

CLIMATE INVESTMENT FUNDS

CTF-SCF/TFC.8/9
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Washington, D.C.
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Agenda Item 10

CIF FY13 BUSINESS PLAN AND BUDGET

EXECUTIVE SUMMARY

I. INTRODUCTION

1. Over the last three and a half years, pilot countries have prepared 46 investment plans with envisaged CIF funding of \$5.34 billion, equivalent to about 86% of funds pledged to the CIF, for endorsement by the Clean Technology Fund (CTF) and the three Sub-Committees of the Strategic Climate Fund's (SCF's) targeted programs. By the end of FY12, it is expected that CIF funding for 64 projects, flowing from the endorsed investment plans, will have been approved for a total of \$2.85 billion.

2. Going forward, the main challenges are to ensure high quality and timely CIF program implementation at country level, enhance stakeholder participation, monitor progress and outcomes against indicators consistent with agreed simplified CIF result frameworks, and capture and share lessons learned. Addressing them will require efficient management by the CIF Administrative Unit and the five participating Multilateral Development Banks (MDBs) of available resources and pipelines of project proposals, and support for continued emphasis of the programmatic approach for implementation of investment plans.

II. BUSINESS DEVELOPMENT AND TARGETS

3. Programming of CIF resources is not restricted to developing investment plans but extends into plan implementation. Coordination to ensure the continued programmatic focus on the use of CIF resources is a vital component of implementation. It involves four main tasks: (a) encouraging continued dialogue with and among all stakeholders; (b) facilitating progress in the implementation of CIF programs in the country; (c) monitoring and reporting of performance, results, and outcomes at the country program level; and (d) promoting information and lessons sharing among local and external stakeholders (see *Enhancing Country Coordination Mechanisms, MDB Collaboration, and Stakeholder Engagement in CIF Programs*)¹. Continued MDB engagement beyond endorsement of investment plans is required to support the implementation of these tasks.

4. The proposed CIF business objectives for the coming fiscal year (Table A below) are to: (a) complete the programming of the balance of funds pledged, by supporting the development of additional investment plans, primarily for pilots on the "reserve" list under the Scaling Up Renewable Energy Program (SREP), and revisions to already endorsed plans under the CTF; and (b) bring commitments in approved project funding under the CTF and SCF's targeted programs to a cumulative \$5.19 billion by the end of FY13, through the efforts of the MDBs working with country institutions.

¹ CTF-SCF/TFC.8/5 Enhancing Country Coordination Mechanisms, MDB Collaboration, and Stakeholder Engagement in CIF Programs

Table A – Business Development Targets and Outcomes by CIF Program FY09-FY14

Key Items	Unit	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	Total
CTF								
IPs for TFC Review	no.	3	10	1	2	-	-	16
Indicative Funding	US\$ million	1,050	3,300	-	-	-	-	4,350
Projects for TFC Review	no.	2	6	20	13	45	10	96
Project Funding ³	US\$ million	116	508	1,053	748	1,491	289	4,205
SCF								
IPs/SPCRs for SC Review	no.	-	-	13	16	10	2	41
Indicative Funding	US\$ million	-	-	779	670	425	60	1,934
Projects for SC Review	no.	-	-	4	19	71	36	130
Project Funding	US\$ million	-	-	34	394	852	485	1,764
Reserve	US\$ million	-	-	-	-	-	242	242
CIF TOTAL								
IPs/SPCRs for TFC/SC Review	no.	3	10	14	18	10	2	57
Indicative Funding	US\$ million	1,050	3,300	779	670	425	60	6,284
Projects for TFC/SC Review	no.	2	6	24	32	116	46	226
Project Funding	US\$ million	116	508	1,086	1,142	2,343	773	5,968
Reserve	US\$ million	-	-	-	-	-	242	242

5. As a complement to the MDBs' support to country programming of CIF resources, the CIF Administrative Unit, in collaboration with the MDBs, develops and implements thematic support activities in the areas of monitoring and evaluation, knowledge management (including the Global Support Program), stakeholder engagement and communications. Main outputs and results expected in FY13 are summarized below.

Table B - CIF Thematic Programs FY13

<i>Monitoring and Evaluation</i>	<ul style="list-style-type: none"> Simplified results frameworks for CTF, FIP and PPCR completed and applied in all new investment plans and project funding proposals with selective retro-fitting in endorsed investment plans. Completion of 10-12 showcases on integration of CIF results frameworks in national M&E systems. Reporting of M&E data on investment plan and project results to enrich the CIF annual report.
<i>Knowledge Management and the Global Support Program</i>	<ul style="list-style-type: none"> Six pilot country meetings held of which five in conjunction with the Partnership Forum in November 2012. CIF learning products for FY12 showcased at the Partnership Forum Information sharing and lessons learning included in all new investment plans and project proposals, and selectively retrofitted in already endorsed plans. MDB thematic knowledge products addressing CIF operations prepared and disseminated. CIFnet upgraded for enhanced usability and integrated in CIF website.
<i>Stakeholder Engagement and</i>	<ul style="list-style-type: none"> Fourth Partnership Forum held in Istanbul, November 2012 Implementation of proposed actions to enhance private sector

<i>Communications</i>	<p>participation in CIF investments (to be agreed by the Trust Fund Committees)</p> <ul style="list-style-type: none"> • Private sector sessions in all SCF pilot country meetings, panel discussion and private sector event in conjunction with Partnership Forum. • Gender assessment producing recommendations for integrating gender considerations in CIF operations. • Communication strategy, including private sector outreach strategy, implemented.
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III. PROPOSED FY13 BUDGET

6. The proposed FY13 CIF budget (Table C) is based on estimated expenditures for activities that the Trustee, the Administrative Unit and the MDBs plan to undertake during the period July 1, 2012 to June 30, 2013 to help CIF reach its business development targets and deliver its work program in key thematic areas as summarized above.

