

# CLIMATE INVESTMENT FUNDS

Joint CTF-SCF/TFC.19/4

May 21, 2018

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Joint Meeting of the CTF and SCF Trust Fund Committees

Washington, DC

June 5, 2018

Agenda Item 4

**FY19 CIF Business Plan and Budget  
(SUMMARY)**

## PROPOSED DECISION

The Joint CTF and SCF Trust Fund Committee has reviewed and approves:

- i. The business plan and administrative budget contained in the document Joint CTF-SCF.19/4, *FY19 CIF Business Plan and Budget [including Tables 1, 6 and 9, and Annex1]*.
- ii. The commitment and transfer by the Trustee of the amounts detailed in Tables 1, 6 and 9, and Annex 1, to the CIF Administrative Unit, Trustee and MDBs respectively, from available cash resources in the CTF and SCF Trust Funds as follows:

### FY19 Budget Commitment Details (USD'000)

	CTF	SCF	Total
<b>Administrative Services</b>	<b>8,358.4</b>	<b>13,259.4</b>	<b>21,617.9</b>
<b>Multi-year Initiatives</b>	<b>986.7</b>	<b>1,766.7</b>	<b>2,753.3</b>
Learning and Knowledge Exchange	614.2	1,054.2	1,668.3
Country Programming Budget	100.0	440.0	540.0
Special Initiatives	272.5	272.5	545.0
<b>Total</b>	<b>9,345.1</b>	<b>15,026.1</b>	<b>24,371.2</b>

The Committees welcome the business plan and note that the proposed FY19 CIF budget provides administrative resources for the expected work program of the CIF's operating structure: The Trustee as administrator of the financial assets of the CIF trust funds, the CIF Administrative Unit as the central coordinating unit of the CIF partnership, and the six MDBs as the implementing partners.

## **INTRODUCTION**

1. This document presents a summary of the business plan and budget request for the 2019 fiscal year<sup>1</sup> (FY19) for administrative costs and multi-year activities to support the services provided by the partnership of the Climate Investment Funds (CIF), which comprises the CIF Administrative Unit, Multilateral Development Banks (MDBs) the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IDB), the International Finance Corporation (IFC), and the International Bank for Reconstruction and Development (IBRD) in its capacity as the host of the CIF Administrative Unit, as a CIF implementing entity, and as Trustee.

## **SECTION I: STRATEGIC CONTEXT**

2. With the CIF in its tenth year of operations, the focus areas for FY19 are in line with the status, maturity, and future of the CIF. While efforts will be made to showcase CIF results and stories, expected areas of focus include strategic discussions on the future of the CIF, finalizing new financing modalities in the Clean Technology Fund (CTF), highlighting the range of CIF knowledge activities, and marking CIF@10.

### **A. STRATEGIC DISCUSSIONS ON THE FUTURE OF THE CIF**

3. As indicated at the joint meeting of the CTF and Strategic Climate Fund (SCF) Trust Fund Committees in June 2016, discussions on the sunset and strategic future of the CIF will begin in December 2018, at the earliest, with a view to take a decision on this issue in June 2019 concerning if, and when, the Trustee should stop receiving new contributions for the CTF and/or the SCF.

### **B. CONTINUING ANALYSIS ON FINANCING MODALITIES**

4. In recognition of the evolving climate finance landscape, ongoing efforts to explore new financing modalities for the CTF and FIP continued in FY18. Significant progress on the CTF 2.0 general obligation approach was achieved in November 2017 with the receipt of the positive credit rating assessment reports from Moody's and S&P. As shared with the CTF TFC members, the indicative investment-grade ratings were AA from S&P and Aa3 from Moody's. Key opportunities and barriers to private investment in the FIP were identified and frameworks for potential financial models were developed, and will be shared in FY19.

### **C. STRATEGIC POSITIONING ON KNOWLEDGE AND LEARNING**

5. FY18 was a momentous year for CIF knowledge, learning, and result sharing activities. Continuing efforts to share CIF knowledge and learning will also be a strategic priority in FY19.

### **D. CIF@10**

6. FY19 continues the 10-year anniversary of the CIF (CIF@10). The campaign will be an opportunity to showcase results achieved across the different regions, programs, and partners, providing a

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<sup>1</sup> Fiscal Year (FY) refers to the period beginning July 1 each year to June 30 of the following year. This is in line with the World Bank fiscal year structure.

narrative that highlights the pivotal role of concessional finance in addressing climate change. The campaign will wrap-up during the winter 2019 Trust Fund Committee meeting, with a closing event to be held in a CIF country.

#### **E. SCF LONG-TERM FUNDING OF ADMINISTRATIVE SERVICES ANALYSES**

7. Following the request of the SCF Trust Fund Committee, strategic analyses were undertaken to assess and project future costs of the SCF. The analysis was discussed at the SCF intersessional meeting in March 2018. The CIF Administrative Unit, in collaboration with the MDBs and Trustee, will undertake further analysis building on the scenarios already presented in the SCF intersessional meeting, and identify additional scenarios for implementing further cost-saving measures.

