



December 31, 2023 and 2022

Strategic Climate Fund

Administered by the International Bank for Reconstruction and Development
as Trustee

World Bank Reference: TF069012

**Independent Auditor's Report and Special Purpose Financial
Statements**

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

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

Special Purpose Financial Statements

December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

International Bank for Reconstruction and Development as Trustee of Strategic Climate Fund

Opinion

We have audited the special purpose financial statements of Strategic Climate Fund ("SCF" or the "Trust Fund") administered by the International Bank for Reconstruction and Development as Trustee and Administrator (the "Trustee" or the "Administrator"), which comprise the special purpose statements of financial position as of the years ended December 31, 2023 and 2022, and the special purpose statements of activities and cash flows for the years then ended, and the related notes to the special purpose financial statements (collectively, the "Special Purpose Financial Statements").

In our opinion, the accompanying Special Purpose Financial Statements present fairly, in all material respects, the financial position of the Trust Fund as of December 31, 2023 and 2022, and the results of its activities and cash flows for the years then ended, in accordance with the special purpose basis of accounting described in Note 2 to the Special Purpose Financial Statements.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements section of our report. We are independent of the Trust Fund and the Trustee and Administrator, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits, which include relevant ethical requirements in the United States of America and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 2 of the Special Purpose Financial Statements, which describes the basis of accounting. The Special Purpose Financial Statements are prepared on the special purpose basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America or International Financial Reporting Standards as issued by the International Accounting Standards Board. Our opinion is not modified with respect to this matter.

Responsibilities of Management and Those Charged with Governance for the Special Purpose Financial Statements

Management is responsible for the preparation and fair presentation of the Special Purpose Financial Statements in accordance with the special purpose basis of accounting described in Note 2 to the Special

Purpose Financial Statements and for determining that the special purpose basis of accounting is an acceptable basis for the preparation of the Special Purpose Financial Statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Special Purpose Financial Statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Trust Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and ISAs will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Special Purpose Financial Statements.

In performing an audit in accordance with GAAS and ISAs, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Special Purpose Financial Statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Special Purpose Financial Statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Special Purpose Financial Statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Restriction on Use

Our report is intended solely for the information and use of the SCF Trust Fund Committee, the Trustee and Administrator, and the donors to the Trust Fund, and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte + Touche LLP

May 22, 2024

SPECIAL PURPOSE STATEMENTS 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>
Assets			
Share of cash and investments in the Pool	3	\$ 797,443,387	\$ 851,818,871
Promissory notes receivable	4	1,017,861,942	675,382,783
Contributions receivable	5	187,647,759	195,655,507
Returns/reflows receivable from MDBs		<u>2,044,571</u>	<u>1,778,546</u>
Total assets		\$ <u>2,004,997,659</u>	\$ <u>1,724,635,707</u>
Liabilities and Net Trust Fund Resources			
Liabilities			
Project liabilities	7	\$ 311,867,817	\$ 426,322,539
MDB fees payable	8	2,030,260	3,254,082
Liability to other trust funds	9	<u>509,840,000</u>	<u>481,560,000</u>
Total liabilities		\$ <u>823,738,077</u>	\$ <u>911,136,621</u>
Net Trust Fund Resources		<u>1,181,259,582</u>	<u>813,499,086</u>
Total liabilities and Net Trust Fund Resources		\$ <u>2,004,997,659</u>	\$ <u>1,724,635,707</u>

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, 2023 and December 31, 2022

Expressed in U.S. dollars

	Note	2023	2022
Revenues			
Contributions	5	\$ 318,405,257	\$ 9,120,426
Net investment income/(loss)	6	51,701,260	(8,770,251)
Interest income earned on MDBs grant funds		1,198,965	142,200
Returns/reflows of SCF funds from MDBs		14,480,965	4,859,730
Total revenues		\$ 385,786,447	\$ 5,352,105
Expenses			
Project expense, net	7	\$ 20,364,847	\$ 18,977,981
MDB fee expense, net	8	406,178	1,149,357
Administrative budget expense	10	24,330,521	36,619,889
Total expenses		\$ 45,101,546	\$ 56,747,227
Foreign currency exchange gain/(loss)		27,075,595	(42,302,666)
Change in Net Trust Fund Resources		367,760,496	(93,697,788)
Net Trust Fund Resources, beginning of the year		813,499,086	907,196,874
Net Trust Fund Resources, end of the year		\$ 1,181,259,582	\$ 813,499,086