7. It comprises two parts: administrative services (Part A), and MDB joint-mission support to country programming of CIF resources (Part B). No request for funding of the Fourth Partnership Forum (November 2012) is included, since funding was already approved under the FY12 budget. Expenditures for the independent evaluation of CIF operations, scheduled for FY13, will be covered under separate arrangements and are therefore not included in the CIF Administrative Budget.²

Table C - Approved FY12, Revised FY12 and Proposed FY13 Budget by Budget Category (\$,000)

	FY12 Approved Budget	FY12 Revised Budget	FY13 Proposed Budget	Variance FY13 Prop- FY12 Rev
Administrative Services				
Trustee	2,956.0	3,187.0	3,570.9	383.9
Admin Unit	7,438.9	6,248.7	7,308.0	1,059.3
MDBs	6,422.5	5,920.3	6,485.6	565.3
Sub-total	16,817.4	15,356.0	17,364.6	2,008.5
Partnership Forum	1,552.5	-	-	-
MDB Support for Country Programming	2,608.2	2,067.0	3,913.9	1,846.9
Systems Development	-	-	-	-
Total	20,978.1	17,423.0	21,278.4	3,855.4

² As the independent evaluation offices wish to guarantee their independence, funds for evaluation activities were proposed to be transferred directly from the Trustee to the independent evaluation offices or the secretariat of their committee to be established, without going through the Administrative Unit. Accordingly, any funds covering the costs of evaluation activities are to be treated as funds for a separate project, which will not be included in the CIF Administrative Budget. There will be a separate proposal for funding of the evaluation activities at a later time, to be submitted by the independent evaluation offices for the trust fund committee's approval. The Trustee will be entering into transfer memorandum/agreement with the secretariat of the committee to be established, and other relevant parties as necessary, to enable the transfer of funds to be approved by the trust fund committee.

8. Estimated expenditures for FY13 translate into a proposed total budget of \$21.28 million (CTF \$6.63 million and SCF \$14.64 million) of which \$17.36 million is for administrative services provided by the Trustee, the CIF Administrative Unit and the MDBs, and \$3.91 million for MDB support for country programming. The proposed budget represents an increase of \$3.86 million over the revised FY12 budget, and a 1.4% increase over the approved FY12 budget. The proposed budgets for CTF and SCF are the result of costing out activities specific to the work programs under the respective funds. Whenever that has not been feasible, costs have been allocated between the two funds using best estimates.

9. The estimated \$3.85 million increase in funding requirements relative to FY12 budget utilization is driven by the following developments:

- a) First, six new SREP countries have been invited to prepare investment plans and will look to MDBs for assistance. To meet these needs, a top-up of the multi-year budget allocation for joint mission support for country programming will be needed;
- b) Second, and as an extension of earlier MDB joint-mission work, post-investment plan endorsement support for effective country level coordination and monitoring of the implementation of investment plans will require funding from expanded joint mission budgets (adding to the top-up requirements referred to above);
- c) Third, as investment plans transit into implementation, CIF's cross-cutting thematic programs expand and assume increased importance. The CIF Administrative Unit and the MDBs collaborate in delivering these programs. To this end, additional funding (relative to FY12 expenditures) for the MDBs coordination activities is needed;
- d) Fourth, the CIF Administrative Unit will by the start of FY13 have caught up with FY12 delays in staff recruitment linked to staff turnover and secured a staff complement adequate to the needs of the FY13 work program. This will increase its FY13 budgetary requirements relative to FY12 budget utilization; and
- e) Fifth, as flagged in last year's budget submission, the Trustee will, starting FY13, charge 10% on the direct costs of its services to recover costs incurred by other central World Bank units that are indirectly involved in providing trustee services.

10. Earlier projections of the ratio of program and project related costs to project funding have been updated to reflect the impact of the proposed FY13 budget and the proposed business development targets. They show that total administrative costs will by end FY14 have amounted to 7.5% on cumulative project funding for SCF, 1.3% for CTF, and 3.1% for the CIF as a whole. The 7.5% ratio for SCF is 1.4 % higher than last year, reflecting the impact of an expected 30% increase in the number of SCF projects (actual number of projects per investment plan is turning out higher than assumed). This increase raises the projected payments to MDBs for project related services and thereby the projected funding ratio.

CIF FY13 BUSINESS PLAN AND BUDGET

I. INTRODUCTION

1. During the current fiscal year (FY12), the Climate Investment Funds (CIF) have made significant progress toward completing the programming of available CIF funds through country owned investment plans (IPs)¹, and moved further into the implementation of such plans through program and project funding. Over the last three and a half years, pilot countries have prepared 46 investment plans with envisaged CIF funding of \$5.34 billion, equivalent to about 86% of funds pledged to the CIF, for endorsement by the Clean Technology Fund (CTF) and the three Sub-Committees of the Strategic Climate Fund's (SCF's) targeted programs. By the end of FY12, it is expected that CIF funding for 64 projects², flowing from the endorsed investment plans, will have been approved for a total of \$2.85 billion.

2. The proposed CIF business objectives for the coming fiscal year are to: (a) complete the programming of the balance of funds pledged, by supporting the development of additional investment plans, primarily for pilots on the "reserve" list under the Scaling Up Renewable Energy Program (SREP), and revisions to already endorsed plans under the CTF; and (b) bring commitments in approved project funding under the CTF and SCF's targeted programs to a cumulative \$5.19 billion by the end of FY13, through the efforts of the five participating Multilateral Development Banks (MDBs)³ working with country institutions.

3. The main challenges in going forward are to ensure high quality and timely CIF program implementation at country level, enhance country ownership, stakeholder participation, monitor progress and outcomes against indicators consistent with agreed simplified CIF results frameworks, and capture and share lessons learned. Addressing them will require efficient management by the CIF Administrative Unit and the MDBs of available resources and pipelines of project proposals, and support for continued emphasis of the programmatic approach for implementation of investment plans. The latter in turn will depend on the CIF Administrative Unit and the MDBs working together in the thematic and cross-cutting areas of knowledge management, results monitoring, private sector engagement, and stakeholder relations. Actions in all of the areas will form part of the agreed action plan to improve the operational performance of the CIF⁴.

4. The proposed CIF Business Plan and Budget for FY13 elaborates on the above objectives and challenges and identifies resource requirements to address them. Section II reports on FY 12 achievements, sets out revised program targets for CIF business development FY13-14,

¹ Throughout this paper the term "investment plan" is used generically to refer to a country plan or strategic program to use CTF, PPCR, FIP and SREP funds.

