



Joint Meeting of the CTF and SCF Trust Fund Committees
Washington D.C. (Virtual)
Tuesday, November 17, 2020

Report of the Trustee on the Financial Status of the CTF



Clean Technology Fund (CTF)

Financial Report

Prepared by the Trustee

As of September 30, 2020



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Introduction

The Climate Investment Funds (CIF) were established in 2008 and comprise two trust funds. The Clean Technology Fund (CTF) provides resources to scale up low-carbon technologies with a significant potential for long-term greenhouse gas emissions savings. The Strategic Climate Fund (SCF) provides financing to pilot new development approaches or scale-up activities aimed at a specific climate change challenge or sectoral response. The SCF currently finances three such programs: The Forest Investment Program (FIP), Pilot Program for Climate Resilience (PPCR), and Scaling Up Renewable Energy in Low-Income Countries Program (SREP).

The World Bank acts as the Trustee for the CIFs. This report is produced by the Trustee based on financial information as of September 30, 2020, in accordance with the Trustee's role as set forth in the Governance Framework for the CTF 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 status of the CTF Trust Fund as of September 30, 2020; (ii) highlights of activities between October 1, 2019 and September 30, 2020; (iii) the status of pledges and contributions, and (iv) the details of financial activities of the CTF Trust Fund.

CTF Trust Fund Financial Summary as of September 30, 2020¹

Pledges and Contributions:

As of September 30, 2020, nine contributors pledged USDeq. 5.68 billion to the CTF Trust Fund, which has been fully finalized through signed Contribution/Loan Agreements/Arrangements. Of the total amount of executed Contribution/Loan Agreements/Arrangements, the Trustee has received USDeq. 5.42 billion in cash and USDeq. 240.48 million in unencashed promissory notes. During the period from October 1, 2019 to September 30, 2020, the United Kingdom deposited promissory notes in the amount of GBP 187.42 million.

Investment Income and Other Resources:

Since inception through September 30, 2020, the CTF Trust Fund earned investment income of USD 341.45 million on the undisbursed balance of the CTF Trust Fund. In addition, the return of other funds² amounted to USDeq. 28.54 million.

Trustee Commitments:

The Trustee makes commitments in the CTF Trust Fund based on the funding approvals of the CTF Trust Fund Committee. Cumulative net commitments made by the Trustee amounted to USDeq. 5.52 billion, including EUR 203 million for Projects/Programs. An increase of USDeq. 344.51 million during October 1, 2019 and September 30, 2020 was mainly due to the commitment approvals for the CTF Dedicated Private Sector Programs (DPSP) - Phase III. Of the total amount approved, USDeq. 5.42 billion was for projects, project preparation activities and MDB costs for project implementation and supervision services (MPIS), USD 99.07 million was for administrative expenses of the CTF.

Cash Transfers:

Cash transfers are made to MDBs³ on an as-needed basis to meet their projected disbursement requirements. The Trustee has transferred USDeq. 3.27 billion of which net USDeq. 35.82 million was transferred between October 1, 2019 and September 30, 2020. As a result, USDeq. 2.25 billion remains payable to MDBs as of September 30, 2020.

Cash transfers related to debt service payments to loan contributors amounted to USDeq. 105.60 million as of September 30, 2020.

Funds Held in Trust:

Funds Held in Trust reflect financial activities related to contribution payments (cash and promissory notes), encashment of promissory notes, investment income accrual, cash transfers, and the revaluation of the balance of promissory notes at month end. Funds Held in Trust as of September 30, 2020, amounted to USDeq. 2.76 billion. In addition, the net balance

¹ Figures may not add up due to rounding.

² Return of funds other than reflows due to be returned to the Trust Fund pursuant to the Financial Procedures Agreements consistent with the pertinent CTF funding approved by the CTF Trust Fund Committee. Includes Investment income, commitment fee, front end fee and late payment fee from MDB's.

³ The CIF funds are disbursed through the Multilateral Development Banks (MDBs) to support effective and flexible implementation of country-led programs and investments. The MDBs are the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IADB), the International Bank for Reconstruction and Development (IBRD)/International Development Association (IDA) (the World Bank), and the International Finance Corporation (IFC).



available for payments to loan contributors from the net reflows was USDeq. 152.46 million of which USDeq. 89.96 million is to pay for the principal and interest payments due to the loan contributors in the next 12 months.

