



December 31, 2016 and 2015

## **Strategic Climate Fund**

Administered by the International Bank for Reconstruction and Development  
as Trustee

**World Bank Reference: TF069012**

**Independent Auditors' Report and Special Purpose Financial  
Statements**

**The World Bank Group**

Trust Funds Division, Trust Funds and Loans Department  
Finance and Accounting Vice Presidency  
[www.worldbank.org](http://www.worldbank.org)

**Strategic Climate Fund  
Administered by IBRD as Trustee**

**Special Purpose Financial Statements**

**December 31, 2016 and 2015**

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# SPECIAL PURPOSE STATEMENTS OF FINANCIAL POSITION

As of December 31, 2016 and December 31, 2015

*Expressed in U.S. dollars*

|   | Note | 2016                           | 2015                           |
|---|------|--------------------------------|--------------------------------|
| <b>Assets</b>   |      |                                |                                |
| Share of cash and investments in the Pool             | 3    | \$ 1,164,611,901               | \$ 1,048,640,101               |
| Promissory notes receivable                           | 4    | 1,464,807,188                  | 2,063,546,432                  |
| Contributions receivable                              | 5    | 14,763,600                     | 92,627,538                     |
| Returns/reflows receivable from MDBs                  |      | <u>156,915</u>                 | <u>41,915</u>                  |
| <b>Total assets</b>                                   |      | <b><u>\$ 2,644,339,604</u></b> | <b><u>\$ 3,204,855,986</u></b> |
| <br><b>Liabilities and Net Trust Fund Resources</b>   |      |                                |                                |
| <b>Liabilities</b>                                    |      |                                |                                |
| Project liabilities                                   | 7    | \$ 919,109,024                 | \$ 1,044,380,265               |
| MDB fees payable                                      | 8    | 5,841,000                      | 4,976,683                      |
| Liability to other trust funds                        | 9    | 931,420,465                    | 1,121,898,714                  |
| Provisionally allocated contributions                 | 9    | <u>-</u>                       | <u>511,218,452</u>             |
| <b>Total liabilities</b>                              |      | <b><u>\$ 1,856,370,489</u></b> | <b><u>\$ 2,682,474,114</u></b> |
| <b>Net Trust Fund Resources</b>                       |      | 787,969,115                    | 522,381,872                    |
| <b>Total liabilities and Net Trust Fund Resources</b> |      | <b><u>\$ 2,644,339,604</u></b> | <b><u>\$ 3,204,855,986</u></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, 2016 and December 31, 2015

*Expressed in U.S. dollars*

|  | Note | 2016                  | 2015                  |
|--|------|-----------------------|-----------------------|
| <b>Revenues</b>                                  |      |                       |                       |
| Contributions                                    | 5    | \$ 564,336,898        | \$ 89,352,419         |
| Net investment income                            | 6    | 13,999,558            | 7,608,256             |
| Interest income earned on MDBs grant funds       |      | 145,080               | 137,905               |
| Returns/reflows of SCF funds from MDBs           |      | 115,000               | 32,626                |
| <b>Total revenues</b>                            |      | <b>\$ 578,596,536</b> | <b>\$ 97,131,206</b>  |
| <b>Expenses</b>                                  |      |                       |                       |
| Project expense                                  | 7    | \$ 153,789,684        | \$ 260,324,661        |
| MDB fee expense                                  | 8    | 6,366,500             | 11,102,101            |
| Administrative budget expense                    | 10   | 23,083,115            | 19,936,202            |
| <b>Total expenses</b>                            |      | <b>\$ 183,239,299</b> | <b>\$ 291,362,964</b> |
| Foreign currency exchange loss                   |      | (129,769,994)         | (27,132,888)          |
| Change in Net Trust Fund Resources               |      | 265,587,243           | (221,364,646)         |
| Net Trust Fund Resources, beginning of the year  |      | 522,381,872           | 743,746,518           |
| <b>Net Trust Fund Resources, end of the year</b> |      | <b>\$ 787,969,115</b> | <b>\$ 522,381,872</b> |