² For purposes of pipeline management and business planning, a CIF project is defined as an individual MDB managed investment activity that originates from a country or regional investment plan and which has been submitted or will be submitted for approval to the relevant CIF governing body or MDB board. A joint submission by two MDBs is considered two projects if it is subject to two separate MDB board approvals.

³ The five MDBs are: African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, and the World Bank Group (for purposes of administrative budget, the International Bank for Reconstruction and Development and the International Finance Corporation are listed separately).

⁴ CTF-SCF/TFC.7/4 *Proposed Measures to Improve the Operations of the Climate Investment Funds*

and addresses associated thematic work program priorities. Section III reviews the outcome of the FY12 budget, and Section IV presents specific administrative services and associated budget requests for FY13 for the Trustee, the Administrative Unit, and the five MDBs.

II. BUSINESS DEVELOPMENT AND TARGETS

5. This section of the paper summarizes accomplishments under FY12 and proposed targets and activities for FY13 in the following four areas: operational policy development (Part A), country programming and project funding (Part B), CIF's cross-cutting thematic programs (Part C), and governance and management of the CIFs (Part D).

Part A – Operational Policy Development

Operational Policy Development

6. The development of CIF programming and operational policies continued in FY12 (details see Annex 5). Of particular note was the development and approval of the *Measures to Improve the Operations of the the Climate Investment Funds*, a paper that identified potential improvements in a number of thematic areas and in turn stimulated extensive policy development.

7. In FY 12, the MDB Committee and the CIF Administrative Unit have worked together to translate TFC policy decisions into operational guidance in a number of policy areas including: (a) the allocation of resources to pilot countries and the management of project pipelines under CTF and SCF's three targeted programs to match such contributions; (b) promoting increased financial innovation and private sector engagement; (c) managing for results through implementation of simplified results frameworks; (d) the design and implementation arrangements for the Dedicated Grant Mechanism (DGM) for Indigenous Peoples and Local Communities under the Forestry Investment Program (FIP); (e) managing the quality of investment plans through independent technical reviews; (f) the need for effective communications and outreach; and (g) review and adjustment of payments to MDBs for implementation and supervision services for CTF funded projects.

8. The basic operational policies to allow the CIF program to move forward are in place. As implementation proceeds, experience may suggest the need to revise them or add to them by way of new guidance. The CIF Administrative Unit, working with the MDB Committee, will continue to bring such needs to the attention of relevant CIF policy making bodies and present options for appropriate action.

Part B - Programming and Implementation of Investment Plans

9. Investment plans serve as programmatic and strategic frameworks for allocation of CIF funds in each country or region, paving the way for funding of individual projects. The MDBs support partner and pilot countries in developing investment plans and their constituent projects, following operational policies established by the CIF governing bodies and their regular policies and procedures. The CIF Administrative Unit coordinates these activities and reports on progress.

Under the SCF, countries may receive CIF grant funding for investment plan preparation, and the CIF administrative budget supports the activities of the MDBs.

10. Programming of CIF resources is not restricted to developing investment plans but extends into plan implementation. Implementation in turn, is not limited to the preparation and execution of individual investment projects. A vital component is the coordination needed to ensure the continued programmatic focus on the use of CIF resources.

11. Such coordination involves four main tasks: (a) encouraging continued dialogue with and among all stakeholders; (b) facilitating progress in the implementation of CIF programs in the country; (c) monitoring and reporting of performance, results, and outcomes at the country program level; and (d) promoting information and lessons sharing among local and external stakeholders. Experience to date, particularly under PPCR pilots, shows the need for continued MDB engagement beyond the point of investment plan endorsement to assist countries in strengthening country institutions to undertake the above tasks.

12. Another major challenge in moving forward in deploying CIF resources is to find ways to more effectively involve stakeholder interests, including private sector, in the preparation of investment plans and their subsequent implementation through programs and projects. Initiatives to enhance the participation of the private sector will be considered by the Trust Fund Committees at their joint meeting in May 2012.⁵ Proposals to enhance country coordination, MDB collaboration and stakeholder engagement will also be considered.⁶ The Administrative Unit, in collaboration with the MDBs, will follow up on implementing the decisions to be taken by the Trust Fund Committees.

13. In summary, therefore, the following objectives should guide the further programming of CIF resources in the coming fiscal year:

- a) timely completion and delivery of remaining investment plans scheduled based on present pledges of CIF resources;
- b) a robust portfolio of proposals for public and private sector investment operations qualifying for funding approval by CIF committees and MDB management in the next two fiscal years;
- c) effective transition from design to implementation of agreed investments and technical assistance grants, supported by strengthened country capacity to coordinate the programmatic implementation of endorsed investment plans;
- d) monitoring and reporting of results based on agreed simplified results frameworks; and
- e) sharing of lessons and good practices among stakeholders at all levels.

⁵ CTF-SCF/TFC.8/8 *Proposal for Additional Tools and Instruments to Enhance Private Sector Investments in the CIF*).

⁶ CTF-SCF/TFC.8/5 *Enhancing Country Coordination Mechanisms, MDB Collaboration, and Stakeholder Engagement in CIF Programs*

14. The remainder of this section of the paper reviews progress made this fiscal year in the programming of CIF funds, proposes quantitative targets for endorsements and approvals for FY13, and highlights planned activities of the CIF Administrative Unit and the MDBs in support of the above objectives, with business development targets and outcomes for the period FY09-FY14 summarized in Annex 3). The implications of these activities for the FY13 administrative budget are explained in Section IV of the document

Clean Technology Fund

15. **FY12 accomplishments.** The FY12 CIF Business Plan did not anticipate any further development of CTF investment plans. Funds contributed to the CTF had been fully programmed through 12 country investment plans and 1 regional plan. The investment plans for India was endorsed by the Trust Fund Committee in November 2011, with funding of proposed investments being contingent upon the availability of funds. In addition, the investment plan for Chile has been developed and will be submitted for endorsement at the Committee's meeting in May 2012.