Funding Availability for Trustee Commitments:

After making provisions for currency risk reserve (USD 36.07 million), projected country engagement reserve (USD 0.9 million), and the multi-year Learning & Knowledge exchange and special initiatives budget amount (USD 2.29 million), the funding available for Trustee Commitments is USDeq. 474.47 million, of which, USDeq. 267.73 million is the net investment income available for future administrative expenses and loan losses. Therefore, the balance USDeq. 206.74 million is available for Program and Project commitments.

Potential Available Resources: CIFAU has provided a pipeline of projects/programs for USDeq. 909.97 million. With the inclusion of the pipeline, the shortfall for resources for projects/programs is USDeq. 703.23 million.



CTF TRUST FUND - RESOURCES AVAILABLE for COMMITMENTS Inception through September 30, 2020 (US\$eq. millions)		As of September 30, 2020 US\$eq.	As of September 30, 2020 EUR
	As of September 30, 2020	Total	Total
	Total	Total	Total
Cumulative Funding Received			
Contributions Received			
Cash Contributions	5,420.31	5,182.59	203.00
Unencashed promissory notes	k/ 240.48	240.48	-
Total Contributions Received	5,660.78	5,423.07	203.00
Investment Income and Other Resources			
Investment Income	341.45	341.45	-
Other income	a/ 28.54	28.54	-
Total Other Resources	369.99	369.99	-
Total Cumulative Funding Received (A)	6,030.77	5,793.06	203.00
Cumulative Funding Commitments			
Projects/Programs	6,848.44	6,517.80	282.36
MDB Project Implementation and Supervision services (MPIS) Costs	55.80	55.80	-
Cumulative Administrative Expenses	105.06	105.06	-
Total Cumulative Funding Commitments	7,009.31	6,678.67	282.36
Administrative Expense Cancellations	b/ (5.99)	(5.99)	-
Projects/Programs, MPIS Cancellations	c/ (1,486.28)	(1,393.35)	(79.36)
Net Cumulative Funding Commitments (B)	5,517.05	5,279.33	203.00
Funding Availability(A - B)			
	513.73	513.73	0.00
Country Engagement Budget reserve FY21-23	d/ (0.89)	(0.89)	-
Learning and Knowledge Exchange & Special Initiative Budget (Multi-Year)	e/ (2.29)	(2.29)	-
Currency Risk Reserves	f/ (36.07)	(36.07)	-
Unrestricted Fund Balance for Trustee Commitments -Projects/Programs and Admin (C)	474.47	474.47	0.00
Net investment income available for Admin Budget commitments and the loan losses (D)	267.73	267.73	-
Unrestricted Funding Available for Projects/Programs commitments (E = C - D)	g/ 206.74	206.74	0.00
Unrestricted Funding Available for Projects/Programs commitments -DPSP III	g/ 2.34	2.34	0.00
Unrestricted Funding Available for Projects/Programs commitments -DPSP IV and other new Programs	g/ 204.40	204.40	-



CTF TRUST FUND - RESOURCES AVAILABLE for COMMITMENTS Inception through September 30, 2020 (US\$eq. millions)		As of September 30, 2020	As of September 30, 2020	As of September 30, 2020
		US\$eq.	US\$eq.	EUR
		Total	Total	Total
Anticipated Commitments for Projects/Programs				
Projects/Programs Funding and Fees- CTF Dedicated Private Sector Programs (DPSP)- Phase III				
		-	-	-
Projects/Programs Funding and Fees- CTF Dedicated Private Sector Programs (DPSP)- Phase IV				
		909.97	909.97	-
Total Anticipated Commitments (F)	m/	909.97	909.97	-
Available Resources for Projects/Programs (G = E - F)				
		(703.23)	(703.2)	0.00
Potential Future Resources (FY21)				
Contribution Receivable				
	l/	16.15	16.15	-
Pledges				
		-	-	-
Release of Currency Risk Reserves				
	f/	36.07	36.07	-
Total Potential Future Resources (H)		52.22	52.22	-
Potential Available Resources for Projects/Programs (G+H)				
		(651.01)	(651.01)	0.00
Potential Net Future Resources for Admin Expenses and Loan Losses				
Projected Investment Income from October 2020 to FY26 (I)				
	h/	118.20	118.20	-
Projected Administrative Budget (FY22-26) (J)				
	i/	45.90	45.90	-
Potential Net investment income available for Admin Expenses and Loan losses (K= I - J)		72.31	72.31	-
Potential Available Resources for Admin Expenses and Loan Losses (D + K)				
	j/	340.04	340.04	-

