

CLIMATE INVESTMENT FUNDS

CTF/TFC.10/Inf.2
October 30, 2012

Meeting of the CTF Trust Fund Committee
Istanbul, Turkey
November 3, 2012

TRUSTEE REPORT ON THE FINANCIAL STATUS OF THE CTF

Clean Technology Fund (CTF)

Financial Report

Prepared by the Trustee

As of September 30, 2012



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Introduction

The information contained in this report is prepared based on financial information as of September 30, 2012.

The Clean Technology Fund (CTF) is one of the Climate Investment Funds (CIF) that were established in 2008 to scale-up assistance to developing countries until the framework on climate change is agreed. The CIF's financial architecture is rooted in two trust funds. The Clean Technology Fund (CTF) finances scaled-up demonstration, deployment, and transfer of clean technologies, by piloting investments in countries or regions with potential for significant greenhouse gas (GHG) abatement. The Strategic Climate Fund (SCF) finances three programs that pilot new approaches with the potential for scaling up: the Forest Investment Program (FIP), Pilot Program for Climate Resilience (PPCR), and Program for Scaling Up Renewable Energy in Low-Income Countries (SREP). The report is produced by the Trustee in accordance with the Trustee's role as set forth in the paper entitled Governance Framework for the CTF Fund which states:

"The Trustee will provide to the CTF Trust Fund Committee regular reports on the financial status of the Trust Fund, as agreed between the Trustee and the CTF Trust Fund Committee."

This report provides (i) a snapshot of the financial situation of the CTF Trust Fund since its inception to September 30, 2012 and some of the recent developments from April 1, 2012 to September 30, 2012; (ii) the status of contributions, and (iii) the details of financial activities of the CTF Trust Fund.



CTF Trust Fund Financial Summary as of September 30, 2012

Pledges and Contributions:

As of September 30, 2012, 9 donors pledged USDeq. 4.8 billion to the CTF Trust Fund, of which USDeq. 3.9 billion was confirmed through signed Contribution Agreements or Contribution Arrangements. Of the latter amount, the Trustee has received USDeq. 3.9 billion in cash and promissory notes to date, of which USDeq. 590 million was received between April 1, 2012 and September 30, 2012.¹

Investment Income:

As of September 30, 2012, the CTF Trust Fund earned investment income of approximately USD 59.2 million on the undisbursed balance of the Trust Fund. The CTF Trust Fund liquid portfolio has returned 0.98%² through the calendar year to date.

Funding Approvals and Trustee Commitments:

As of September 30, 2012, CTF Trust Fund Committee endorsed 16 Investment Plans for a total amount of proposed CTF funding of USD 5.4 billion. Of this amount USD 1.2 billion was endorsed for the Investment Plans for Nigeria, Chile and India, contingent upon the availability of funds beyond what is planned for in the current pipeline.

As of September 30, 2012, cumulative funding decisions by the CTF Trust Fund Committee amounted to USDeq. 2.11 billion. This represents an increase of USDeq. 0.2 million since April 1, 2012. Of the total amount approved USDeq. 2.06 billion was for projects and project preparation activities, USD 11.9 million was for fees, and USD 31.5 million was for administrative expenses of the CTF.

Based on the funding decisions by the CTF Trust Fund Committee, Trustee has committed a total of USDeq. 2.11 billion to the MDBs.

Cash Transfers:

Cash transfers were made to MDBs on an as-needed basis to meet their projected disbursement requirements. The Trustee has transferred USDeq. 544 million, of which USDeq. 44 million has been transferred between April 1 and September 30, 2012. As a result, USDeq. 1.6 billion remains payable to MDBs as of September 30, 2012.

Funds Held in Trust and Funds Available for CTF Trust Fund Committee decisions:

Funds Held in Trust³ reflect financial activities related to new donor payments (cash and promissory notes), encashment of promissory notes, investment income, cash transfers, and the revaluation of the balance of promissory notes at month-end. Funds Held in Trust as of September 30, 2012 amounted to USDeq. 3.3 billion.