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

SPECIAL PURPOSE STATEMENTS OF CASH FLOWS

December 31, 2023 and December 31, 2022

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

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in Net Trust Fund Resources	\$ 367,760,496	\$ (93,697,788)
Adjustments to reconcile change in net trust fund resources to net cash used in operating activities:		
Unrealized foreign exchange (gain)/loss	(19,841,182)	24,284,009
Increase in promissory notes receivable	(296,927,733)	(174,762,330)
Decrease in contributions receivable	10,577,504	238,916,832
Increase in returns/reflows receivable from MDBs	(266,025)	(412,807)
Decrease in project liabilities	(114,454,722)	(112,857,743)
Decrease in MDB fees payable	(1,223,822)	(1,193,143)
Net cash used in operating activities	\$ (54,375,484)	\$ (119,722,970)
Cash flows from investing activities:		
Decrease in share of cash and investments in the Pool	54,375,484	119,722,970
Net cash provided by investing activities	\$ 54,375,484	\$ 119,722,970
Net increase in cash and cash equivalents		
Cash and cash equivalents, beginning of the year	-	-
Cash and cash equivalents, end of the year	\$ -	\$ -
Supplemental Disclosure - Unrealized Foreign Exchange (Gain)/Loss:		
Changes in ending balances resulting from exchange rate fluctuation		
Operating Activities		
Promissory notes receivable	\$ (45,551,426)	\$ 64,497,628
Contribution receivable	(2,569,756)	17,266,381
Liability to other trust funds	28,280,000	(57,480,000)
Total Unrealized foreign exchange (gain)/loss	\$ (19,841,182)	\$ 24,284,009

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 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 Strategic Climate Fund (SCF), the Clean Technology Fund (CTF) and the Clean Technology Parallel Fund (CTFPF). IBRD serves as Trustee (the Trustee) and administrator for these trust funds. Each of the MDBs listed above implements projects related to the SCF, CTF and CTFPF and administers funds transferred to it by the Trustee. The World Bank also 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. Five programs have been established under the SCF: the Pilot Program for Climate Resilience (PPCR), the Forest Investment Program (FIP), the Program on Scaling-Up Renewable Energy in Low Income Countries (SREP), the Nature, People and Climate Program (NPC) and the Renewable Energy Integration Program (REIP).

The CTF and CTFPF 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 Technical Committees for the three programs (FIP, PPCR, SREP) have been established by the SCF Trust Fund Committee. A Global Climate Action Program Sub-Committee has been established for the remaining programs. Each of these Committees are responsible for duties such as approving programming priorities, operational criteria,

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2023 and December 31, 2022

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

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

The Secretariat supports the work of the CIF, including the SCF, and also supports the SCF 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 SCF Trust Fund Committee, the respective SCF Technical Committees and the SCF Sub-Committee, the formulation of recommendations on program criteria and priorities, and the preparation of annual consolidated reports on the SCF's activities, performance and 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 Technical Committees, the SCF Sub-Committee, 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, (iii) the CTF Parallel trust fund under administration by IBRD as the Trustee and (iv) the CTF trust fund under administration by the World Bank as IE. In addition, these

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December 31, 2023 and December 31, 2022

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

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.

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 SCF Trust Fund Committee, SCF Technical Committees, SCF Sub-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 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 (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 SCF funds held by the World Bank; 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 contribution receivable in the special purpose statements of financial position;

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

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2. *Contributions allocated to other trust funds:* upon effectiveness of the contribution agreements/arrangements, liability to other trust funds is recorded at the same time that 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, provisionally allocated contribution liability is recorded at the same time that contribution receivable is recognized in the special purpose statements of financial position.

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 an allowance for doubtful receivables as specified in the table below:

Contributions Receivable and Promissory Notes Receivable	
Period in arrears from due date to balance sheet date	Allowance percentage
24 months	50%
36 months	100%

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Project expense, net and project liabilities – The SCF Technical Committees, SCF Sub-Committee 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 project liabilities are recognized net of cancellations. Project expenses and the project liabilities to the MDBs are recognized upon the SCF Technical Committees' or SCF Sub-Committees' or MDB Committee's approval as applicable 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 Procedures Agreements (the FPAs) between the Trustee and the MDBs.