a/ Return of funds other than reflows due to be returned to the Trust Fund pursuant to the Financial Procedures Agreements consistent with the pertinent CTF funding approved by the CTF Trust Fund Committee. Includes Investment income, commitment fee, front end fee and late payment fee from MDB's.

b/ The admin budget cancellations includes the unused admin budget refunds, Country Programming Budget revisions/cancellations by MDBs, Trustee and CIFAU.

c/ Cancellation of program and project commitments approved by the committee

d/ The amount of USD 0.5 million approved by TFC in June 2019 for the multi-year country programming budget and the balance in reserve estimate provided by CIFAU for the period FY21 - FY23.

e/ The multi year special initiative budget for CTF 2.0 of USD 0.59 million approved by TFC in June 2017, yet to be committed by the Trustee. The amount of USD 2.8 million presented to TFC in June 2019 for the multi-year E&L initiative - yet to be approved by the committee (For year 2 and 3)

f/ Amounts withheld to mitigate over-commitment risk resulting from the effects of currency exchange rate fluctuations on the value of outstanding non-USD denominated promissory notes.

g/ In January 2019, the CTF Trust Fund Committee agreed that any remaining resources in CTF that can be made available for further programming may be used to fund more projects/programs under DPSP III. Based on that decision the amount available for DPSP III programs is USD. 2.3 million. This USD 2.30 million represents the residual balance of unprogrammed funds for DPSP III consistent with CTF Trust Fund Committee decision in January 2019. Only the new contributions signed and received after January 2019 are considered as available for new non-DPSP-III programs/projects. The EURO balance available for commitments in EURO is nil.

h/ Investment income on undisbursed funds as projected by Trustee through the cash flow model assuming a stable investment environment, steady pace of cash transfers and encashment of unencashed promissory notes.

i/ FY21 Budget commitment approved by TFC in June 2020 was USD 9.18 million for Administrative service and an approval for USD 3.05 million for a multi year initiative. The amount approved for FY21 Administrative Services was extrapolated for 5 years. Projected administrative budget includes resources for administrative services provided by the CIFAU, Trustee and MDBs.

j/ Losses on outgoing CTF Financial Products will be shared by all contributors on a prorata basis and covered to the extent available from the Net income (net investment income, interest and guarantee fees received in excess of 0.75%)

k/ This amount represents to USD equivalent of GBP 187.42 million.

l/ Contribution receivable amount of GBP 12.58 million from BEIS-UK

m/ Anticipated commitment pipeline information is provided by CIFAU



CTF TRUST FUND - CUMULATIVE OTHER FUNDING ACTIVITY

Inception through September 30, 2020 (US\$eq. millions)

As of September 30, 2020

Cumulative Debt Service Payments to Loan Contributors	
Principal Repayments	29.29
Interest Payments	76.32
Total Cumulative Debt Service Payments to Loan Contributors	105.60
Reflows	a/ 257.86

a/ Any payments of principal, interest from loans , which are due to be returned to the Trust Fund pursuant to the Financial Procedures Agreements consistent with the pertinent CTF funding approved by the CTF Trust Fund Committee. Payments in EUR currency are revalued as of September 30, 2020. For the avoidance of doubt, the Reflow does not include any return of funds from CTF grants or Administrative Costs, including cancelled or unused funds, or any investment income earned on CTF resources held by any MDB.



