



# Clean Technology Fund – Parallel Fund (CTF PF)

Financial Report

Prepared by the Trustee

*As of March 31, 2024*



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## Introduction

The Climate Investment Funds (CIF) were established in 2008 and comprise of the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF). CTF provides resources to scale up low-carbon technologies with a significant potential for long-term greenhouse gas emissions savings. The World Bank, as Trustee, has established and administers the CIFs. Subsequently, the CTF Parallel (CTF PF) was established in March 2022 to receive new loan contributions to CTF. Both the CTF Trust Fund and the CTF PF are for the achievement of the same CTF objectives and governed by the same CTF TFC.

Previous trustee reports issued for CTF have contained information about both the CTF and the CTF Parallel Fund. However, beginning March 2024, two distinct reports will be issued. This report exclusively concerns the CTF PF Trust Fund, while the trustee report for the CTF is issued separately.

This report provides the financial status update for the CTF PF. The CTF PF funds are disbursed through the Multilateral Development Banks (MDBs) to support effective and flexible implementation of country-led programs and investments. The MDBs are the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IADB), the International Bank for Reconstruction and Development (IBRD)/International Development Association (IDA) (the World Bank), and the International Finance Corporation (IFC).

This report is produced by the Trustee based on financial information as of March 31, 2024.

This report provides (i) a snapshot of the financial status of the CTF PF as of March 31, 2024; (ii) highlights of activities between October 1, 2023, and March 31, 2024; (iii) the status of pledges and contributions, and (iv) the details of financial activities of the CTF PF.



## CTF PF Financial Summary as of March 31, 2024<sup>1</sup>

### ***Pledges and Contributions:***

As of March 31, 2024, two contributors United States and Canada pledged USDeq. 2,281 million to CTF PF, in the form of loan contributions. Of this amount, the Trustee has received USDeq. 804.70 million. USDeq. 1,476.05 million represents Pledges/Contributions receivable from donors.

### ***Investment Income and Other Resources:***

Since inception through March 31, 2024, CTF PF earned investment income of USD 42.88 million on the undisbursed cash balances of the CTF PF.

### ***Trustee Commitments:***

The Trustee makes commitments based on the funding approvals of the CTF Trust Fund Committee. Commitments for Programs/Projects in CTF PF are made in the form of non-grant financial instruments. As per contribution agreements, 6% of contribution receipts are set aside for MPIS fee and administrative expenses. Cumulative net commitments made by the Trustee for Projects/Programs, MPIS fee and administrative expenses amounted to USD 107.75 million. Of the total amount approved, USD 100 million was for Programs/Projects and USD 7.75 million was for administrative expenses of the CTFPF.

### ***Cash Transfers:***

Cash transfers are made to MDBs on a need basis to meet their projected disbursement requirements. Of the commitment totaling USD 107.75 million, the Trustee has transferred USD 7.28 million. As a result, USD. 100.47 million remains payable to MDBs as of March 31, 2024. Cash transfers related to interest payments to loan contributors amounted to USD 5.38 million and principal repayments have not yet begun.

### ***Funds Held in Trust:***

**Funds Held in Trust (FHIT)** reflect financial activities related to Loan contribution payments, accrued investment income, cash transfers, and repayment of loan contribution at the end of reporting period. Funds Held in Trust as of March 31, 2024, amounted to USDeq. 834.92 million.

### ***Funding Availability for Project Commitments:***

The FHIT totaling USDeq. 834.92 million includes the set-aside from loan contributions for MPIS fee and administrative expenses and the funding available for project/program commitments is net of this set-aside. For CTF PF, investment income earned on the undisbursed cash balances cannot be used for project, MDB fee or Administrative expenses and is a part of loan contributors resources. USD 100.00 million commitments for Projects/Programs are pending transfer to MDBs and considering the above factors the funds available for project/program commitment is USD 656.42 million.

### ***Individual Loan Contributors' resources:***

Individual Loan Contributor's Loan Resources means the portion of funds available in the CTF PF that may be used for making repayments to Loan Contributors in the form of interest and principal. Individual Contributor's Loan Resources include Individual Loan Contributor's Loan Reflows, Individual Loan Contributor's Return of Other Funds, Individual Loan Contributor's attributed Investment Income and Individual Loan Contributor's Unallocated Contribution. As of March 31, 2024 total Loan Contributors Loan Resources amounted to USD 693.92 million.

