



December 31, 2023 and 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](http://www.worldbank.org)

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

**Special Purpose Financial Statements**

**December 31, 2023 and 2022**

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# SPECIAL PURPOSE STATEMENT OF FINANCIAL POSITION

As of December 31, 2023 and December 31, 2022

Expressed in U.S. dollars

	<u>Note</u>	<u>2023</u>	<u>2022</u>
<b>Assets</b>			
Share of cash and investments in the Pool	3	\$ 731,308,615	\$ 315,521,248
<b>Total assets</b>		<b>\$ 731,308,615</b>	<b>\$ 315,521,248</b>
<b>Liabilities and Net Trust Fund Resources</b>			
<b>Liabilities</b>			
Loans payable	7	667,046,346	299,415,264
Loan interest payable	7	393,491	187,135
<b>Total liabilities</b>		<b>\$ 667,439,837</b>	<b>\$ 299,602,399</b>
<b>Net Trust Fund Resources</b>		63,868,778	15,918,849
<b>Total liabilities and Net Trust Fund Resources</b>		<b>\$ 731,308,615</b>	<b>\$ 315,521,248</b>

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

# SPECIAL PURPOSE STATEMENT OF ACTIVITIES

For the fiscal year ended December 31, 2023 and the period from April 4, 2022 to December 31, 2022

Expressed in U.S. dollars

	<u>Note</u>	<u>2023</u>	<u>2022</u>
<b>Revenues</b>			
Net investment income	4	\$ 32,445,216	\$ 1,749,166
Administrative fee and other income	5	23,465,814	19,111,613
<b>Total revenues</b>		<b>\$ 55,911,030</b>	<b>\$ 20,860,779</b>
<b>Expenses</b>			
Administrative budget expense	6	3,788,488	3,344,720
Interest expense	7	4,173,488	1,596,881
<b>Total expenses</b>		<b>\$ 7,961,976</b>	<b>\$ 4,941,601</b>
Foreign currency exchange gain/(loss)		875	(329)
Change in Net Trust Fund Resources		47,949,929	15,918,849
Net Trust Fund Resources, beginning of the year		15,918,849	-
<b>Net Trust Fund Resources, end of the year</b>		<b>\$ 63,868,778</b>	<b>\$ 15,918,849</b>

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

# SPECIAL PURPOSE STATEMENT OF CASH FLOWS

For the fiscal year ended December 31, 2023 and the period from April 4, 2022 to December 31, 2022

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

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Change in Net Trust Fund Resources	\$ 47,949,929	\$ 15,918,849
Adjustments to reconcile change in Net Trust Fund Resources to net cash provided by operating activities:		
Unrealized foreign exchange (gain)/loss	(875)	329
Increase in loan interest payable	206,356	187,135
<b>Net cash provided by operating activities</b>	<b>\$ 48,155,410</b>	<b>\$ 16,106,313</b>
<b>Cash flows from investing activities:</b>		
Increase in share of cash and investments in the Pool	(415,786,492)	(315,521,577)
<b>Net cash used in investing activities</b>	<b>\$ (415,786,492)</b>	<b>\$ (315,521,577)</b>
<b>Cash flows from financing activities:</b>		
Loan contribution proceeds	299,415,264	299,415,264
<b>Net cash provided by financing activities</b>	<b>\$ 299,415,264</b>	<b>\$ 299,415,264</b>
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents, beginning of year	-	-
<b>Cash and cash equivalents, end of year</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Supplemental Disclosure:</b>		
<b>Unrealized Foreign Exchange (Gain)/Loss</b>		
Changes in ending balances resulting from exchange rate fluctuation:		
<b>Investing Activities</b>		
Share of cash and investments in the Pool	(875)	329
<b>Total unrealized foreign exchange (gain)/loss</b>	<b>\$ (875)</b>	<b>\$ 329</b>
<b>Interest paid</b>	<b>\$ 3,967,131</b>	<b>\$ 1,409,746</b>

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

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2023 and 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 and SCF.

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 Secretariat (formerly 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, 2023 and December 31, 2022

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

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The Secretariat supports the work of the CIF, including the CTFPF, and also supports the CTF Trust Fund Committee and other bodies of the CIF. The Secretariat is housed in the Washington, D.C. offices of the World Bank and comprises a team of World Bank professional and administrative staff. The Secretariat'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 CTFPF resources, in the manner agreed with the MDBs. In addition, in its other capacity as an IE of the CTFPF, the World Bank has established a separate trust fund (i.e., the CTFPF trust fund under administration by the World Bank as IE) to receive CTFPF 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

December 31, 2023 and December 31, 2022

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, which is accounted for on a cash basis (i.e. when received by the Trust Fund), except the CTFPF funds held by World Bank; 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:

*Loans payable and related interest* – 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.

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 Trustee and receipt of the cash by the



# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2023 and December 31, 2022

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

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 loan principal repayment period following a 10-year grace period. Therefore, repayments on principal will begin from year 11 and last through year 30. Principal repayments of 5% per annum 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.

*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 Secretariat 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 Secretariat and the MDBs are paid upon their requests. 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.

*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.

*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).

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2023 and December 31, 2022

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

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.