1. Pledges and Contributions -Summary

In USD millions

CLEAN TECHNOLOGY FUND
Table 1: Pledges and Contributions Summary
as of September 30, 2020
(in millions)

Contributor	Contribution Type	Currency	in Contribution Currency			in USD eq. a/				
			Contribution Receivable	PNs Outstanding	Cash Receipts f/	Total Contributions	Contribution Receivable	PNs Outstanding	Cash Receipts f/	Total Contributions
Australia	Grant	AUD	-		100	100	-	-	86	86
Canada	Loan	CAD	-		200	200	-	-	199	199
France	b/ Loan	EUR	-		203	203	-	-	238	238
Germany	c/ Loan	USD	-		615	615	-	-	615	615
Japan	d/ Grant	USD	-		1,056	1,056	-	-	1,056	1,056
Spain	Capital	EUR	-		80	80	-	-	106	106
Sweden	Grant	SEK	-		600	600	-	-	80	80
United Kingdom	Capital	GBP	13	187	1,130	1,330	16	240	1,548	1,805
United States	e/ Grant	USD	-		1,492	1,492	-	-	1,492	1,492
							16	240	5,420	5,677

a/ Represents realized amounts plus unrealized amounts valued on the basis of exchange rates as of September 30, 2020

b/ France pledged USD 500 million, including: 1) a concessional loan to the CTF Trust Fund of USD 300 million (equivalent to EUR 203 million) and 2) USD 200 million in co-financing from Agence Francaise de Developpement (ADF) separate from the CTF and not subject to reporting by the trustee. The concessional loan is valued on the basis of exchange rates as of September 30, 2020.

c/ The EUR 500 million pledge was committed in USDeq. 615 million. The total loan contribution received is USD 615 million.

d/ The USD 1 billion pledge was committed in JPY in the amount of JPY 93 billion. The total amount received is USDeq. 1.056 billion

e/ The total pledge made by the United States to the CTF and SCF is USD 2 billion.

f/ Includes cash receipts and encashed promissory notes.

Note: Totals may not add up due to rounding

- The above table shows the summary of pledges outstanding, contributions finalized, Cash and Promissory Note receipts and promissory notes outstanding. 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.
- As of September 30, 2020, total pledges and contributions amounted to USDeq. 5.68 billion based on Contribution/Loan Agreements/Arrangements entered by the Trustee with nine contributors and the total amount received in cash as of September 30, 2020 amounted to USDeq. 5.42 billion.
- During the period from October 1, 2019 to September 30, 2020, the United Kingdom deposited new promissory notes for GBP 187.42 million.