16. If the Chile plan is endorsed, a total of 16 investment plans will have been endorsed, with for a total of \$4.35 million in indicative funding for the initial 13 plans (Annex 3). In addition, Morocco, Thailand and the Phillipines have submitted updates of their investment plans. The first two have been endorsed, while the latter is pending. Allocations for the Chile, India and Nigeria plans are yet to be made (combined requests for funding under these plans totalling \$1.225 billion).

TABLE 1 - CTF - Summary of Country Outcomes and Targets FY12-FY 14

KEY ITEMS	UNIT	FY 12 TARGET	FY 12 PROJECTED	FY 13	FY 14
Joint Missions Fielded	no.	-	2	-	-
IPs for TFC Review	no.	-	2	-	-
Indicative Funding	US\$ million	-	-	-	-
Projects for TFC Review	no.	24	13	45	10
Project Funding	US\$ million	1,401	748	1,491	289

17. On the project funding side, present projections for FY12 (Table 1) indicate sizeable shortfalls relative to the targets set by the FY12 Business Plan in number of project as well as amounts of project funding. Actual delivery as of March 31, 2012 was \$244.1 million in funding for 5 projects. At the present time, it is expected that an additional 8 project proposals with funding requests totalling \$748 million will be submitted for Trust Fund Committee approval during the remainder of the fiscal year. This would bring the total amount of CTF funding approved by the end of FY12 to \$2.42 billion, equivalent to 58% of all pledged funds.

18. Reasons for the delays incurred and lessons learned have been explained in the *Semi-Annual Report on CTF Operations*⁷ to be submitted to the CTF Trust Fund Committee for its May 2012 meeting. A contributing factor to the projected FY12 funding shortfall has been the

⁷ CTF/TFC.9/3 *Semi-Annual Report on CTF Operations*

adjustments that had to be made to the timing of the development of MDB supported investment operations with which CTF resources are expected to be blended.

19. Detailed arrangements for managing the CTF project pipeline were put in place in FY12 to ensure that MDB development and submission of project funding proposals for approval is synchronized with fund availability. The main feature is the “traffic-light” system that on a quarterly basis compares actual and projected contributions with projected submission of projects for funding approval. A project approval calendar provides quarterly data on expected submission by the MDBs of project proposals.

20. ***FY13 activities and targets.*** Given the current availability of funds, no further CTF investment plans are anticipated. Pending the outcome of the discussion by the CTF Trust Fund Committee on the options for managing the development of projects arising from new investment plans endorsed in and after November 2010 (Nigeria, India, and potentially Chile), some of the projects identified in these plans may start preparation and receive funding in FY13.

21. The main challenge in FY13, therefore, is the completion of 45 project funding proposals, totalling \$1.49 billion, for Trust Fund Committee funding approval. This would leave a balance of 10 project proposals for FY14 approval from the current pipeline (i.e. not including projects from the three new investment plans mentioned above) with some possibly spilling over into FY15. The projected FY13 peak in submissions of project funding proposals is the cumulative result of project concepts having been developed in parallel and taken more time to reach the project funding proposal stage than was originally expected. The slow delivery in FY12 means that some projects scheduled for delivery that year, have been rescheduled for FY13.

22. In addition to the pipeline management arrangements described above, targets have been proposed to monitor the delivery of CTF projects.⁸ If approved by the CTF Trust Fund Committee, they will help expedite project delivery and narrow the gap between projected and actual delivery.

23. As explained further below (Section II, Part C) MDBs will re-engage with country partners to address the need for strengthening of existing capacity to coordinate program implementation, and retrofitting of simplified results frameworks and information and knowledge sharing components into approved investment plans. Support for such activities may be built into projects yet to go forward for CTF funding approval. In this context, MDBs will assist countries which have agreed to show-case their work on establishing M&E systems at the level of the investment plan level.

24. A partner country meeting will be held in connection with the Fourth Partnership Forum in November, 2012, and is expected to focus on the implementation of simplified results frameworks, new trends in technologies and their cost implications, and coordination of investment plan implementation.

⁸ CTF/TFC.9/6 *Proposal for Establishing Targets to Monitor Delivery of CTF Projects*

Pilot Program for Climate Resilience

25. **FY12 accomplishments.** The projected accomplishments on endorsements of investment plans are broadly in line with the target set a year ago (Table 2), while approved project funding will fall short of expectations.

26. Endorsement of the 5 plans to be submitted for PPCR Sub-Committee review in May 2012 (Dominica, Tonga, the Regional Track components of the Caribbean and Pacific pilots, and Yemen) would bring the FY12 total to 7 investment plans (the Sub-Committee having approved investment plans for Bolivia and Jamaica in November 2011), and to 18 for the program as a whole. Total indicative funding under these 18 plans amounts to \$939 million.

27. Work on the investment plans for Haiti and Papua New Guinea, the two remaining of the scheduled PPCR investment plans has not been able to proceed as originally planned. During the recent meeting of PPCR pilot countries, the representative from the Government of Haiti underscored that Haiti is working on its SPCR and expects to submit the plan before the next Sub-Committee meeting in November 2012. The delivery of the SPCR for Papua New Guinea was delayed due to the situation in the country.

28. All but 2 of the 9 single country pilots, all 9 of the countries in the two regional pilots, and the track component of the Caribbean regional pilot have received PPCR technical assistance grants totalling \$12.54 million for preparation of investment plans (Annex 2b). As of December 31, 2011 a total of \$4.10 million, or 33% had been disbursed.

29. The building of a pipeline of projects began in earnest in FY12, and the targets for project approvals and funding commitments were set noting considerable uncertainty with respect to the pace with which project preparation would proceed. While accomplishments may fall short of targets, the overall assessment is that the present PPCR pipeline is solid.