## 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. IBRD takes into account Environmental, Social and Governance (ESG) factors, in addition to other factors when making investment decisions.

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 Pool is rebalanced regularly to meet liquidity needs and optimize the Pool's investment return.

The Trust Fund's share of the cash and investments in the Pool, has a fair value of \$731,308,615 and \$315,521,248 as of December 31, 2023 and December 31, 2022 respectively.

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2023 and December 31, 2022

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

## *Fair value Measurements*

IBRD, on behalf of the World Bank Group, has an established and documented process for determining fair values of the underlying financial instruments within the Pool. Where available, quoted market prices are used to determine the fair value of trading securities. For financial instruments for which market quotations are not available, fair values are determined using model-based valuation techniques, whether internally-generated or vendor supplied, such as, the discounted cash flow method using observable market inputs such as yield curves, credit spreads, conditional prepayment rates, foreign exchange rates, basis spreads and funding spreads, and may incorporate unobservable inputs. Selection of these inputs involves judgment.

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

- (i) Government and agency obligations, asset-backed securities and equity securities: Where available, quoted market prices are used to determine the fair value of most government and agency obligations, asset-backed securities and exchange-traded equity securities. For securities for which quoted market prices are not readily available, fair values are determined using model-based valuation techniques, either internally-generated or vendor-supplied, such as discounted cash flow method using observable market inputs such as yield curves, foreign exchange rates, credit spreads and conditional prepayment rates.
- (ii) Time deposits and money market instruments: Unless quoted prices are available, time deposits and money market instruments are reported at face value, which approximates fair value, as they are short term in nature.
- (iii) Securities purchased under resale agreements and securities sold under repurchase agreements: These securities are reported at face value, which approximates fair value, as they are short term in nature.
- (iv) 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, such as the discounted cash flow method with observable market inputs such as yield curves, foreign exchange rates, basis spreads and funding spreads.

## **Note 4 – 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.

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2023 and December 31, 2022

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

## Note 5 – 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, 2023, the Trust Fund has collected \$23,465,814 (April 4, 2022 to December 31, 2022: \$19,111,613) as administrative fee from the Contributors on the installment deposit of the Loan Contribution.

## Note 6 – Administrative Budget Expense

Administrative budget expense is as follows:

<u>Implementing Entity</u>	<u>For the fiscal year ended December 31, 2023</u>	<u>For the period April 4, 2022 to December 31, 2022</u>
ADB	\$ 116,069	\$ 174,680
AfDB	209,398	155,504
EBRD	56,800	-
IADB	35,500	52,823
IBRD/IDA as IE	329,222	216,811
IBRD as Trustee	707,505	532,000
IBRD/IDA as Secretariat	2,333,994	2,212,902
<b>Total</b>	<b>\$ 3,788,488</b>	<b>\$ 3,344,720</b>

## Note 7 – Loans Payable, Interest Expense and Interest Payable

The loan 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, 2023, are as follows:

<u>Contributor</u>	<u>Type</u>	<u>Currency</u>	<u>Contributions</u>	<u>Paid in Cash</u>	<u>Loan Contributions Receivable</u>
Canada	Loan	Canadian dollars	1,000,000,000	800,000,000	200,000,000
United States	Loan	U.S. dollars	1,518,638,145	95,079,018	1,423,559,127

Loan contributions of \$367,631,082 (April 4, 2022 to December 31, 2022: \$299,415,264) were received during the fiscal year ended December 31, 2023.

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. As of December 31, 2023, CTFPF had balances in the form of loans as summarized below.

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2023 and December 31, 2022

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

Donor	Loans payable as of January 1, 2023	Loan contribution proceeds during the year	Loan repayments during the year	Loans payable as of December 31, 2023
Canada	\$ 299,415,264	\$ 278,256,805	-	\$ 577,672,069
United States of America	-	89,374,277	-	89,374,277
<b>Total</b>	<b>\$ 299,415,264</b>	<b>\$ 367,631,082</b>	<b>-</b>	<b>\$ 667,046,346</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 repayments of 5% per annum of the loan amount will be made semi-annually for twenty years after a ten-year grace period in accordance with respective loan agreements. During the year, there were no principal loan repayments.

The interest expense and interest payable for the fiscal year ended December 31, 2023 and the period from April 4, 2022 to December 31, 2022 is as summarized below.

#### As of and for the fiscal year ended December 31, 2023:

Donor	Loans payable	Interest expense	Interest paid	Interest payable
Canada	\$ 577,672,069	\$ 3,607,451	\$ 3,456,953	\$ 337,632
United States of America	89,374,277	566,037	510,178	55,859
<b>Total</b>		<b>\$ 4,173,488</b>		<b>\$ 393,491</b>

#### As of and for the period April 4, 2022 to December 31, 2022:

Donor	Loans payable	Interest expense	Interest paid	Interest payable
Canada	\$ 299,415,264	\$ 1,596,881	\$ 1,409,476	\$ 187,135
<b>Total</b>		<b>\$ 1,596,881</b>		<b>\$ 187,135</b>

## Note 8 – Subsequent Events

Management has evaluated subsequent events through May 22, 2024, the date the Special Purpose Financial Statements were issued. There were no other subsequent events that required adjustment or disclosure.