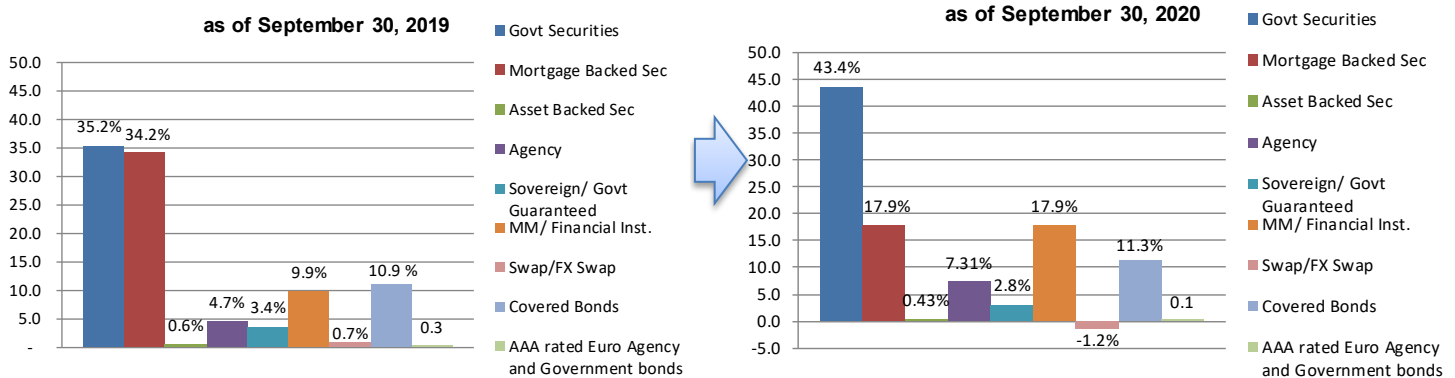
2. Asset Mix and Investment Income

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

ASSET MIX

CTF Trust Fund assets are invested across three of the World Bank Trust Fund’s investment model portfolios: “Model Portfolio 0” for short term working capital needs, “Model Portfolio 1” with an investment horizon of one year, and “Model Portfolio 2” with a broader investment universe and an investment horizon of three years. The investment objectives for the CTF Trust Fund are to optimize investment returns subject to preserving capital and maintaining adequate liquidity to meet foreseeable cash flow needs, within a conservative risk management framework⁴. Although actual future returns will depend on market conditions, the Trust Fund Investment Pool is actively monitored and adjusted to preserve development partner funds over the investment horizons. Over shorter periods, however, market volatility may result in negative actual or ‘mark-to-market’⁵ returns. Overall, the CTF Trust Fund cumulative returns have been driven by its investment in longer-term model portfolios, which may be exposed to higher volatility in returns over shorter periods but are expected to have higher returns over longer periods.

As of September 30, 2020, the portfolio allocation by asset class has the largest allocations to government securities, mortgage backed securities (MBS) and money market instruments.



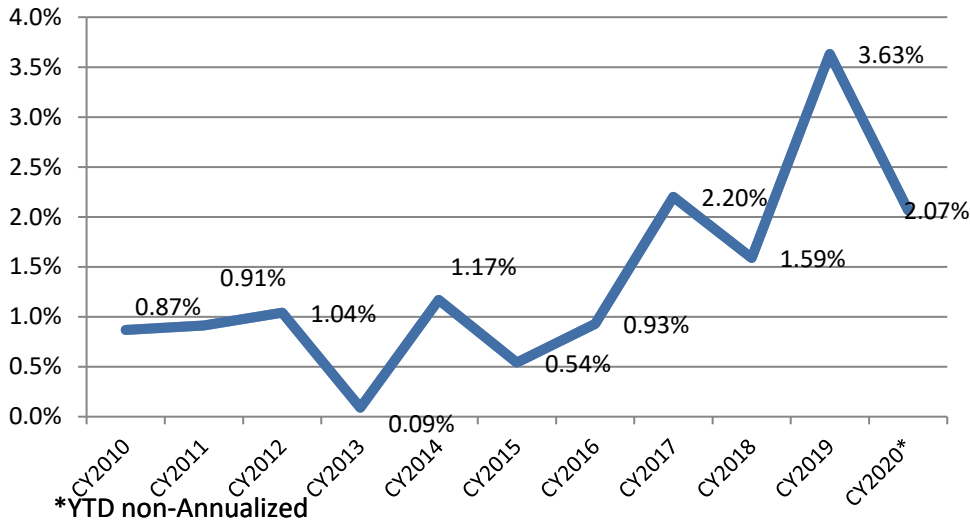
Note: The negative position in swaps is primarily due to changes in foreign currency exchange (FX) rates in cross currency basis swaps. Such swap instruments are used to implement currency hedges on bond positions within the portfolio. These hedges remain in place.

⁴ On July 1, 2015, the World Bank formally adopted the Conditional Value-at-Risk (CVaR) measure as the risk constraint in the management of trust funds which is defined as limiting the estimated average loss to the portfolio in the worst 1% of loss events. The World Bank Model Portfolios have their overall market risk constrained by a CVaR measure as follows:

The risk constraint of Model Portfolio 1 is expressed as the 1-year 99% Conditional VaR being no worse than -25bps

The risk constraint of Model Portfolio 2 is expressed as the 3-year 99% Conditional VaR being no worse than -100bps.

⁵ Mark-to-market gains or losses represent unrealized gains or losses resulting from changes in the value of securities in the portfolio which have not yet been sold.