Funds available to support CTF Trust Fund Committee decisions amounted to USD 1.7 billion⁴ as of September 30, 2012. This represents an increase of USD 377 million as compared to March 31, 2012. The receipt of new funds from donors between April 1, 2012 and September 30, 2012 was offset by the funding approvals by the CTF Trust Fund Committee during the same period.

¹ The United States paid USD 45 million on October 1, 2012, i.e. after the cut-off date of this report. Hence, this payment will be reflected in the next report.

² Represents non-annualized rate of return.

³ Funds Held in Trust represents balance of cash, investments and unencashed promissory notes, if any, as of the reporting date.

⁴ Funds available for Council decision would be adjusted accordingly to reflect new payments received from donors and by additional funding approvals between October 1, 2012 and the date of work program approval by the Council in November 2012.



Update on Trustee Activity

FIF IT Platform Project. In FY10, the Trustee began the development of an automated and secure systems platform to manage the Clean Technology Fund and Strategic Climate Fund Trust Funds. The system will support Trustee financial operations as well as CIF operations, specifically pipeline management and related workflow between the MDBs, CIF Administrative Unit, and the Trustee. The system platform will leverage other existing platforms owned by the World Bank and will be available for other Financial Intermediary Funds managed by the World Bank. The objective of this initiative is to create an integrated technology platform, effective tools for communicating and collaborating with partners and clients, and streamlined reporting and analytics.

In FY12, an internal web based Dashboard was developed and implemented for the CIF Administrative Unit. This online Dashboard enables the CIF Administrative Unit to see real time data on Pledges, Contributions, and Cash Receipts from the Trustee's enterprise resource management system (SAP). The Dashboard also provides real time information on CIF Committee endorsements of CIF Investment Plans, funding approvals of all CIF projects, Cash transfers from the Trustee to the MDBs, and disbursements from the MDBs to recipients. Several reports for the CIF Administrative Unit were also developed.

Analysis and discovery of the CIF Administrative Unit's business processes, data and reporting requirements, and interactions with stakeholders is nearing completion. The next step is to rationalize the business requirements across all FIF secretariats housed in the World Bank and begin design and development of a single platform in SAP, to be integrated with Trustee processes. In addition, the Trustee has implemented a pilot application of Secure File Transfer Protocol (SFTP) interface with an external FIF agency that enables secure, electronically encrypted data transmissions. The pilot has been successfully tested and approved by the World Bank's Office of Information Security. The Trustee will roll out this technology to CIF MDBs when they are ready. This technology will replace the existing method of sharing data and information through less secure means (via faxes and emails).

Data Transparency and Information Dissemination. In an effort to align with the Bank's strategy to move towards transparency as well as to enhance efficiency, improvements are being made to IT systems platform for FIFs. During the year the CFP has continued to work on streamlining information dissemination and transparency of FIF data through the FIF public website (www.fiftrustee.worldbank.org). Disclosure of funding decision, cash fund balances, project information and financial statements are disclosed in accordance with policy of each FIF. Links are also provided to the other World Bank public domain sites. This website will continually be updated with new FIF funds and provide a landing page from which users will be able to glean an understanding of the fund and trustee role.



1. CTF Trust Fund Summary – Inception through September 30, 2012

In USD millions

	Total	% of Total
<u>Donor Pledges and Contributions</u>		
Contributions	4,003.8	83.0%
Pledges	822.7	17.0%
Total Pledges and Contributions	4,826.5	100.0%
<u>Cumulative Resources</u>		
<u>Resources received</u>		
Cash Receipts	3,251.8	66.6%
Unencashed promissory notes	713.2	14.6%
Investment Income earned	59.2	1.2%
Total Resources Received	4,024.2	82.4%
<u>Resources not yet received</u>		
Contributions not yet paid	38.8	0.8%
Pledges	822.7	16.8%
Total resources not yet received	861.5	17.6%
Total Potential Resources (A)	4,885.7	100.0%
<u>Cumulative Funding Decisions</u>		
Projects	2,069.0	97.9%
Fees	11.9	0.6%
Administrative Budgets	32.5	1.5%
Total Funding Decisions Net of Cancellations (B)	2,113.4	100.0%
Principal Repayments and Interest Payments net of Reflows (C)	12.4	
Total Potential Resources Net of Funding Decisions (A) - (B) - (C)	2,760.0	
<u>Funds Available</u>		
Funds Held in Trust with no restrictions	3,356.7	
Amounts Pending Cash Transfers	1,607.3	
Total Funds Available to Support CTF Trust Fund Committee decisions	1,749.5	