<sup>1</sup> Figures may not add up due to rounding.



CTF PARALLEL FUND- RESOURCES AVAILABLE for COMMITMENTS		
Inception through March 31, 2024 (USDeq. millions)		As of Mar 31, 2024 USD
		<b>Total</b>
<b>Cumulative Funding Received</b>		
Cash Contributions	a/	804.70
<b>Cumulative Funding Received</b>		<b>804.70</b>
<b>Set Aside for ADMIN AND MPIS FEE</b>		
6% of contribution - CTFPF Admin and MPIS fee set aside	b/	(48.28)
<b>Funds Available for Project Commitment</b>		<b>756.42</b>
<b>Cumulative Project/Program Commitments</b>		
Projects/Programs		100.00
<b>Cancellations</b>		
Projects/Programs		-
<b>Net Cumulative Project / Program Commitments (B)</b>		<b>100.00</b>
<b>Unrestricted Funding Available for Projects/Programs commitments</b>	b/	<b>656.42</b>
<b>Potential Future Resources</b>		
Contribution Receivable and Pledges	a/	1,476.05
<b>Total Potential Future Resources</b>		<b>1,476.05</b>
<b>Potential Available Resources for Projects/Programs</b>		<b>2,043.91</b>
<b>Funds Available for Admin/ MPIS fee Commitments</b>		
<b>CTFPF Admin and MPIS set aside (C)</b>	b/	<b>48.28</b>
<b>Cumulative Admin budget/ MPIS fee Commitments</b>		
Admin budget		7.97
MPIS fee		
<b>Cancellations</b>		
Admin budget		(0.22)
MPIS fee		-
<b>Net Cumulative Admn budget/MPIS fee Commitments (D)</b>		<b>7.75</b>
<b>Unrestricted Funding Available for Admin budget/MPIS fee (C-D)</b>		<b>40.53</b>

a/ Refer table below for details on Contributions and pledges

b/ As per the contribution agreement for CTFPF, 6% of contribution receipts are reserved for administrative and MPIS cost of the program. Available resources for Project/Program is calculated after setting aside 6% of Potential contributions towards MPIS and Admin commitments

Loan contributor Resources		
Inception through March 31, 2024 (USDeq. millions)		As of Mar 31, 2024 USD
<b>Unrestricted Funding Available for Projects/Programs commitments</b>		656.42
Investment income		42.88
Reflows		-
<b>Cumulative Contributor Resources</b>		<b>699.30</b>
Principal Repayments		-
Interest Payments		5.38
<b>Total Debt Service Payments to Loan Contributors</b>		<b>5.38</b>
<b>Loan contributors loan resources</b>		<b>693.92</b>



## 1. Pledges and Contributions -Summary – As of March 31,2024

In USD millions

CLEAN TECHNOLOGY FUND - PARALLEL FUND								
Table 1: Pledges and Contributions								
As of Mar 31, 2024								
(in millions)								
			in Contribution Currency			in USD eq. a/		
Contributor	Contribution Type	Currency	Contribution Receivable	Cash Receipts	Total Contributions	Contribution Receivable	Cash Receipts	Total Pledges and Contributions
Canada	Loan	CAD	200	800	1,000	148	615	762
United States	Loan	USD	1,328	190	1,519	1,328	190	1,519
						-		
						<b>1,476</b>	<b>805</b>	<b>2,281</b>

a/ Represents realized amounts plus unrealized amounts valued on the basis of exchange rates as of Mar 31, 2024

Note: Totals may not add up due to rounding

- The above table shows the summary of pledges outstanding, contributions finalized and Receipts.
- As of March 31, 2024, all pledges were converted into Contribution and Loan Agreements/Arrangements.