INVESTMENT RETURNS

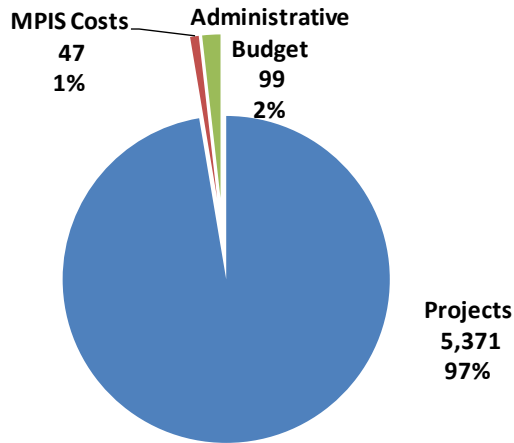
The CTF Trust Fund liquid portfolio earned USD 341.45 million in investment income since inception. The portfolio returns through September of calendar year 2020 was 2.07% non-annualized.



3. Cumulative Net Commitments

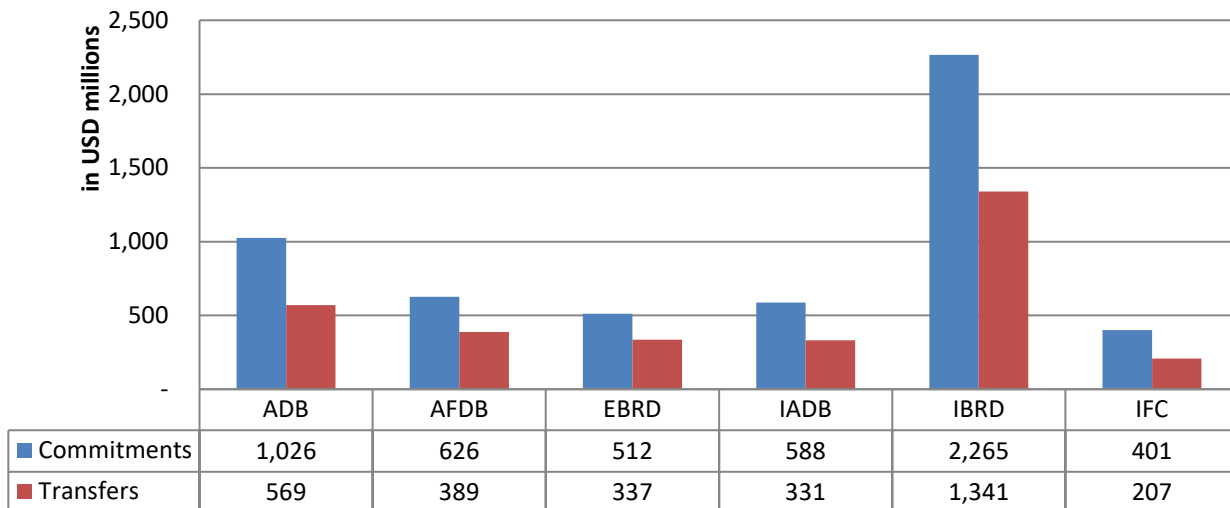
In USD millions

Total Net Commitments by the Trustee by Activity



Since inception to September 30, 2020, the net commitments made by the Trustee based on the funding approvals of CTF Trust Fund Committee totaled USD eq. 5.52 billion. Projects, including project preparation grants represent about 97%, MPIS costs 1%, administrative budgets for the CIF Administrative Unit, and the Trustee and the MDBs 2%.