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

# SPECIAL PURPOSE STATEMENTS OF CASH FLOWS

December 31, 2016 and December 31, 2015

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

|   | <b>2016</b>    | <b>2015</b>      |
|---|----------------|------------------|
| <b>Cash flows from operating activities:</b>  |                |                  |
| Change in Net Trust Fund Resources  | \$ 265,587,243 | \$ (221,364,646) |
| Adjustments to reconcile change in net trust fund resources to net cash used in operating activities: |                |                  |
| Unrealized foreign exchange loss  | 99,971,893     | 18,788,562       |
| Decrease in contributions receivable  | 74,844,738     | 48,763,184       |
| Decrease (increase) in promissory notes receivable  | 311,308,302    | (265,646,777)    |
| Increase in returns/reflows receivable from MDBs  | (115,000)      | (32,626)         |
| (Decrease) increase in project liabilities  | (125,271,241)  | 83,900,081       |
| Increase in MDB fees payable  | 864,317        | 566,683          |
| Increase in liability to other trust funds  | -              | 259,203,913      |
| Decrease in provisionally allocated contributions   | (511,218,452)  | -                |
| (Acrease) decrease in share of cash and investments in the Pool                                       | (115,971,800)  | 75,821,626       |
| <b>Net cash used in operating activities</b>  | <b>\$ -</b>    | <b>\$ -</b>      |
| <b>Net increase in cash and cash equivalents</b>  |                |                  |
| Cash and cash equivalents, beginning of the year  | -              | -                |
| <b>Cash and cash equivalents, end of the year</b>   | <b>\$ -</b>    | <b>\$ -</b>      |

## Supplemental Disclosure - Unrealized Foreign Exchange Loss/(Gain):

Changes in ending balances resulting from exchange rate fluctuation

| <b>Operating Activities</b>                   |                      |                      |
|---|----------------------|----------------------|
| Contribution receivable                       | \$ 3,019,200         | \$ 2,649,450         |
| Promissory notes receivable                   | 287,430,942          | 94,095,339           |
| Liability to other trust funds                | (190,478,249)        | (50,720,450)         |
| Provisionally allocated contributions         | -                    | (27,235,777)         |
| <b>Total Unrealized foreign exchange loss</b> | <b>\$ 99,971,893</b> | <b>\$ 18,788,562</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, 2016 and December 31, 2015

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

## Note 1 - Organization

In July 2008, the Executive Directors of the World Bank, herein defined as the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), approved the creation of the Climate Investment Funds (CIF). The CIF is designed to provide interim scaled-up funding to help developing countries in their efforts to mitigate rises in greenhouse gas emissions and to adapt to climate change.

The CIF is jointly implemented by the following multilateral development banks (MDBs): African Development Bank (AfDB); Asian Development Bank (ADB); European Bank for Reconstruction and Development (EBRD); Inter-American Development Bank (IADB); International Finance Corporation (IFC); and the World Bank.

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

The SCF finances targeted programs in developing countries to pilot new climate or sectoral approaches with scaling-up potential. Three programs have been established under the SCF: the Pilot Program for Climate Resilience (PPCR), the Forest Investment Program (FIP), and the Program on Scaling-Up Renewable Energy in Low Income Countries (SREP).

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 is governed by the SCF Trust Fund Committee, which oversees the operations and activities of the SCF. The SCF 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 SCF Trust Fund Committee.

SCF Sub-Committees for each of the three programs have been established by the SCF Trust Fund Committee. Each SCF Sub-Committee is responsible for duties such as approving programming priorities, operational criteria and financing modalities for the SCF Programs, securing SCF Program financing for programs and projects, and preparing periodic reports to the SCF Trust Fund Committee on the operations of the SCF Programs.

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2016 and December 31, 2015

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

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 respective SCF Sub-Committees, and serving as a forum to ensure effective operational coordination among the MDBs.

The Administrative Unit supports the work of the CIF, including the SCF, and also supports the SCF 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 SCF Trust Fund Committee and the SCF Sub-Committees, the formulation of recommendations on program criteria and priorities, and the preparation of annual consolidated reports on the SCF's activities, performance, status of implementation, in addition to managing partnerships and external relations.