TABLE 2 - PPCR - Summary of Country Outcomes and Targets FY12-FY 14

KEY ITEMS	UNIT	FY 12 TARGET	FY 12 PROJECTED	FY 13	FY 14
Joint Missions Fielded	no.	2	1	-	-
SPCRs for SC Review	no.	9	7	2	-
Indicative Funding	US\$ million	353	250	45	-
Projects for SC Review	no.	29	15	40	7
Project Funding	US\$ million	445	304	530	137
Reserves	US\$ million		-	-	71

30. Two successful pilot country meetings, one in South Africa (June 2011), and one in Zambia (March 2012) supported dialogue among PPCR pilot countries. They focused on lessons learned during the process of programming resources, the role of the private sector in climate change adaptation, challenges and opportunities associated with maintaining a programmatic approach from design throughout the implementation of the implementation plans, institutional

issues in coordinating investment plan implementation, and monitoring and reporting of results from PPCR supported investments.

31. Management of the program has focused on three areas: First, the allocation of PPCR resources to pilots has been kept under continuous review to ensure that the demand for PPCR resources is matched by currently available level of resources pledged to the PPCR⁹. Second, independent technical reviews of five investment plans submitted for endorsement were undertaken based on agreed objectives and arrangements¹⁰. And thirdly, arrangements for effective management of the PPCR pipeline have been put in place.

32. ***FY13 activities and targets.*** MDBs will assist Haitian institutions and those in Papua New Guinea in completing their SPCRs with the intention of submitting them for endorsement by the Sub-Committee in FY13. MDBs will also work with pilot countries on delivering 47 project funding proposals for Sub-Committee approval during the next two fiscal years. Best estimates by the MDBs suggest a FY13 target of 40 projects for a total of \$530 million, leaving 7 projects for \$137 million in funding for FY14.

33. The MDBs' dialogue with country institutions and the sharing of experiences and lessons at the pilot country meetings has clearly pointed to the need for assistance in building capacity for effective coordination of investment plans. Countries have received CIF grant funding for capacity building, as part of technical assistance grants (including Phase 1 grants) for developing investment plans. However, as indicated above, the utilization of these funds, however, has as indicated been slow, and the MDBs will work with country partners on the effective use of and timely delivery.

34. To support country led efforts to implement investment plans, MDB will focus on coordination activities including: (a) facilitating meetings of stakeholders to help move implementation of investment plans forward; (b) strengthening existing mechanisms for coordinating plan implementation at the country level; (c) supporting the integration of simplified results frameworks in endorsed plans where such are lacking and help pilot countries show-case their efforts and experiences in this area; and (d) where needed, ensure that a lessons-learning and sharing program is emdedded in the investment plan and appropriately reflected in the individual investment and capacity building activities.

35. Pilot country meetings play an important role in supporting the efforts by pilot countries to implement their investment plans. For FY13 one meeting will be held in the margins of the 2012 CIF Partnership Forum. It is expected to focus on results monitoring and reporting, and on enhancing the involvement of the private sector in PPCR supported programs or projects.

⁹ See also document PPCR/SC.10/9 *Allocation of PPCR Resources*

¹⁰ PPCR/SC. 8/10 SREP/SC.5/4 *Proposal for the Preparation of Independent Technical Reviews of PPCR and SREP Investment Plans*. June 7, 2011.

Forest Investment Program

36. **FY12 accomplishments.** Going into FY12, two investment plans (DRC and Burkina Faso) had already been endorsed, the latter in principle, with final approval pending the completion of additional work required. Two additional investment plans (Lao PDR and Mexico) have since been endorsed and another (Brazil) has been submitted for endorsement by the Sub-Committee at its May 2012 meeting. Two of the planned investment plans (Ghana and Indonesia) will not be completed this fiscal year. Additional time is needed to carry out the required consultations with civil society organizations (CSOs) and indigenous peoples groups (IPGs) and among government institutions.

37. As of December 31, 2011 six of the eight pilot countries (Brazil to follow in January 2012) had received FIP technical assistance grants totaling \$1.45 million for preparation of investment plans (Annex 2b) of which \$210,000, or 14%, had been disbursed with half of them yet to start disbursing.

38. As a result, accomplishments on investment plan endorsements will fall short of FY12 targets, and so will those for project funding, both in terms of number of projects and overall funding approved (Table 2). The targets set for project funding were highly indicative, and the task and time required to develop concepts to project funding proposal stage and Sub-Committee approval proved to be more complex and longer than expected.

TABLE 3 - FIP - Summary of Country Outcomes and Targets FY12-FY 14

KEY ITEMS	UNIT	FY 12 TARGET	FY 12 PROJECTED	FY 13	FY 14
Joint Missions Fielded	no.	-	-	-	-
IPs for SC Review	no.	5	3	3	-
Indicative Funding	US\$ million	260	160	170	-
Projects for SC Review	no.	7	2	13	11
Project Funding	US\$ million	118	58	170	193
Reserves	US\$ million		-	-	120
<i>Dedicated Grant Mechanism</i>					
DGM Development	no.		1	-	-
Indicative Funding	US\$ million		50	-	-
Projects for SC Review ⁵	no.		-	-	9
Project Prep Grant/Project Func	US\$ million		-	1	49

39. The design for the *Dedicated Grant Mechanism* (DGM) for Indigenous Peoples and Local Communities was approved at the October 2011 meeting of the FIP Sub-Committee. Regional meetings, coordinated by the Administrative Unit and organized by IUCN were instrumental in helping representatives of the indigenous peoples and local communities finalize the design. Consultations are being organized by the MDBs and stakeholders to elaborate upon the implementation arrangements for the country level and the global level components. The Sub-Committee took note of the request for US\$50 million in grant resources from the current FIP “reserve” to be allocated to the DGM.

40. At its October 2011 meeting, the Sub-Committee agreed that approval of project funding from the reserve should be through a three rounds process in which project proposers will be invited to compete for FIP funding.¹¹ At the request of the Sub-Committee, the Administrative Unit, in collaboration with the MDBs, has prepared procedures for managing this process to be submitted to the Sub-Committee for consideration at its May 2012 meeting¹².

41. The FY12 pilot country meeting was held in Brazil in March 2012. These meetings focused on innovation in the FIP, including the use of existing good practices (e.g. sustainable charcoal production and sustainable silvo-pastoral management) and ideas for involving the private sector in FIP operations; results monitoring from FIP investments and approaches to ensure the full participation of indigenous peoples and local communities in FIP.