Net Project and Program Commitments by MDB



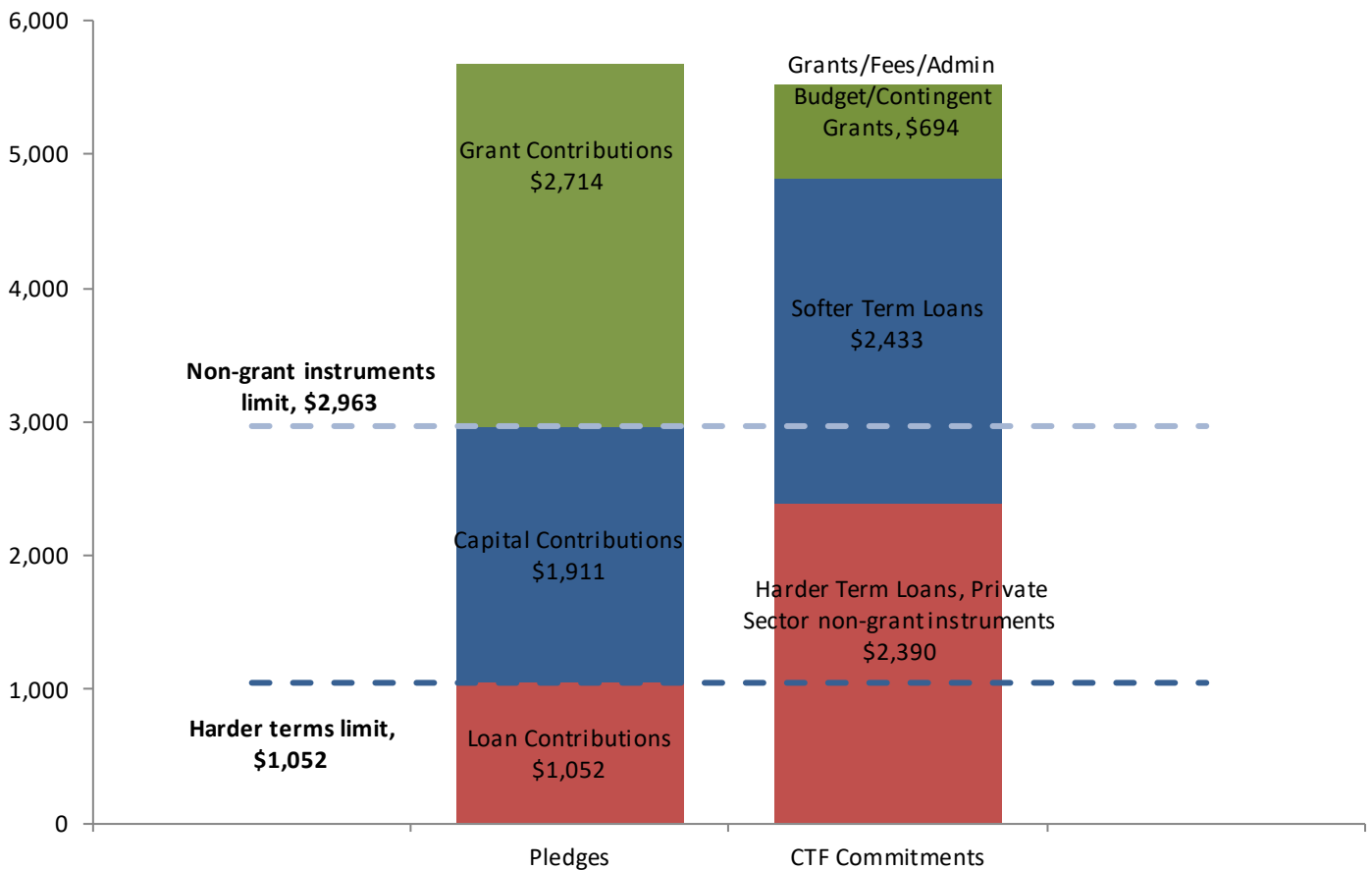


CTF FUNDING LIMITS

In accordance with the Principles regarding Contributions to the CTF, outgoing financing cannot be more concessional than contributed funds, i.e.:

- (a) Grant Contributions may be used to finance grants, concessional loans and other financial products, such as guarantees.
- (b) Capital Contributions may be used to finance concessional loans and other financial products, such as guarantees;
- (c) Loan Contributions may be used to finance loans and other financial products, such as guarantees, on terms no more concessional than the terms of the contributions.

This chart shows pledges by contribution type and CTF funding (excluding projects in the pipeline) by financing product. As shown in the chart, funding decisions made to date adhere to the funding limits set by the incoming funding types from the Contributors.