In its capacity as the Trustee, IBRD established a trust fund (World Bank Reference TF069012) for the SCF under administration by IBRD as Trustee (the "Trust Fund") on March 2, 2009 (date of inception, hereinafter referred to as "Inception"), to receive contributions from contributors. The Trust Fund holds the assets of the SCF, pursuant to the terms of the contribution agreements/arrangements entered into with the contributors. In accordance with the decisions made by the SCF Trust Fund Committees, the SCF Sub-Committees, or the MDB Committee where relevant, and subject to the availability of applicable resources in the Trust Fund and the terms of contribution agreements/arrangements, the Trustee makes commitments and transfers the SCF resources, in the manner agreed with the MDBs. In addition, in its capacity as an IE of the SCF, the World Bank established a separate trust fund (i.e. SCF Trust Fund under administration by the World Bank as IE) to receive SCF funds transferred by the Trustee from the 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 SCF trust fund under administration by the World Bank as IE, (ii) the CTF trust fund under administration by IBRD as Trustee, and (iii) the CTF 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 SCF and CTF, as they are reported separately.

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2016 and December 31, 2015

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 SCF Trust Fund Committee, SCF Sub-committees, 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 SCF 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 SCF funds, which is also accounted for on a cash basis; and (iii) reflows and returns of SCF 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:

*Contributions, contributions receivable and promissory notes receivable* – The Trust Fund accepts contributions in accordance with the SCF standard provisions and the contribution agreements/arrangements entered into between the Trustee and the contributors. Pursuant to the contribution agreements/arrangements, when making a contribution to the SCF, the contributor may allocate its contribution into one of three categories. The categories and accounting treatments under the special purpose basis of accounting are described below:

1. *Contributions allocated to the SCF*: upon effectiveness of the contribution agreements/arrangements, contributions are recorded as revenue in the special purpose statements of activities and a contribution receivable in the special purpose statements of financial position;
2. *Contributions allocated to other trust funds*: upon effectiveness of the contribution agreements/arrangements, a liability to other trust funds is recorded at the same time that the contribution receivable is recognized in the special purpose statements of financial position;
3. *Unallocated contribution or provisionally allocated contributions*: upon effectiveness of the contribution agreements/arrangements, a contribution receivable is recognized and a provisionally allocated contribution liability is recorded in the special purpose statements of financial position.

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2016 and December 31, 2015

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

Contributors may make contributions in the form of (i) a grant contribution, or (ii) a capital contribution. Grant contributions may be used for any purpose under the contribution agreements/arrangements. Capital contributions to the SCF may be used for any purpose, except that no more than ten percent (10%) of the contribution shall be used for financing grants. The term “capital contribution” and “grant contribution” define the permitted use of funds pursuant to the contribution agreements/arrangements, such that “capital contribution” does not mean that share capital or equity instruments have been issued to contributors in return for 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.

Contributors satisfy their obligations under the contribution agreements/arrangements through the payment of cash or by deposit of promissory notes with their respective central banks. Promissory notes are non-negotiable and non-interest bearing demand obligations. Contributors satisfy their obligations under the promissory notes by making cash payments in accordance with an indicative, non-binding encashment schedule, individually agreed with contributors. Promissory notes receivable and contributions receivable are reported at nominal value, net of an allowance for doubtful receivables, if any. When contributions receivable and promissory notes receivable are overdue beyond dates specified in the contribution agreements/arrangements, the Trustee reduces the carrying value by recognizing a provision and an allowance for doubtful receivables as specified in the table below:

| Contributions Receivable and Promissory Notes Receivable |                      |
|--|----------------------|
| Period in arrears  | Allowance percentage |
| 24 months  | 50%                  |
| 36 months  | 100%                 |

*Project expense and project liabilities* – The SCF Sub-Committees and the MDB Committee, as applicable, approve project funding to be transferred by the Trust Fund to the MDBs to fund SCF projects. Project expenses and the project liabilities to the MDBs are recognized upon the SCF Sub-Committees’ or MDB Committee’s approval as applicable. Project liabilities are paid to the MDBs upon their request in accordance with the Financial Procedures Agreements (the FPAs) between the Trustee and the MDBs.