42. ***FY13 activities and targets.*** Work is well underway for completion of the last three of the planned investment plans (Ghana, Indonesia, and Peru) in FY13. Current pipeline projections call for submission of 13 project proposals (excluding DGM grants) for review in FY13, leaving a balance of 11 projects for completion and submission for funding approval the following fiscal year.

43. Next steps on the DGM are for MDBs to help organize initial meetings of representatives of indigenous peoples groups and local communities to help explain the purpose and envisaged operating modalities of the DGM, and agree on some first steps towards organizing the preparatory work, including requesting FIP grant financing of projects. At this early stage, it is hard to project progress in the development of the 9 DGM project proposals (8 countries and the global component). For planning purposes, all 9 projects have been targeted for delivery in FY14.

44. The MDBs will support country initiatives, financed through already approved FIP technical assistance grants, to strengthen (a) institutional capacities for coordinating implementation of the investment plan, including stakeholder dialogue, (b) results monitoring and reporting at the country level, including show-case their work on establishing M&E systems at the investment plan level (details in Section B on Monitoring and Evaluation), and (c) the capturing and sharing of lessons learned during plan implementation.

45. The one pilot countries meeting planned for FY13 will present a forum for countries to share experiences and lessons learned from efforts to coordinate the implementation of investment plans. Potential topics include the simplification of the FIP results framework, additional discussions on the role of the private sector in FIP and the link between adaptation and mitigation in the sustainable management of forest landscapes.

46. The deliberations in the FIP Sub-Committee have highlighted the importance of enhancing private sector engagement in FIP investments. The Sub-Committee has agreed to structure the three round process of competitive bidding for accessing FIP funds held in reserve

¹¹ The Sub-Committee has earlier agreed that a total of \$150 million of the pledges made to FIP be held as a “reserve” to fund the DGM, additional projects in FIP pilot countries and support and the MDBs’ supervision services.

¹² FIP/SC.8/5 *Procedures for allocating funds under the FIP reserve*

(see para 40) so that the first round is focused on private sector proposals, while the subsequent two rounds would be open to public and private sector proposals.

The Program for Scaling Up Renewable Energy in Low Income Countries (SREP)

47. ***FY12 accomplishments.*** Programming of SREP funds through investment plans and their constituent projects during FY12 is expected to come out close to targets set a year ago (Table 4).

48. MDB joint mission support for country programming of SREP resources began in FY11 with scoping missions in all six pilots. Benefitting from this assistance, 5 investment plans have since been endorsed by the SREP Sub-Committee (Kenya, Honduras, Mali, Nepal, and Ethiopia). The submission of the sixth plan (Maldives) is not expected to be until next fiscal year given the current political situation in the country. As a result, total indicative SREP funding under the 5 plans expected to have been endorsed by the end of FY12 amounts to \$210 million.

49. Four of the six pilots have received SCF grant funding totalling \$1.27 million for preparation of their investment plans (Annex 2b). As of December 31, 2011 a total of \$ 260,000, or 21%, had been disbursed with two grants yet to start disbursing.

TABLE 4 - SREP - Summary of Country Outcomes and Targets FY12-FY 14

KEY ITEMS	UNIT	FY 12 TARGET	FY 12 PROJECTED	FY 13	FY 14
Joint Missions Fielded	no.	-	2	4	-
IPs for SC Review	no.	6	5	5	2
Indicative Funding	US\$ million	240	210	210	60
Projects for SC Review	no.	3	2	18	9
Project Funding	US\$ million	40	32	151	107
Reserves	US\$ million	-	-	-	51

50. The Sub-Committee approved funding for the first SREP project (*Kenya: Menengai Geothermal Development*) in the amount of \$25 million at its November 2011 meeting. One additional project is expected to be submitted for approval at the Sub-Committee's meeting in May 2012.

51. At its November 2011 meeting, the Sub-Committee agreed that the six pilots on the SREP "reserve" list should be invited to start preparing investment plans, noting that SREP funding may not necessarily be available but that funding could be sought from non-CIF sources. At the intersessional meeting in March 2012, the Sub-Committee agreed to a prioritization of the six additional pilots on the "reserve" list in respect to access to SREP funding. The first country on the list (Tanzania) has been admitted as the seventh SREP pilot country. MDB "scoping missions" (first phase of joint-mission support) are expected to be fielded to Tanzania and Liberia before the end of the fiscal year.

52. An SREP pilot country meeting, which included a one day learning event, was held in Nairobi, Kenya, on March 5-7, 2012. Representatives from all six pilot countries and three of the additional pilots (Liberia, Tanzania, and Yemen), MDBs, civil society, private sector, and members of the SREP Sub-Committee exchanged experiences in developing and implementing SREP investment plans, shared lessons learned and good practices, and discussed technologies, financing, private sector engagement, and measurement of results from SREP investment.

53. ***FY13 activities and targets.*** MDB support for programming activities in the coming fiscal year will focus on the submission of the Maldives plan (FY13), and the preparation of the six new investment plans (4 tentatively targeted for FY13 and 2 for FY14

54. The investment plans of the original six pilot countries are expected to result in potential total project funding of \$240 million through 26 projects, with two of them expected to have been approved by end FY12. The FY13 target is for 17 project proposals to be submitted for approval of \$134 million in funding leaving the balance for FY14. Assuming that the seventh pilot country (Tanzania) will complete an investment plan for endorsement in FY13, it has projected that one of three projects expected to emerge from such a plan would be ready for submission for funding approval in the same fiscal year. Hence, the SREP project funding target for FY13 is 18 projects for \$150 million.

55. As countries presently on the “reserve” list are invited as SREP pilot countries and complete investment plans for endorsement, they may be provided with funding to prepare the envisaged projects, with the understanding that approval of project funding could be sought as additional SREP funds become available.

56. The MDBs will support country initiatives to strengthen institutional capacities for coordinating the implementation of the investment plan, including stakeholder dialogue, results monitoring and reporting at the country level and the capturing and sharing of lessons learned during plan implementation. As part of this assistance, MDBs will support SREP pilot countries selected for “showcasing” activities on integration of results frameworks and monitoring systems in the design and implementation of their investment plans.