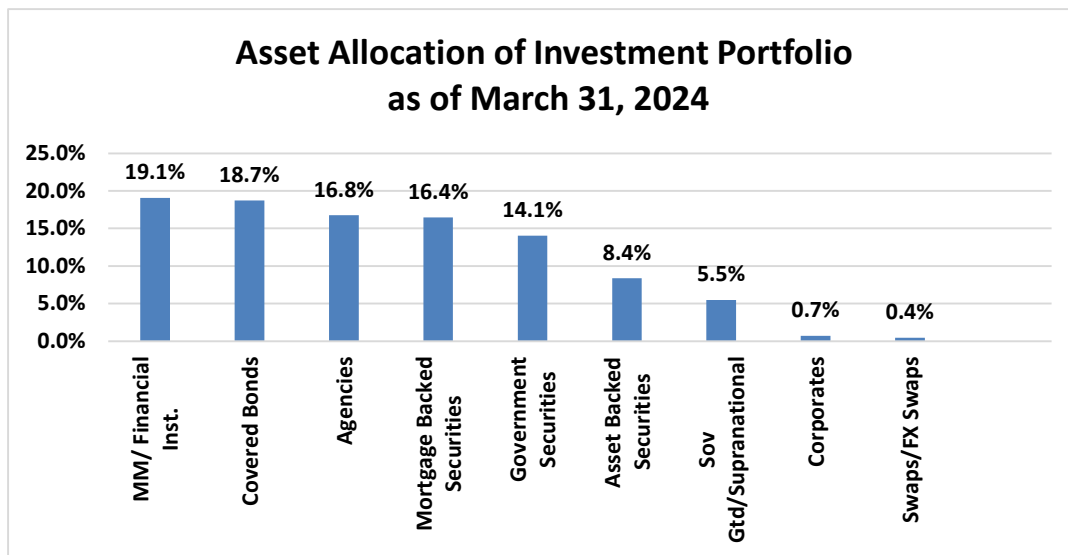
## 2. Asset Mix and Investment Income and ESG Summary Report

The undisbursed cash balance of the CTFPF is maintained in a commingled investment portfolio (“Pool”) for all trust funds managed by IBRD. The Pool is managed actively and conservatively with capital preservation as the over-arching objective.

### ASSET MIX

CTFPF assets are invested across three of the World Bank Trust Fund’s investment model portfolios, that are predominantly fixed income: “Model Portfolio 0” for short-term working capital needs, “Model Portfolio 1” with an investment horizon of one year, and “Model Portfolio 2” with a broader investment universe and an investment horizon of three years. The investment objectives for the CTF PF are to optimize investment returns subject to preserving capital and maintaining adequate liquidity to meet foreseeable cash flow needs, within a conservative risk management framework<sup>2</sup>. Although actual future returns will depend on market conditions, the Trust Fund Investment Pool is actively monitored and adjusted to preserve development partner funds over the investment horizons. Over shorter periods, however, market volatility may result in negative actual or ‘mark-to-market’<sup>3</sup> returns. Overall, the CTF PF cumulative returns have been driven by its investment in longer-term model portfolios, which may be exposed to higher volatility in returns over shorter periods but are expected to have higher returns over longer periods.

The portfolio allocation by asset class as of March 31, 2024, is given below.

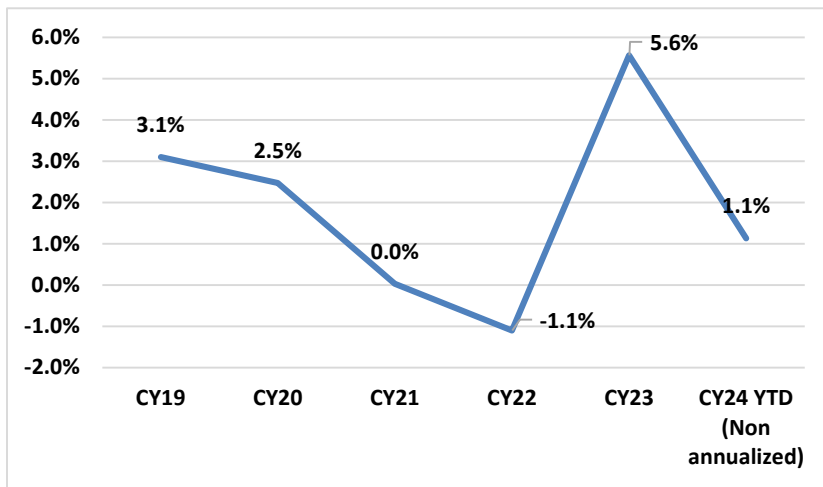


<sup>2</sup> World Bank defines the market risk measures and tolerances for Model Portfolios of 1-year or less investment horizon as 99% CVaR be no worse than -0.25%; and for Model Portfolios of longer than 1-year but less or equal to 5-year investment horizon as 99% CVaR be no worse than -1%

<sup>3</sup> Mark-to-market gains or losses represent unrealized gains or losses resulting from changes in the value of securities in the portfolio which have not yet been sold.