### **SECTION II: PROGRESS OF THE CIF PORTFOLIO**

#### **A. INVESTMENT PLANS**

8. During FY18 a total of 17 investment plans were endorsed by the SCF Sub-Committees, which included seven from the FIP countries, eight from the Pilot Program for Climate Resilience (PPCR) countries, and two from the Scaling Up Renewable Energy in Low Income Countries Program (SREP).

#### **B. OVERVIEW OF PORTFOLIO**

9. Through the delivery of a portfolio of 274 projects in 66 countries, the CIF is paving the way for climate-smart sustainable development. It is projected that by June 30, 2018 the CTF will support 96 projects<sup>2</sup> in 19 countries, including one regional program in the Middle East and North Africa (MENA) region, leveraging over USD 44 billion in co-financing from private and public sectors, MDBs, bilateral, and other sources. The three SCF programs, FIP, PPCR, and SREP, show continued progress, with resources expected to have been approved for 176 projects in 44 countries by June 30, 2018.
10. In FY19, under the SCF programs, it is anticipated that nine projects for USD 75.32 million will be approved by the SCF Sub-Committees (FIP: 5 projects, USD 36.41 million, SREP: 4 projects, USD 38.91 million, based on the sealed pipeline), with the remainder of the projects expected to be approved in FY20 (FIP: 7 projects, USD 90.92 million, SREP: 1 project, USD 5 million).

#### **C. FROM BUSINESS DEVELOPMENT TO PORTFOLIO MANAGEMENT**

11. With the endorsement of most investment plans and about 93 percent of CIF funding expected to be TFC approved by end of FY18, it is projected that significant efforts will be placed in managing the active portfolio of over 300 projects.
12. With this shift, the proposed FY19 and future budget resources will be focused less on investment plan preparation and project approvals, and more on other areas to strengthen implementation of CIF projects and programs such as monitoring and reporting, evaluation and learning, mid-term reviews and completion reporting, as well as ramped-up engagement in knowledge management and gender activities.

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<sup>2</sup> Projections are based on updates to the pipeline as of April 16, 2018.

**SECTION III: ANALYSIS ON USE OF RESOURCES FOR THE FY18 UTILIZED BUDGET AND PROPOSED FY19 BUDGET**

13. The Fiscal Year 2019 (FY19) Business Plan and Budget will support the services and activities provided by the CIF partnership and is approved on an annual basis by the CTF and SCF Trust Fund Committees. This budget is presented in two sections: 1) Administrative Services; and, 2) Multi-year Activities.
14. To achieve the CIF partnership’s strategic areas of focus, a budget of USD 24.37 million is proposed for FY19. The proposed budget includes USD 21.62 million for Administrative Services, and USD 2.75 million for multi-year activities. Table 1 provides an overview of the projected FY18 budget outcome and proposed FY19 budget by category.

**Table 1: Approved FY18, Revised FY18, and Proposed FY19 Budgets by Category (USD '000)**

	<b>FY18 Approved Budget</b>	<b>FY18 Projected Utilization</b>	<b>FY19 Proposed Budget</b>
	<b>A</b>	<b>B</b>	<b>C</b>
<b>Administrative Services:</b>			
<b>Total</b>	<b>21,813.5</b>	<b>21,424.7</b>	<b>21,617.9</b>
Admin Unit	11,344.6	11,189.4	11,295.3
MDBs	7,258.9	6,919.4	7,234.6
<i>ADB</i>	1,109.5	1,109.5	1,084.3
<i>AfDB</i>	1,013.2	991.4	1,012.2
<i>EBRD</i>	330.3	330.3	330.2
<i>IDB</i>	1,006.3	987.0	983.0
<i>IBRD</i>	2,840.6	2,561.1	2,745.6
<i>IFC</i>	959.0	940.1	1,079.3
Trustee	2,410.0	2,565.9	2,288.0
<i>External Audit Fee</i>	800.0	750.0	800.0
<b>Multi-Year Activities (funds to be utilized in multi years):</b>			
	<b>Approved Budget for Activities Beginning in FY18</b>	<b>Expected Utilization at Activity Completion</b>	<b>Proposed Budget for Activities Beginning in FY19</b>
<b>Total</b>	<b>1,160.0</b>	<b>1,160.0</b>	<b>2,753.3</b>
Learning and Knowledge Exchange	1,160.0	1,160.0	1,668.3
Support for Country Programming	-	-	540.0
Special Initiatives	-	-	545.0
<b>Summary</b>			
	<b>FY18 Approved Budget</b>	<b>FY18 Projected Utilization</b>	<b>FY19 Proposed Budget</b>
<b>Total</b>	<b>22,973.5</b>	<b>22,584.7</b>	<b>24,371.2</b>
Administrative Services	21,813.5	21,424.7	21,617.9
Multi-year Activities	1,160.0	1,160.0	2,753.3

## A. ADMINISTRATIVE SERVICES

15. The estimated budget for FY19 Administrative Services totals USD 21.62 million, is in line with the FY18 approved budget.