57. The FY13 meeting of SREP pilot countries will be held in conjunction with the Fourth Partnership Forum in November 2012. Flowing from the discussions at the just completed FY12 meeting, the deliberations are likely to focus on financing instruments, technology choices, and effective modalities for sharing experiences and lessons.

Part C – Cross-cutting Thematic Programs

58. As a necessary complement to the work by the MDBs on country programming of CIF resources and project development and financing, the CIF Administrative Unit, in collaboration with the MDBs, develops and implements thematic support activities in the areas of (a) monitoring and evaluation, (b) knowledge management, (c) engaging the private sector (d) stakeholder engagement; and (e) communications.

59. The work carried out under these programs supports the programmatic approach to implementation of country investment plans. Its significance in contributing to CIF's objectives was recognized in the design principles for the funds. With attention now squarely on implementation, the challenges to ensure well coordinated country reporting on results, to capture the lessons being learned, and to effectively communicate them to a wide range of stakeholders all need to be addressed with determination and coordination and be backed by the necessary resources.

60. The thematic work programs have been developed and will be implemented jointly by the CIF Administrative Unit and the MDBs, in collaboration with other development partners. Progress and accomplishments in FY12 are highlighted below, followed by a summary of proposed objectives and expected outputs in FY13.

Monitoring and Evaluation

61. ***FY12 accomplishments.*** As per the current business plan, the work program on monitoring and evaluation has focused on the fine-tuning and implementation of the results frameworks and preparation of the independent evaluation of CIF operations.¹³

62. Results frameworks for the CTF and SCF's targeted programs had been approved by the TFCs in FY11. Guidelines for their use have been developed and core indicators have been established to facilitate standardized M&E reporting at the program level across country and regional pilots. MDB teams are currently working to complete baselines and targets for these indicators. Under the recent initiative to improve CIF operations¹⁴, the CIF Administrative Unit and the MDBs have started a process to simplify the results frameworks. The process has advanced among SREP pilot countries and a proposal is expected to be submitted the SCF Trust Fund Committee for consideration at its May 2012 meeting.¹⁵ Discussions are underway with PPCR and FIP countries. Revised PPCR and CTF results frameworks are expected to be submitted to the SCF and CTF Trust Fund Committees in November 2012, with FIP possibly following in spring of 2013.

63. Sharing of early lessons across pilot countries and programs will promote progress in the implementation of CIF results frameworks. To this end, a plan for preparing M&E "show-cases" under each of the CIF programs has been jointly developed by the CIF Administrative Unit and the MDBs. Preparation for its implementation are being completed, and a first round of countries to participate in this initiative have been selected. The show-cases will be carried out using a participatory approach, outlining institutional settings, and anchoring projects/programs in results frameworks of investment plans.

64. An M&E source book and tool kit platform is currently being prepared to help countries design M&E systems to monitor and evaluate climate change actions envisaged in investment plans and CIF projects. It will provide CIF pilot countries with a repository of tools,

¹³ CTF-SCF/TFC.8/10 *Progress Report on Managing for Results*

¹⁴ CTF-SCF/TFC.7/4 *Proposed Measures to improve the operations of the Climate Investment Funds*

¹⁵ SREP/SC.7/3 *Proposal for Revised SREP Results Framework*

methodologies and instruments for climate change related activities. The toolkit platform allows users to exchange views and experiences on different indicators, tools, methods and methodologies. It is expected to be fully operational by April 30, 2012. A feedback mechanism will facilitate adjustments and refinements in FY13.

65. The Governance Frameworks of the CTF and the SCF stipulate that an independent evaluation of the operations of each fund and the impacts of their activities be carried out jointly after three years of operations by the independent evaluation departments of the MDBs. The Co-Chairs of the Joint Meeting of the CTF-SCF Trust Fund Committees in November 2011 have invited the independent evaluation offices of the five MDBs to undertake an evaluation of the CIFs and recommended that the independent evaluation offices prepare a paper outlining a proposed approach to the evaluation for consideration by the Joint Meeting of the CTF-SCF TFCs in May 2012.¹⁶

66. ***FY13 - Proposed work program.*** The challenges for the coming fiscal year are twofold: firstly, to develop simplified results frameworks (building on accomplishments under SREP in FY12) and support their application in investment plans and projects; and secondly, to promote effective sharing across countries and programs of experiences and early lessons on mainstreaming CIF results frameworks in national M&E systems. The CIF Administrative Unit and the MDBs will jointly address these challenges working with pilot country teams, and collaborating with development partner agencies.

Table 5: Monitoring and Evaluation – Main Objectives and Outputs for FY13

Objectives	Outputs/Results
<ul style="list-style-type: none"> • Reporting at investment plan and project levels based on approved results frameworks. • Effective sharing of lessons on integrating CIF results frameworks in national M&E systems. • Independent evaluation of the CIFs 	<ul style="list-style-type: none"> • Simplified results frameworks for CTF, FIP and PPCR completed and applied in all new investment plans and project funding proposals with selective retro-fitting in endorsed investment plans. • Completion of 10-12 show-cases on integration of CIF results frameworks in national M&E systems. • Reporting of M&E data on investment plan and project results to enrich the CIF annual report. • Recommendations on improving CIF efficiency and effectiveness.

¹⁶ CTF-SCF/TFC.8/3 Note on the Independent Evaluation of the CIF

67. Based on guidance developed, MDB teams, as part of joint-missions and regular project preparation, will work with country partners to make simplified CIF results frameworks integral parts of investment plans and projects. The MDB Committee, assisted by the CIF Administrative Unit, will ensure that joint mission budgets provide the necessary resources for this work, and monitor progress. The target is for all new investment plans to include such frameworks. In the case of already endorsed investment plans, MDB teams will, whenever the dialogue with country and sector institutions so permits, work with country partners to retrofit results frameworks.

68. While enabling CIF countries to report on the results of CIF investments in a systematic and standardized manner, the frameworks also facilitate effective coordination of investment plans. In this context, the MDBs will assist pilot countries in strengthening the organizational arrangements for results reporting at the investment plan level. At the project level, MDBs as a matter of policy require monitoring plans to be included in project design and implementation arrangements, and integration of CIF results frameworks should therefore occur in accordance with MDB normal procedures.