2. Pledges and Contributions

In USD millions

Contributor	Contribution Type	Currency	Pledges Outstanding and Contributions			Historical Value of Total in USD eq. a/ (1)	Current Value of Total in USD eq. b/ (2)	FX changes (3) = (2) - (1)	Receipts in USD eq. b/
			Pledges Outstanding	Finalized					
				Contributions Finalized	Total				
Australia	Grant	AUD	-	100	100	84	86	2	86
Canada	Loan	CAD	-	200	200	193	199	6	199
France	Loan	EUR	-	203	203	300	262	(38)	262
Germany	c/ Loan	EUR	-	500	500	739	615	(124)	615
Japan	d/ Grant	USD	-	1,000	1,000	1,000	1,157	157	1,157
Spain	Capital	EUR	-	80	80	118	109	(10)	70
Sweden	Grant	SEK	-	600	600	92	80	(13)	80
United Kingdom	e/ Capital	GBP	-	518	518	964	826	(139)	826
United States	f/ Grant	USD	823	669	1,492	1,492	1,492	-	669
						4,984	4,826	(179)	3,965

a/ Represents pledges valued on the basis of exchange rates as of September 25, 2008, the CIF official pledging date.

b/ Represents realized amounts plus unrealized amounts valued on the basis of exchange rates as of September 30, 2012.

c/ The EUR 500 million pledge was committed in USD in the amount of USD eq. 615 million.

d/ The USD 1 billion pledge was committed in JPY in the amount of JPY eq 93 billion.

e/ Amount pledged under the Strategic Climate Fund and allocated to the Clean Technology Fund. Additional contribution of GBP 133 million was made as part of the UK's Fast Start commitment.

f/ The total pledge made by the United States to the CIFs is USD 2 billion; the allocation across the programs is indicative.

- The above table shows the total pledges outstanding and contributions finalized to the CTF. Pledges represent a Contributor's expression of intent to make a contribution and form the basis for the endorsement of CTF Investment Plans by the CTF Trust Fund Committee.
- The total pledges to the CTF now amount to USDeq. 5.0 billion, valued at the exchange rates available on the date of the Climate Investment Funds (CIF) pledging meeting. The current value of the pledges amounts to USDeq. 4.8 billion as of September 30, 2012 (a difference of USDeq. 179 million due to exchange rate movements).
- As of September 30, 2012, the Trustee had entered into Contribution Agreements/ Contribution Arrangements with 9 donors and received USDeq. 3.9 billion in cash and promissory notes to date from these donors⁵.
- Of the total amount received from donors, USDeq. 1.9 billion (50%) was received as grant contributions, USDeq. 1.1 billion (27%) as loan contributions and USDeq. 896 millions (23%) as capital contributions.
- Pledges and unpaid donor contributions amount to USD eq. 862 million.

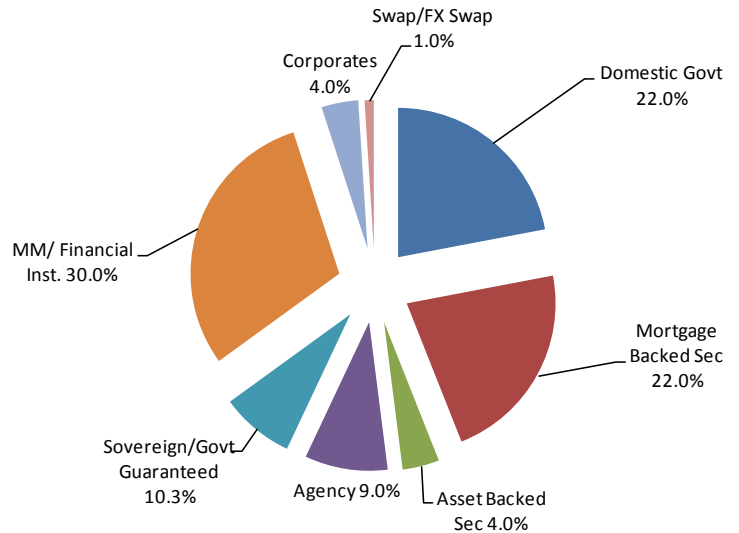
⁵ The United States paid USD 45 million on October 1, 2012 (i.e. after the cut-off date of this report). Hence, this payment will be reflected in the next report.



