in the Pool	(315,521,577)
Net cash used in investing activities	\$ (315,521,577)
Cash flows from financing activities:	
Loan proceeds	299,415,264
Net cash provided by financing activities	\$ 299,415,264
Net increase in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	\$ -
Supplemental Disclosure:	
Unrealized Foreign Exchange Loss/(Gain)	
Changes in ending balances resulting from exchange rate fluctuation:	
Investing Activities	
Share of cash and investments in the Pool	329
Total unrealized foreign exchange loss/(gain)	\$ 329
Interest paid	\$ 1,409,746

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

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2022

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 three trust funds: the Clean Technology Fund (CTF), the Clean Technology Fund Parallel Fund (CTFPF) and the Strategic Climate Fund (SCF). IBRD serves as Trustee (the Trustee) and administrator for these trust funds. Each of the MDBs listed above implements projects related to the CTF, CTFPF and SCF and administers funds transferred to it by the Trustee. The World Bank also serves as an Implementing Entity (IE) for the CTF.

The CTF and CTFPF finance 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 and CTFPF are governed by the CTF Trust Fund Committee, which oversees the operations and activities of the CTF and CTFPF. 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

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

The Administrative Unit supports the work of the CIF, including the CTFPF, 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 CTFPF's activities, performance and status of implementation, in addition to managing partnerships and external relations.

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 "Trustee TF") on February 25, 2009 (date of inception, hereinafter referred to as "Inception"), to receive contributions from contributors. The Trustee TF holds the assets of the CTF, pursuant to the terms of the contribution agreements/arrangements entered into with the contributors. In addition, IBRD established a parallel fund (World Bank Reference TF069036) for the CTF under administration by IBRD as trustee (the "Trust Fund") on April 4, 2022, to accept new loan contributions from 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 Trustee TF and 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 other 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 Trustee Fund under administration by IBRD as trustee, (ii) the CTF trust fund under administration by the World Bank as IE, (iii) the SCF trust fund under administration by IBRD as Trustee, and (iv) 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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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 are 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, with the exception of (i) administrative budget expenses, which are accounted for on a cash basis (i.e. when cash is paid or received by the Trust Fund); (ii) interest income earned on MDBs grant funds, except the CTFPF funds held by World Bank, which is also accounted for on a cash basis (i.e. when received by the Trust Fund); and (iii) reflows and returns of CTFPF funds disbursed by MDBs, such as principal repayments, interest payments 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:

Loan Contributions – 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 loan contribution with the consent of all contributors to the Trust Fund and the Trustee.

A Loan contribution to the Trust Fund 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.

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, as defined in the relevant contribution agreements/arrangements.

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 contribution agreement between a contributor and the

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

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Trustee and receipt of the cash by the Trustee. Loan contributions are not recognized under contributions on the Special Purpose Statement of Activities. Loan contributors provide loans to the Trust Fund 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 repayments 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, net and project liabilities – The CTF Trust Fund Committee approves project funding to be transferred by the Trust Fund to the MDBs to fund CTFPF projects. Project expenses and project liabilities are recognized net of cancellations. Project expenses and project liabilities to the MDBs are recognized upon the CTF Trust Fund Committee’s approval and cancellation of projects, if any, are recognized upon respective MDB’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, net 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 CTFPF projects and cancellation of fees, if any, are recognized upon respective MDB’s approval. MDB fees expense and MDB fees payable are recognized net of cancellations. 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 CTFPF. 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 CTFPF funds held by the World Bank in the Pool (Note 3) is credited directly in the Trust Fund on an accrual basis. Net investment income includes realized and unrealized investment income/loss.

Administrative fee and other income – In accordance with loan agreements between the Trust Fund and the Contributors, Administrative fee is collected as a percentage of Loan Contribution received by the Trust Fund.