## INVESTMENT RETURNS



Investment portfolio has generated USDeq 8.68 million returns for CY2024 until March 31, 2024. Portfolio performance during the period was mixed and driven by the interest rate path dictated by the US Federal Reserve Bank. At its December 2023 meeting, the Fed opened door for rate cuts in 2024 owing to continued moderation in inflation expectations and the more moderate outlook for economic activity that suggests a soft landing. As a result, fixed income yields declined by 40 bps across the yield curve into the 2023 year-end that was beneficial for fixed income

securities. For 2024, the quarter started with slight steepening of the US treasury curve, followed by a robust labor market report, and higher than expected inflation in February that pushed investor expectations for a March 2024 monetary policy easing by the US Fed further out in the year. Fed officials reiterated the “Higher for Longer” narrative for US interest rates as they need to see evidence of sustained improvement in inflation towards the target 2% before any monetary policy easing. This led to sharp repricing of interest rates across the yield curve in February. At the March FOMC, the Fed suggested that it is on path for 3 rate cuts in 2024 while reducing the number of rate cuts in 2025. This led to lower interest rate volatility with marginal decline in long term yields. The Portfolio positioning continues to be duration neutral.

### ESG SUMMARY REPORT – CLEAN TECHNOLOGY FUND INVESTMENT PORTFOLIO

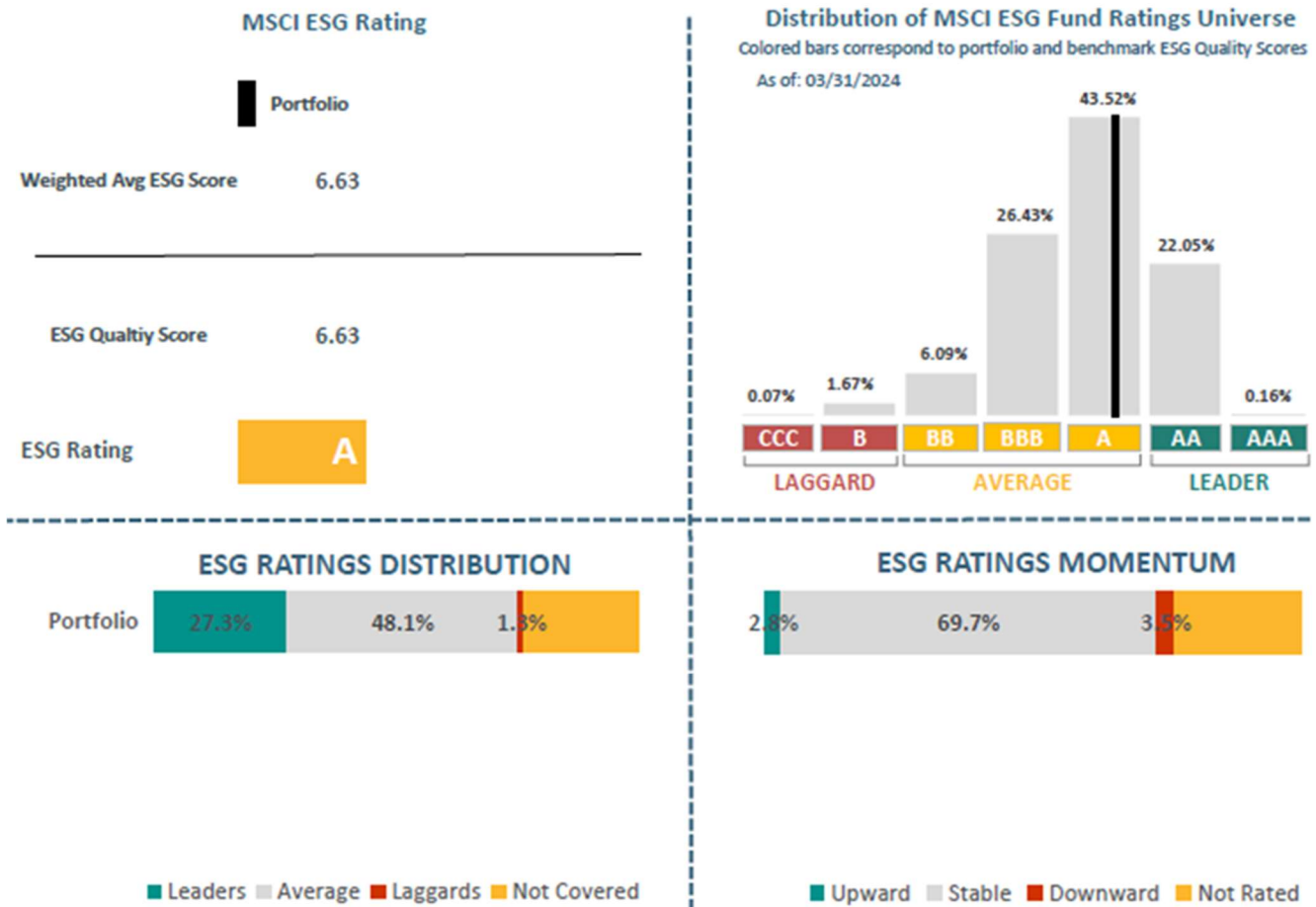
Starting from July 2019, the Trustee has applied ESG Integration as the default SRI approach for all portfolios managed by the World Bank. Considering and incorporating ESG factors into investment processes should, all things being equal, lead to portfolios that have stronger ESG profiles compared to portfolios that do not explicitly consider these ESG issues. ESG Integration has become part of the existing investment processes and is