3. Asset Mix and Investment Income

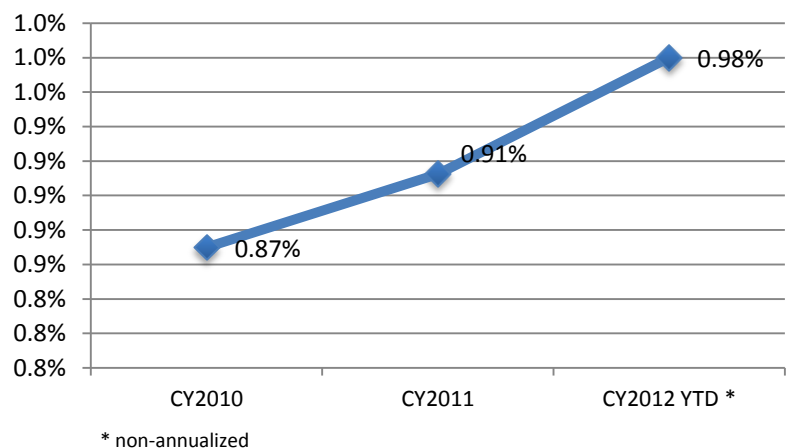
ASSET MIX

Funds held in trust by the World Bank (as the Trustee) are maintained in a commingled investment portfolio (the “Pool”) for all trust funds administered by the World Bank. The assets in the Pool are managed in accordance with the investment strategy established for all trust funds administered by the World Bank. The chart reflects the asset mix of the portfolio in which CTF funds are invested.



INVESTMENT RETURNS

The CTF funds are invested in accordance with the investment strategy established for all of the trust funds administered by the World Bank. Funds are invested so that the probability of incurring negative returns is no more than approximately 1% over the applicable investment horizon. The CTF Trust Fund liquid portfolio (which totaled approximately USDeq. 2.8 billion at end-September 2012) earned approximately USD 59 million in investment income since inception.



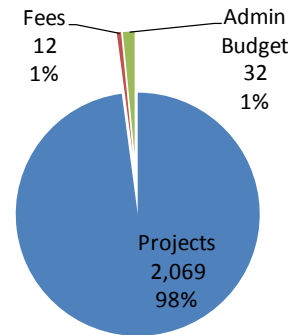


4. Cumulative Funding Decisions

In USD millions

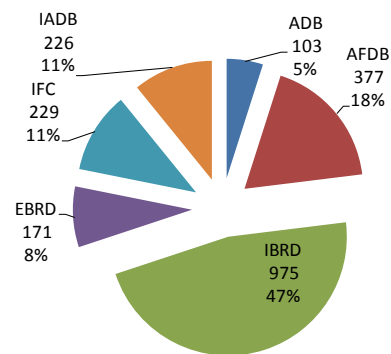
FUNDING DECISIONS BY ACTIVITY

Since inception to September 30, 2012 funding approvals made by the CTF Trust Fund Committee totaled USD eq. 2.1 billion. Projects represent about 98%, fees for MDBs 1%, and budgets for the Secretariat, the Trustee and Evaluation 1%.