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2016 and December 31, 2015

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

*MDB fee expense and MDB fees payable* – In accordance with the FPAs, project administration fees are paid to the MDBs to cover their expenses associated with the project cycle management of SCF projects. The Trust Fund recognizes MDB fee expenses and MDB fees payable upon the SCF Sub-Committees' or the MDB Committee's approval. The fees are paid to the MDBs upon their request in accordance with the FPAs.

*Administrative budget expense* – The SCF 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 SCF. 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 SCF funds held by the World Bank and IFC as IEs 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 SCF Trust Fund under administration by the World Bank as IE, and the investment income earned by the SCF 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 SCF project 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 SCF funds disbursed by the MDBs* – Upon transfer of funds to MDBs for project expense, MDBs may disburse SCF 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 flow of funds from MDB loans and other financial products issued using SCF 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 respective reporting period. Any adjustment resulting from currency exchange rate changes is recognized as foreign currency exchange gain or loss.

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2016 and December 31, 2015

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

*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.

## 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.

The Trust Fund's share of the cash and investments in the Pool, has a fair value of \$1,164,611,901 and \$1,048,640,101 as of December 31, 2016 and December 31, 2015, respectively.

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2016 and December 31, 2015

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

## Note 4 – Promissory Notes Receivable

As of December 31, 2016 and December 31, 2015, the Trust Fund held the following promissory notes:

| Contributor                              | Promissory Notes Receivable as of<br>December 31, 2016 |                         | Promissory Notes Receivable as of<br>December 31, 2015 |                         |
|--|--|-------------------------|--|-------------------------|
|  | Currency   | U.S. dollar equivalent  | Currency   | U.S. dollar equivalent  |
| The Netherlands                          | \$ -   | -                       | \$ 9,090,909   | 9,090,909               |
| United Kingdom                           | £ 1,190,609,760  | 1,464,807,188           | £ 1,386,365,830  | 2,054,455,523           |
| <b>Total promissory notes receivable</b> |  | <b>\$ 1,464,807,188</b> |  | <b>\$ 2,063,546,432</b> |

As of December 31, 2016 and December 31, 2015, no allowance has been established as none of the promissory notes receivable were more than 24 months past due.

## Note 5 – 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, 2016 are as follows:

| Contributor     | Type of Contribution | Currency | Contribution Amount | Paid in Cash    | Promissory Note Receivable | Contributions Receivable |
|-----------------|----------------------|----------|---------------------|-----------------|----------------------------|--------------------------|
| Australia       | Grant                | AUD      | 87,177,222          | 87,177,222      | -                          | -                        |
| Canada          | Grant                | CAD      | 100,000,000         | 100,000,000     | -                          | -                        |
| Denmark         | Grant                | DKK      | 238,000,000         | 238,000,000     | -                          | -                        |
| Germany         | Grant                | EUR      | 59,450,000          | 59,450,000      | -                          | -                        |
| Japan           | Grant                | JPY      | 111,186,000,000     | 111,186,000,000 | -                          | -                        |
| Korea           | Grant                | KRW      | 6,565,000,000       | 6,565,000,000   | -                          | -                        |
| The Netherlands | Grant                | USD      | 76,083,916          | 76,083,916      | -                          | -                        |
| Norway          | Grant                | NOK      | 1,676,200,000       | 1,676,200,000   | -                          | -                        |
| Sweden          | Grant                | SEK      | 405,000,000         | 405,000,000     | -                          | -                        |
| Switzerland     | Grant                | USD      | 26,000,000          | 26,000,000      | -                          | -                        |
| United States   | Grant                | USD      | 507,644,013         | 507,644,013     | -                          | -                        |
| Spain           | Grant                | EUR      | 3,000,000           | 3,000,000       | -                          | -                        |
| Spain           | Capital              | EUR      | 20,000,000          | 20,000,000      | -                          | -                        |
| United Kingdom  | Grant                | GBP      | 220,975,000         | 93,142,000      | 115,833,000                | 12,000,000               |
| United Kingdom  | Capital              | GBP      | 1,843,921,760       | 769,145,000     | 1,074,776,760              | -                        |