intended to help fulfil the existing investment objectives. The CTF PF investment portfolio is primarily comprised of short-to-medium term high - grade fixed - income securities (sovereign, supranational and agency securities, and bank deposits), and as of March 2024, the portfolio has an ESG Quality Score<sup>[1]</sup> of 6.63 and an ESG Rating<sup>5</sup> of A. Based on its ESG positioning in the MSCI ESG Fund Ratings Universe (upper right of Figure 1), which is deemed to be the more consistent reference indicator, CTF PF’s investment portfolio falls in the second quartile of the ratings universe. This reflects average capability of CTF PF’s portfolio’s holdings in terms of managing its exposures to material ESG risks and opportunities arising from Environmental, Social and Governance factors, as well as its strong resilience to long-term financially relevant ESG risks.

<sup>[1]</sup> ESG Quality Score is based on MSCI ESG Ratings and measured on a scale of 0 to 10 (worst to best) following a rule-based methodology. ESG Ratings Momentum represents the percentage of a portfolio’s market value coming from holdings that have had an ESG Ratings upgrade, and those with a downgrade, since their previous ESG Rating assessment. The ESG Quality Score is calculated as a weighted average of ESG scores of individual holdings adjusted by ESG Ratings Momentum and ESG laggards (if any). The weight applied to the individual ESG scores is determined by the portfolio weight of individual holdings as of the reporting date. Based on the above, the ESG Quality Score, which is subject to potential skewing





Figure 1: MSCI ESG Portfolio Summary – CTF PF as of March 31, 2024. (Published Quarterly)



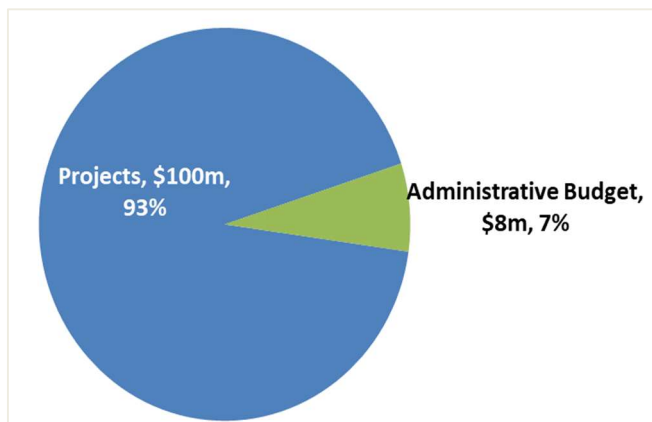
effect from any factor in the calculation, could slightly vary between different reporting dates along with changes in individual holdings and their portfolio weights as well as changes in ESG Ratings Momentum. Please see details on MSCI ESG Ratings