**Table 2: Administrative Services: FY18 Projected Budget Outcome and FY19 Proposed Budget by Target Area (USD '000)**

Target Area	FY18 Approved Budget	FY18 Projected Utilization	FY19 Proposed Budget
<b>Total</b>	<b>21,813.5</b>	<b>21,424.7</b>	<b>21,617.9</b>
1. Policy development, working with the Trust Fund Committees, Sub-Committees, and managing relations	7,457.0	7,499.7	7,714.1
2. Investment plan development, update and revision	1,232.5	1,195.8	418.4
3. Development and approval of CIF funding of programs and projects.	1,199.0	1,099.2	994.8
4. Knowledge management and communications	3,978.8	4,127.2	4,332.8
5. Monitoring and evaluation; stakeholder engagement in review of IP implementation	2,544.3	2,598.0	2,850.2
6. Gender mainstreaming	1,052.8	819.7	1,279.9
7. Managing resources and risk	4,349.1	4,085.3	4,027.7
of which External Audit Fee	800.0	750.0	800.0

## B. MULTI-YEAR ACTIVITIES

16. Multi-year activities are defined as activities that may extend over multiple fiscal years and are typically approved for specific initiatives or purposes. FY19 proposed budget for the three categories of multi-year activities include: i) Learning and Knowledge Exchange (USD 1.67 million); ii) Support for Country Programming (USD 540,000); and iii) Special Initiatives (USD 545,000).

### i. LEARNING AND KNOWLEDGE EXCHANGE

17. A budget of USD 1.67 million is requested to fund the following activities:

- **Global Delivery Initiative Case studies:** These studies aim to capture and share insights on important lessons of operational value during the implementation of projects. Six studies were undertaken in FY18. a budget of USD 90,000 is proposed for three additional GDI studies in FY19.
- **Global conference on gender-responsive climate mitigation and adaptation:** The conference is being organized to: i. share gender lessons from CIF investment programming on climate action in developing countries, and ii. identify the latest knowledge and research in policy and practice on gender and climate across diverse settings and scales. About USD 300,000 is proposed for this activity.
- **SREP pilot countries meeting:** The event is designed to further learning and foster dialogue among SREP pilot countries on issues and challenges related to the design and implementation

of SREP investment plans and other renewable energy and energy access-related programs and activities.

- **CIF@10 Campaign:** To mark the 10<sup>th</sup> anniversary of CIF operations, the CIF Administration Unit, in partnership with the MDBs, are implementing a campaign to share CIF stories, from the perspective of the beneficiaries with the goal of building support for climate finance to accelerate the movement toward a low-carbon world that inspired our mandate. The year-long campaign will cost USD 196,100.
- **CIF@10 Capstone event:** In January 2019, the campaign will culminate in a capstone event hosted in a pilot country, coinciding with the CTF Pilot Countries meeting, the CIF Trust Fund Committee and Sub-Committee meetings, and other events. With approximately 300 stakeholders participating, an estimated budget of USD 732,246 is proposed for this activity.

## ii. SUPPORT FOR COUNTRY PROGRAMMING

18. In FY19, a budget of USD 540,000 is proposed to support five broad categories of activities to support CIF pilot countries: 1) Investment Plan Preparation Mission Support, 2) Stakeholder Reviews, 3) Gender, 4) Monitoring and Reporting, 5) Knowledge Management, and 6) Investment Plan Update. Focus will be on the following country-led activities: stakeholder reviews in IP implementation, gender mainstreaming, monitoring and reporting, and knowledge management.

## iii. PROPOSED FY19 SPECIAL INITIATIVES

19. Special Initiatives are multi-year initiatives approved for implementing a specific program or activity of the CIF. In FY19, a budget of USD 545,000 is proposed to cover the following special initiatives.

- a) Implementation of Action Plan on portfolio, risk management and financial reporting requirements (USD 245,000)
  - Legal framework for MDB information sharing through a tripartite agreement among the CIF Administrative Unit, MDBs and the Trustee to improve information sharing practices and to clarify roles and responsibilities with regards to information sharing and reporting.
  - CIF Collaboration Hub (CCH) Phase II development to automate MDBs Financial Procedures Agreements (FPA), develop the results dashboard, and to develop the disbursement module to allow direct access to disbursement information, tables, and charts
- b) Future of the CIF (USD 300,000): As stated previously, strategic discussions on the sunset and strategic future of the CIF are expected to begin in January 2019, at the earliest, with a view to take a decision on this issue in June 2019 concerning if, and when, the Trustee should stop receiving new contributions for the CTF and/or the SCF. Building on the analysis already undertaken and presented to the joint meetings in November 2015 and June 2016, the CIF Administrative Unit, working with MDBs and the Trustee, will conduct additional analysis as requested by the Joint CTF TFC members and carry out consultations with relevant stakeholders to support the discussion at the joint meetings in January 2019 and June 2019.