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2016 and December 31, 2015

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

Grant and capital contributions and contributions receivables are presented below:

| Contributor                            | Type of Contribution | Contributions for the fiscal year ended December 31, 2016 | Contributions for the fiscal year ended December 31, 2015 | Contributions receivable at December 31, 2016 | Contributions receivable at December 31, 2015 |
|--|----------------------|---|---|---|---|
| Norway                                 | Grant                | \$ 3,723,794  | \$ 1,152,419  | \$ -  | \$ -  |
| Sweden                                 | Grant                | 2,452,483   | -   | -   | -   |
| United Kingdom <sup>1</sup>            | Grant                | 218,181,521   | -   | 14,763,600                                    | 17,782,800                                    |
| United States                          | Grant                | 59,620,000  | 88,200,000  | -   | -   |
| United Kingdom <sup>1</sup>            | Capital              | 280,359,100   | -   | -   | 74,844,738                                    |
| <b>Total Contributions/Receivables</b> |                      | <b>\$ 564,336,898</b>                                     | <b>\$ 89,352,419</b>                                      | <b>\$ 14,763,600</b>                          | <b>\$ 92,627,538</b>                          |

<sup>1</sup> In May 2016, United Kingdom approved the transfer of contribution receivable and promissory notes originally deposited to provisional sub-account to SCF programs (See Note 9).

As of December 31, 2016 and December 31, 2015, no allowance has been established as none of the contributions receivable were more than 24 months past due. Outstanding contributions are expected to be received in accordance with the terms established in the respective contribution agreement/arrangement.

## Note 6 – Net Investment Income

Net investment income consists of the World Bank and IFC as IEs and SCF 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 7 – Project Expense and Project Liabilities

Project expenses and project liabilities are as follows:

| Project expenses           | For the fiscal year ended December 31,<br>2016 | For the fiscal year ended December 31,<br>2015 |
|----------------------------|--|--|
| <b>Implementing Entity</b> |  |  |
| ADB                        | \$ 57,555,796                                  | \$ 45,233,588                                  |
| AfDB                       | 43,257,880                                     | 5,985,300                                      |
| EBRD                       | 4,500,000                                      | -  |
| IADB                       | 6,651,076                                      | 84,774,370                                     |
| IBRD/IDA                   | 32,104,743                                     | 119,607,000                                    |
| IFC                        | 9,720,189                                      | 4,724,403                                      |
| <b>Total</b>               | <b>\$ 153,789,684</b>                          | <b>\$ 260,324,661</b>                          |

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2016 and December 31, 2015

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

## Project liabilities

| <u>Implementing Entity</u> | <u>As of December 31,<br/>2016</u> | <u>As of December 31,<br/>2015</u> |
|----------------------------|------------------------------------|------------------------------------|
| ADB                        | \$ 223,427,543                     | \$ 218,789,550                     |
| AfDB                       | 169,109,562                        | 145,494,862                        |
| EBRD                       | 3,000,000                          | 3,500,000                          |
| IADB                       | 57,927,598                         | 57,226,521                         |
| IBRD/IDA                   | 420,273,102                        | 583,998,113                        |
| IFC                        | 45,371,219                         | 35,371,219                         |
| <b>Total</b>               | <b>\$ 919,109,024</b>              | <b>\$ 1,044,380,265</b>            |

## Note 8 – MDB Fee Expense and MDB Fees Payable

Fee expenses and fee liabilities are as follows:

### MDB fee expenses

| <u>Implementing Entity</u> | <u>For the fiscal year<br/>ended December 31,<br/>2016</u> | <u>For the fiscal year<br/>ended December 31,<br/>2015</u> |
|----------------------------|--|--|
| ADB                        | \$ 2,319,000   | \$ 1,509,957   |
| AfDB                       | 575,000  | 760,000  |
| EBRD                       | 150,000  | -  |
| IADB                       | -  | 2,410,000  |
| IBRD/IDA                   | 2,832,500  | 6,290,418  |
| IFC                        | 490,000  | 131,726  |
| <b>Total</b>               | <b>\$ 6,366,500</b>  | <b>\$ 11,102,101</b>                                       |