MDB fee expense, net 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. MDB fees expense and MDB fees payable are recognized net of cancellations. The Trust Fund recognizes MDB fee expenses and MDB fees payable upon the SCF Technical Committees' or SCF Sub-Committees' or the MDB Committee's approval and cancellation of fees, if any, are recognized upon respective MDB'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 Secretariat 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 Secretariat, and the MDBs are paid upon their request. The administrative budget expense is reported on a cash basis.

Net investment income/(loss) – Investment income/(loss) earned on SCF funds held by IBRD as Trustee and 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/(loss) comprises the investment income/(loss) earned by this Trust Fund, the investment income/(loss) earned by the SCF Trust Fund under administration by the World Bank as IE, and the investment income/(loss) earned by the SCF Trust Fund under administration by IFC as IE. Net investment income/(loss) includes realized and unrealized investment income/(loss).

Interest Income earned on MDBs grant funds – In accordance with the FPAs, interest 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. Interest income from the other MDBs is recorded on a cash basis.

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

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

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 equity and 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.

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 the U.S. dollars are reported at the rates of exchange in effect on the date when World Bank executes the currency transaction to convert to U.S. dollars. 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.

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.

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 and liabilities separate and apart from the funds of the World Bank Group.

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2023 and December 31, 2022

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

The Pool is a trading portfolio and is reported at fair value, with realized and unrealized gains/losses included in net investment income/(loss). 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 \$797,443,387 and \$ 851,818,871 as of December 31, 2023 and December 31, 2022, respectively.

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.

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2023 and December 31, 2022

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

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 - Promissory Notes Receivable

As of December 31, 2023, and December 31, 2022, the Trust Fund held the following promissory notes:

Contributor	Promissory Notes Receivable as of December 31, 2023		Promissory Notes Receivable as of December 31, 2022	
	Currency	U.S. dollar equivalent	Currency	U.S. dollar equivalent
United Kingdom				
Balance at the beginning of the year	£ 560,995,750	\$ 675,382,783	£ 419,351,500	\$ 565,118,081
Promissory note deposits	237,577,875	296,927,733	141,644,250	174,762,330
Promissory note encashments	-	-	-	-
Foreign currency adjustment	-	45,551,426	-	(64,497,628)
Total promissory notes receivable	£ 798,573,625	\$ 1,017,861,942	£ 560,995,750	\$ 675,382,783

As of December 31, 2023 and December 31, 2022, no allowance has been established as none of the promissory notes receivable were more than 24 months past due.

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 - 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, 2023 are as follows:

Contributor	Type of Contribution	Currency	Contribution		Promissory Note Receivable	Contributions Receivable
			Amount	Paid in Cash		
Australia	Grant	AUD	87,177,222	87,177,222	-	-
Canada	Grant	CAD	100,000,000	100,000,000	-	-
Denmark	Grant	DKK	333,000,000	333,000,000	-	-
Germany	Grant	EUR	159,450,000	79,450,000	-	80,000,000
Italy	Grant	EUR	150,000,000	150,000,000	-	-
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	236,083,916	153,083,916	-	83,000,000
Norway	Grant	NOK	1,748,200,000	1,748,200,000	-	-
Spain	Grant	EUR	9,901,339	9,901,339	-	-
Spain	Capital	EUR	20,000,000	20,000,000	-	-
Spain	Grant	USD	2,220,467	2,220,467	-	-
Sweden	Grant	SEK	705,000,000	705,000,000	-	-
Switzerland	Grant	USD	42,000,000	42,000,000	-	-
Switzerland	Grant	CHF	19,000,000	19,000,000	-	-
United Kingdom	Grant	GBP	218,975,000	218,975,000	-	-
United Kingdom	Capital	GBP	2,523,921,760	1,712,770,260	798,573,625	12,577,875
United States	Grant	USD	507,644,013	507,644,013	-	-

Grant and capital contributions and contributions receivables for the years ended and as of December 31, 2023 and 2022, respectively, are presented below:

Contributor	Type of Contribution	Contributions for the fiscal year ended		Contributions receivable as of	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Germany	Grant	\$ 108,045,500	\$ -	\$ 88,616,000	\$ -
Netherlands	Grant	50,000,000	-	83,000,000	51,000,000
Spain	Grant	-	9,120,426	-	-
United Kingdom	Capital	160,359,757	-	16,031,759	144,655,507
Total Contributions/Receivable		\$ 318,405,257	\$ 9,120,426	\$ 187,647,759	\$ 195,655,507

As of December 31, 2023 and December 31, 2022, 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/(Loss)

Net investment income/(loss) consists of the World Bank and IFC as IEs and the Trust Fund's 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 7 - Project Expense, net and Project Liabilities