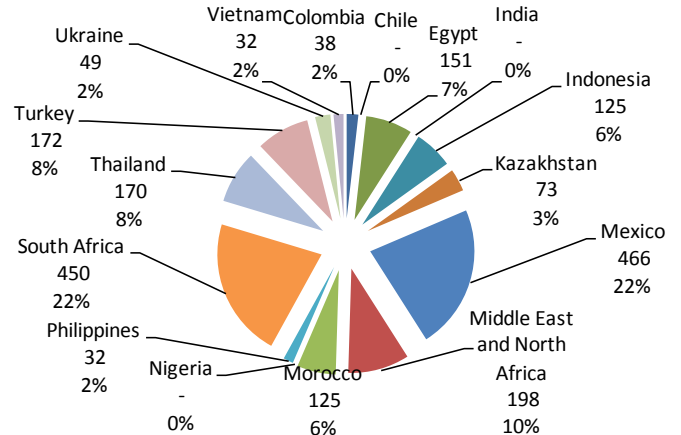
PROJECT FUNDING DECISIONS BY AGENCY

The pie chart shows the projects and fees funding decisions by MDB. Of the total USD 2.1 billion of approved projects and fees to date, 47% has been allocated to IBRD, 18% to AFDB, and 22% to IDB and IFC.



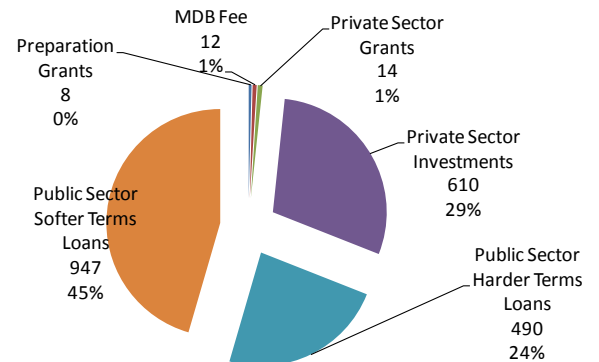
PROJECT FUNDING DECISIONS BY COUNTRY/REGION

The pie chart shows the breakdown of the cumulative project approvals by country/regional programs.



PROJECT FUNDING DECISIONS BY FINANCING PRODUCT

The pie chart shows the breakdown of the cumulative funding decisions by financing type.⁶



⁶ Public sector harder concessional loan has terms of 0.75% interest, 20 years maturity and 10 years grace on principal repayments; public sector softer concessional loan has terms of 0.25% interest, 40 years maturity and 10 years grace on principal repayments.

5. Funds Available

In USD millions

	As of Sep. 30, 2012 (a)	As of Mar. 31, 2012 (b)	Change (c) = (a) - (b)
1. Cumulative Receipts	4,025	3,418	607
a. Cash receipts and encashed promissory notes	3,252	2,945	307
b. Unencashed promissory notes	713	431	283
c. Investment income earned on undisbursed balance	59	42	17
d. Reflows	0	0	
2. Cumulative Cash Transfers	544	500	44
a. Projects	494	459	35
b. Project Fees	11	10	1
c. Administrative Budget	27	22	5
d. Principal Repayments and Interest Payments	12	9	3
3. Funds held in Trust (3 = 1 - 2)	3,480	2,917	563
a. Cash and Investments	2,767	2,487	
b. Unencashed promissory notes	713	431	
4. Financial Reserve	124	82	42
5. Funds held in Trust with no restrictions (5 = 3 - 4)	3,357	2,836	521
6. Funding Decisions pending cash transfer	1,581	1,463	118
a. Projects and Fees	1,576	1,459	117
b. Administrative Budget	5	4	2
7. Amounts pending CTF Trust Fund Committee funding decisions	26	-	26
8. Funds available to support CTF Trust Fund Committee funding decisions (8 = 5 - 6 - 7)	1,749	1,373	377

Highlights for the period April 1, 2012 through September 30, 2012:

- **Funds Held in Trust** represent cumulative receipts less cumulative cash transfers, and amount to USDeq. 3.5 billion as of September 30, 2012. Funds Held in Trust increased by USD 563 million primarily due to:
 - Contributions received during the period of April 1, 2012 to September 30, 2012 amounting to USDeq. 590 million.
 - Cash transfers to recipients amounting to USD 44 million
- **Funding Decisions Pending Cash Transfer** arising from the CTF Trust Fund Committee approvals amounting to USD 1.6 billion.
- **Funding Availability** currently amounts to USD 1.7 billion representing an increase of USD 377 million over the prior reporting period as a result of contribution receipts from donors and new funding decisions made by the CTF Trust Fund Committee during the period.
- The amount of Funds Available includes EUR 170 million available for funding decisions in EUR.