### MDB fees payable

| <u>Implementing Entity</u> | <u>As of December 31,<br/>2016</u> | <u>As of December 31,<br/>2015</u> |
|----------------------------|------------------------------------|------------------------------------|
| ADB                        | \$ 3,357,000                       | \$ 2,121,457                       |
| AfDB                       | 1,277,500                          | 1,913,500                          |
| EBRD                       | 150,000                            | -                                  |
| IADB                       | -                                  | 668,000                            |
| IBRD/IDA                   | 1,056,500                          | 582,000                            |
| IFC                        | -                                  | (308,274)                          |
| <b>Total</b>               | <b>\$ 5,841,000</b>                | <b>\$ 4,976,683</b>                |

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2016 and December 31, 2015

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

## Note 9 – Liability to Other Trust Funds and Provisionally Allocated Contribution

The liability to other trust funds as of December 31, 2016 and December 31, 2015 expressed in transactional currency and the U.S. dollar equivalent, by contributor, are as follows:

| Liability to other trust funds                | Liability as of<br>December 31, 2016 | USD equivalent as of<br>December 31, 2016 | Liability as of<br>December 31, 2015 | USD equivalent as of<br>December 31, 2015 |
|---|--------------------------------------|---|--------------------------------------|---|
| <b>United Kingdom</b>                         |                                      |   |                                      |   |
| CTF   | £ 757,067,760                        | \$ 931,420,465                            | £ 757,067,760                        | \$ 1,121,898,714                          |
| <b>Total liabilities to other trust funds</b> |                                      | <b>\$ 931,420,465</b>                     |                                      | <b>\$ 1,121,898,714</b>                   |

The amount of £ 757,067,760 represents contribution payable to 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 of contribution to the CTF.

The reconciliation of changes in provisionally allocated contributions pending decision on allocation to programs and/or trust funds as of December 31, 2016 and December 31, 2015, is as follows:

| Contributor/contribution                           | Provisional allocation as<br>of December 31, 2015 | USD Equivalent as of<br>December 31, 2015 | Transfers during the<br>fiscal year ended<br>December 31, 2016 <sup>1</sup> |      | Provisional allocation as<br>of December 31, 2016 | USD Equivalent as of<br>December 31, 2016 |
|--|---|---|---|------|---|---|
|  |   |   | £   | \$   |   |   |
| United Kingdom                                     |   |   |   |      |   |   |
| Capital contribution                               | £ 194,000,000                                     | \$ 287,488,600                            | £ 194,000,000   | \$ - | £ -   | \$ -                                      |
| Grant contribution                                 | 150,975,000                                       | 223,729,852                               | 150,975,000   | -    | -   | -   |
| <b>Total provisionally allocated contributions</b> | <b>£ 344,975,000</b>                              | <b>\$ 511,218,452</b>                     | <b>£ 344,975,000</b>  |      | <b>£ -</b>  | <b>\$ -</b>                               |

<sup>1</sup> In May 2016, United Kingdom authorized the transfer of provisionally allocated contributions to SCF programs. The USD equivalent as on the date of transfer is \$ 498,540,621.

# NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2016 and December 31, 2015

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

## Note 10 – Administrative Budget Expense

The administrative budget expense is as follows:

| Implementing Entity             | For the fiscal year<br>ended December 31,<br>2016 | For the fiscal year<br>ended December 31,<br>2015 |
|---------------------------------|---|---|
| ADB                             | \$ 1,347,817                                      | \$ 1,300,764                                      |
| AfDB                            | 3,115,341   | 1,977,200   |
| EBRD                            | 35,000  | 232,171   |
| IADB                            | 1,244,555   | 1,036,638   |
| IBRD/IDA as administrative unit | 9,650,638   | 8,328,233   |
| IBRD/IDA as IE                  | 6,109,000   | 4,537,291   |
| IBRD as Trustee                 | 1,065,252   | 1,369,350   |
| IFC                             | 515,512   | 1,154,555   |
| <b>Total</b>                    | <b>\$ 23,083,115</b>                              | <b>\$ 19,936,202</b>                              |

## Note 11 – Subsequent Events

Management has evaluated subsequent events through May 18, 2017, the date the special purpose financial statements were available to be issued. There were no subsequent events that required adjustment or disclosure.