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

In US\$eq. millions

CLEAN TECHNOLOGY FUND				
Table 5: Schedule of Receipts and Cash Transfers				
Updated as of September 30, 2020				
	<u>As of September 30, 2020</u>		<u>As of September 30, 2019</u>	<u>Change</u>
	(a)		(a)	(c) = (a) - (b)
1. Cumulative Receipts	6,031		5,696	335
a. Cash receipts and encashed promissory notes	5,420		5,404	16
b. Unencashed promissory notes	240		-	240
c. Investment income earned on undisbursed balance & Return of funds other than reflows from MDB's	370		291	79
2. Cumulative Cash Transfers	3,270		3,234	36
a. Projects	3,137		3,115	22
b. MPIS Costs	36.19		33.64	3
c. Administrative Budget	97		86	11
3. Funds held in Trust (3 = 1 - 2)	2,761		2,461	299
a. Cash and Investments	2,520		2,461	59
b. Unencashed promissory notes	240		-	240
4. Restricted Funds	36		-	36
5. Funds held in Trust with no restrictions (5 = 3 - 4)	2,724		2,461	263
6. Trustee Commitments pending cash transfer	2,250		1,943	307
a. Projects and MPIS Costs	2,245		1,935	309
b. Administrative Budget	2.16		2.73	(1)
c. Country Engagement Budget reserve FY21-23	0.9		2	(1)
d. Learning and Knowledge Exchange & Special Initiative Budget (Multi-Year)	2.29		3	(1)
7. Funds available to support Trustee Commitments (7= 5 - 6)	474		518	(44)
8. Net Balance Available for Payments to the loan contributors from Reflows received from MDBs b/	152		131	21
of which the funds restricted for payments to loan contributors in next 12 months	90		37	53
a/ Valued on the basis of exchange rates as of September 30, 2020				
b/The net balance of Reflows received from the MDBs and the payments made to the loan contributors. The breakdown of amounts by reflows and payments to loan contributors is shown in the table below				
c/Amounts withheld to mitigate over-commitment risk resulting from the effects of currency exchange rate fluctuations on the value of outstanding non-USD denominated promissory notes.				
<i>Note: Totals may not add up due to rounding</i>				

	<u>As of September 30, 2020</u>	<u>As of September 30, 2019</u>	<u>Change</u>
	(a)	(a)	(a)- (b)
1. Reflows and payments to loan contributors			
a. Reflows - Interest and Principal reflows received from MDBs	258	198	60
b. Debt service payments to Loan Contributors	105	67	38
Net Balance of reflows and payments to loan contributors	152	131	21



Highlights for the period October 1, 2019 through September 30, 2020:

- **Funds Held in Trust** represent cumulative receipts less cumulative cash transfers, and amount to USDeq. 2.76 billion as of September 30, 2020. Funds Held in Trust increased by USDeq. 299 million since October 1, 2019 primarily due to:
 - Promissory Note deposit from United Kingdom for USDeq. 240 million and increase in cash and investments for USD eq. 95 million offset by
 - cash transfers to MDBs/secretariat for USDeq. 36 million during the period for projects and administrative expenses
- **Trustee Commitments Pending Cash Transfer** amount to USDeq. 2.25 billion, increased by USDeq. 307 million.
- **Funds available to support Trustee commitments** amount to USDeq. 474 million, representing a decrease of USDeq. 44 million.
Funds available to support payments to loan contributors amount to USDeq. 152 million, of which the amount restricted to cover the payments in the next 12 months is USDeq. 90 million.

5. Overall realized and unrealized gains or losses for the Promissory Notes held in Non-USD currencies.

In millions

CIF Promissory Notes in non-USD currencies - Exchange Rate Gain/Loss as of 09/30/2020

Amount in Currency					Amount in USD eq.				Currency Exchange rate changes in USD eq.			
Donor/Program	Currency	Promissory Note (PN) received	Unpaid Installment	PN Encashment	PN Unencashed	Promissory Note (PN) @Receipt date	Unpaid Installment @September 30, 2020	PN Encashment (FXR)	PN Unencashed as of September 30, 2020	Realized - PN Encashments	Unrealized- PN Unencashed	Promissory Note vs (Encashments+unencashed)
Japan		92,655		92,655	0	1,129		1,056	0	-73	0	-73
CTF	JPY	92,655		92,655	0	1,129		1,056	0	-73	0	-73
United Kingdom		1,317		1,130	187	1,984	16	1,548	240	-192	-4	-195
CTF	GBP	1,317	13	1,130	187	1,984	16	1,548	240	-192	-4	-195
Grand Total						3,113	16	2,605	240	-264	-4	-268