Methodology <https://www.msci.com/esg-and-climate-methodologies>



### 3. Cumulative Net Commitments

In USD millions



#### Total Net Commitments by the Trustee by Activity

Since inception to March 31, 2024, the net commitments made by the Trustee based on the funding approvals of TFC totaled USD 107.75 million of which projects was USD 100 million (93%) and USD 7.75 million towards administrative budgets for the CIF Administrative Unit, Trustee and the MDBs.

The first Project commitment under CTFPF for USD 100 million was approved in March 2024 for implementation by ADB for ACT program.

### 4. Funds Held in Trust with No Restrictions and Commitments Pending Cash Transfer

In USDeq. millions

CLEAN TECHNOLOGY FUND - Parallel Fund				
Table 5: Schedule of Receipts and Cash Transfers				
Updated as of March 31, 2024 a/				
	As of March 31, 2024	As of September 30, 2023	Change	
	(a)	(a)	(c) = (a) - (b)	
<b>1. Cumulative Receipts</b>	<b>847.58</b>	<b>667.61</b>	<b>179.97</b>	
a. Cash receipts	804.70	649.85	154.86	
b. Investment income earned on undisbursed balance	42.88	17.76	25.12	
<b>2. Cumulative Cash Transfers</b>	<b>7.28</b>	<b>7.35</b>	<b>(0.07)</b>	
a. Projects	-	-	-	
b. MPIS Costs	-	-	-	
c. Administrative Budget	7.28	7.35	(0.07)	
<b>3. Debt service payments to Loan Contributors</b>	<b>5.38</b>	<b>3.05</b>	<b>2.33</b>	
<b>4. Funds held in Trust ( 4 = 1 - 2 - 3 )</b>	<b>834.92</b>	<b>657.21</b>	<b>177.71</b>	
<b>5. Set Aside - 6% of Contribution for Admin Expense and MPIS</b>	<b>48.28</b>	<b>38.99</b>		
<b>6. Trustee Commitments pending cash transfer</b>	<b>100.47</b>	<b>0.62</b>	<b>99.85</b>	
a. Projects	100.00	-	100.00	
b. MPIS Costs	-	-	-	
c. Administrative Budget	0.47	0.62	(0.15)	
<b>7. Funds available to support Trustee Commitments</b>	<b>696.95</b>	<b>641.88</b>	<b>55.07</b>	
a. Admin Expense and MPIS (7a = 5 - 2b&c - 6b&c)	40.53	31.02	9.51	
b. Funds available to support Project/Program (7b = 1a - 5- 6a)	656.42	610.86	45.56	

a/ Valued on the basis of exchange rates of March 31, 2024  
b/ As per CTFPF Loan contribution agreements 6% of contribution is set aside for MPIS and Administrative Budget costs  
*Note: Totals may not add up due to rounding*



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**Highlights for the period October 1, 2023, through March 31, 2024<sup>4</sup>:**

- ***Funds Held in Trust*** represent cumulative receipts less cumulative cash transfers and amounted to USDeq. 835 million as of March 31, 2024. Funds Held in Trust increased by USDeq. 178 million since October 1, 2023, primarily due to:
  - Cash receipts from Canada for USD equivalent USD 60 million and United States for USD 95 million
  - and increase in investment income by USD 25 million
- ***Trustee Commitments Pending Cash Transfer*** amounted to USDeq. 100.47 million, representing an increase of USDeq. 100 million due to the new ACT program approved in March 2024.
- ***Funds available to support Trustee commitments*** amounted to USDeq 697 million, representing an increase of USDeq. 55 million

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<sup>4</sup> Figures may not add up due to rounding.