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Interest income earned on MDB grant funds— In accordance with the FPAs, interest income earned on CTFPF funds administered and held by the other MDBs shall be returned to the Trust Fund upon the Trustee’s request. Interest income from other MDBs is recorded on a cash basis.

Returns/reflows of CTFPF funds disbursed by MDBs – Upon transfer of funds to MDBs for project expense, MDBs may disburse CTFPF 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 CTFPF 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.

Transaction and translation – 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 U.S. dollars are reported at the rates of exchange in effect on the date when Treasury executes the transactions. 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 within the Pool (Note 3). Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e., exit price.

Statements of cash flows – The adjustments to reconcile change in net trust fund resources to net cash used in operating activities are shown net of cancellations and other non-cash items as described in the abovementioned policies.

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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 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 and liabilities 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 and liabilities within the Pool are reported at fair value.

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 collaterals received related to derivatives.

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.

The Trust Fund's share of the cash and investments in the Pool, has a fair value of \$315,521,248 as of December 31, 2022.

Note 4 – Loan Contributions

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, 2022, are as follows:

Contributor	Type	Currency	Contributions	Paid in Cash	Loan Contributions
					Receivable
Canada	Loan	Canadian dollars	1,000,000,000	400,000,000	600,000,000
United States	Loan	U.S. dollars	950,790,183	-	950,790,183

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Loan contributions of \$299,415,264 (CAD 400,000,000 were received during the fiscal year ended December 31, 2022).

Contributions are expected to be received based on installment schedules in the respective contribution agreements/arrangements.

Loan contributions and loan payable are discussed in Note 2 - Significant Accounting Policies. A summary of loan contributions and loan payable is presented in Note 8 - Loans Payable, Interest Expense and Interest Payable.

Note 5 – Net Investment Income

Net investment income consists of the 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 and liabilities held by the Pool at fair value.

Note 6 – Administrative fee and other income

In order to assist in defraying the Administrative Costs and the Project Administration fees incurred by the Trust Fund, the Trust Fund collects administrative fee, as applicable, pursuant to legal agreements with the Contributors. During the fiscal year ended December 31, 2022, the Trust Fund has collected \$ 19,111,613 as administrative fee from the Contributors on the installment deposit of the Loan Contribution.

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

Note 7 – Administrative Budget Expense

Administrative budget expense is as follows:

Administrative budget expense

Implementing Entity	For the fiscal year ended December 31, 2022
ADB	\$ 174,680
AfDB	155,504
IADB	52,823
IBRD/IDA as IE	216,811
IBRD as Trustee	532,000
IBRD/IDA as Administrative Unit	2,212,902
Total	\$ 3,344,720

Note 8 – Loans Payable, Interest Expense and Interest Payable

For the period from inception to December 31, 2022, CTFPF had balances in the form of loans as summarized below.

Donor	Date received	Currency	Loans payable as of December 31, 2022		Loan Repayment during the fiscal year ended December 31, 2022	
			Amount	U.S. dollar equivalent	Amount	U.S. dollar equivalent
Canada	4/19/2022	U.S. dollar	\$ 299,415,264	\$ 299,415,264	-	-
Total				\$ 299,415,263		-

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 repayments 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. During the year there were no principal loan repayments.

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

The interest expense and interest payable for the fiscal years ended December 31, 2022 is as summarized below.

As of and for the fiscal year ended December 31, 2022:

Donor	Date received	Currency	Amount	Interest expense	U.S. dollar equivalent	Interest paid	Interest payable	U. S. dollar equivalent
Canada	4/19/2022	U.S. dollar	299,415,264	\$ 1,596,881	\$ 1,596,881	\$ 1,409,746	\$ 187,135	\$ 187,135
Total					<u>\$ 1,596,881</u>			<u>\$ 187,135</u>

Note 9 – Subsequent Events

Management has evaluated subsequent events through May 24, 2023, the date the Special Purpose Financial Statements were issued. There were no other subsequent events that required adjustment or disclosure.