Project expense, net and project liabilities are as follows:

Project expense, net		
Implementing Entity	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2022
ADB	\$ (3,821,535)	\$ 6,026,031
AfDB	18,459,343	28,697,580
EBRD	10,150,000	-
IADB	(792,900)	20,200,000
IBRD/IDA	3,956,246	(35,945,630)
IFC	(7,586,307)	-
Total	\$ 20,364,847	\$ 18,977,981

Project liabilities

	As of and for the year ended December 31, 2023	As of and for the year ended December 31, 2022
Project liabilities - Beginning of the year	\$ 426,322,539	\$ 539,180,282
Project expense, net ¹	20,364,847	18,977,981
Disbursements for Projects	(134,819,570)	(131,835,724)
Project liabilities - End of the year	\$ 311,867,817	\$ 426,322,539

¹During the year ended December 31, 2023, Project approvals were \$34,875,000 (December 31, 2022: \$73,370,000) and cancellations were \$14,510,153 (December 31, 2022: \$54,392,019).

Project liabilities by Implementing Entity

Implementing Entity	As of December 31, 2023	As of December 31, 2022
ADB	\$ 60,989,211	\$ 74,891,515
AfDB	63,567,100	74,068,499
EBRD	4,410,000	-
IADB	66,830,524	85,516,204
IBRD/IDA	100,567,567	168,846,321
IFC	15,503,415	23,000,000
Total	\$ 311,867,817	\$ 426,322,539

Note 8 - MDB Fee Expense, net and MDB Fees Payable

MDB fee expenses, net of returns of unused funds and payables for the years ended and as of December 31, 2023 and 2022, respectively, are as follows:

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2023 and December 31, 2022

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

MDB fee expenses, net

Implementing Entity	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2022
ADB	\$ 250,000	\$ 235,000
AfDB	220,000	700,000
EBRD	50,000	-
IADB	-	220,000
IBRD/IDA ¹	321,781	(5,643)
IFC ¹	(435,603)	-
Total	\$ 406,178	\$ 1,149,357

¹ Since MDB fee cancellations exceed approved MDB fees, the net amount is reported as a negative expense for the fiscal years ended December 31, 2023 and December 31, 2022.

MDB fees payable

Implementing Entity	2023	2022
ADB	\$ 514,000	\$ 514,000
AfDB	700,000	1,350,000
IBRD/IDA	1,251,863	1,390,082
IFC ¹	(435,603)	-
Total	\$ 2,030,260	\$ 3,254,082

¹ Negative balance as of December 31, 2023 is due to MDB fee cancellation of previously approved projects and subject to return to Trustee or adjusted against future MDB fee payable.

Note 9 - Liability to Other Trust Funds

The liability to other trust funds as of December 31, 2023 and December 31, 2022 expressed in transactional currency and the U.S. dollar equivalent are as follows:

Liability to other trust funds	Liability as of December 31, 2023		Liability as of December 31, 2022	
	Currency	U.S. dollar equivalent	Currency	U.S. dollar equivalent
CTF				
Balance at the beginning of the year	£ 400,000,000	\$ 481,560,000	£ 400,000,000	\$ 539,040,000
Additional allocation	-	-	-	-
Paid allocation	-	-	-	-
Foreign currency adjustment	-	28,280,000	-	(57,480,000)
Total liabilities to other trust funds	£ 400,000,000	\$ 509,840,000	£ 400,000,000	\$ 481,560,000

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2023 and December 31, 2022

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

The amount of £400,000,000 as of December 31, 2023 and December 31, 2022, 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.

Note 10 - Administrative Budget Expense

The administrative budget expense is as follows:

<u>Implementing Entity</u>	<u>For the fiscal year ended December 31, 2023</u>	<u>For the fiscal year ended December 31, 2022</u>
ADB	\$ 1,303,409	\$ 6,722,885
AfDB	4,156,366	2,579,572
EBRD	1,863,404	3,678,365
IADB	1,777,293	4,013,422
IBRD/IDA as Secretariat	8,223,000	8,151,176
IBRD/IDA as IE	4,230,498	10,117,843
IBRD as Trustee	1,202,960	1,276,635
IFC	1,573,591	79,991
Total	\$ 24,330,521	\$ 36,619,889

Note 11 - Subsequent Events

Management has evaluated subsequent events through May 22, 2024, the date the special purpose financial statements were issued. There were no subsequent events that required adjustment or disclosure.