69. The other main challenge is the development of 10-12 showcases on integrating CIF results frameworks in national M&E systems. This will involve testing the application of the M&E guidelines, which have been prepared for each of the four CIF programs, capturing lessons captured through various media, including M&E country learning briefs. Exchanges of experiences and sharing of emerging lessons among pilot countries and donor partners will be done through pilot country meetings, the on-line community of practice, and the Partnership Forum in 2012 and 2014

70. With respect to the independent performance evaluation, the Joint CTF-SCF Trust Fund Committee is expected to approve next steps for the independent evaluation, as proposed by the independent evaluation teams of the MDBs. Evaluation work is not likely to commence before mid FY13, and considering its complexity and expected coverage, might not be finalized in FY13. The CIF will provide the evaluation team with the necessary background and information on the evolution of the CIFs over the evaluation period. The major burden in providing information on the implementation of the CIF operations will be with the MDB focal points and country teams. The CIF will also provide the platform for the stakeholder consultation process.

Knowledge Management and the Global Support Program

71. ***FY12 - Accomplishments.*** Activities in FY12 have focused on the following areas identified in the FY12 CIF Business Plan and Budget paper: (a) organizing pilot country meetings for information and knowledge exchange; (b) the development of FY12 learning products; (c) developing a web-based information and lessons-sharing platform for pilot countries; and (d) the integration of information sharing and lessons learning components in country programs and their constituent projects. Work completed in each of these areas is summarized below.

72. A series of three pilot country meetings were organized for countries participating in FIP (April 2-4, 2012 in Brasilia, Brazil), SREP (March 5-7, 2012 in Nairobi, Kenya), and PPCR

(March 12-14, 2012 in Livingstone, Zambia).¹⁷ Country representatives shared experiences, learned from and networked with technical experts, discussed challenges, and exchanged best practices on the development and implementation of investment plans. The meetings have been documented on video (including interviews with participants) and in written form. This documentation, along with presentations from participants will be shared on CIFnet, through news and thematic stories on the CIF website, circulated in short print materials, and in the CIF and MDB newsletters. As elaborated below, the Pilot Country Meetings were an integral part of the development and implementation of the 2012 CIF Learning Products.

Box 2 - CIF Learning Products for Partnership Forum November FY12

Based on experience gained in implementing CIF's knowledge management program, the CIF Administrative Unit, in collaboration with the MDBs, have recommended that CIF learning products should be viewed as dynamic learning processes as opposed to discreet formal outputs.¹⁸ With this in mind, four learning products were agreed as inputs into the dialogue at the next Partnership Forum (subsequently rescheduled for November 2012).

CTF - Theme: Tools and approaches used to engage the private sector, involving the development of a substantive agenda for and documentation of outcome of a 1 day private sector event.

PPCR - Theme: Sustaining national dialogue on the PPCR implementation process, involving an ongoing dialogue with country partners and stakeholders through CIF's interactive web-based platform, on-line tools, and webinars to be shared through a quarterly electronic newsletter.

FIP - Theme: Experience gained in collaboration and engagement at the country level with REDD+ stakeholders, involving interviews with key stakeholders to be documented through a publication, video clips, podcasting, and photographs, all to be made available on-line and in print.

SREP - Theme: How SREP can be used to prioritize energy sector interventions, involving a one-day learning workshop held in Kenya March 2012, focusing on lessons learned from development of SREP investment plans.

73. The 2012 CIF Learning Products (Box 2) are at various stages of implementation.¹⁹ All four are expected to be showcased at the Partnership Forum in November 2012. The SREP learning workshop was successfully completed in conjunction with the pilot country meeting in Nairobi, with documentation posted on the CIF website. The PPCR online community of practice has begun to prioritize topics and activities (Zambia workshop). Under the FIP learning

¹⁷ Originally, the GSP planned to organize an additional five pilot country meetings in FY12, associated with the Partnership Forum. However, the Joint CTF/SCF Trust Fund Committee decided to extend the period between Partnership Forums from 12 months to 18 months. As a result, the meetings of CTF, all pilots, and 1 additional meeting of each of the SCF programs were moved out of FY12 into FY13.

¹⁸ *Development of Learning Products* by the CIF CTF-SCF/TFC.7/Inf.6

¹⁹ CTF-SCF/TFC.8/Inf.3 Progress Report on the CIF 2012 Learning Products

product, background research and preparations for the interview process are paving the way for country visits early next fiscal year. The concept note for the CTF is under discussion with the MDBs, and options for partners are being explored.

74. The CIFnet was launched in September 2011 to enhance communication and the sharing of lessons learned among countries and the rest of the CIF community. It includes capabilities for user-generated content and hosts country pages listing CIF supported investment plans and projects. The capacity for organizing webinars to respond to pilot countries' needs and to share lessons learned with external audiences has been established. A first webinar, focusing on sharing experience in developing country-led plans, has been conducted. Finally, an inter-active on-line course on the the development of low emissions investment plans is under development in collaboration with the World Bank Institute.

75. As part of the reporting on the implementation of CIF's knowledge management program, a review has been carried out to determine the extent to which information sharing and lessons learning objectives, activities, and implementation arrangements are addressed in investment plans and project documents. Findings suggest that integration is proceeding well under SCF's targeted programs, and that under CTF it is largely confined to financial intermediation programs with focus on capacity building for program implementation. The MDB Committee will review the findings of the review and consider proposed steps to further enhance progress.

76. ***FY13 - Proposed work program.*** The knowledge management and the Global Support Program will focus on three key objectives in the coming year (Table 5). Activities and expected outputs or results serving these objectives are addressed briefly below. They will be pursued as joint undertakings between the CIF Administrative Unit and the MDBs and coordinated with the implementation of CIF's other thematic work programs.

**Table 6: Knowledge Management and Global Support Program in FY13
– Key Objectives and Main Outputs**

Key Objectives	Main Outputs/Results
<ul style="list-style-type: none"> • Integration of information sharing and lessons sharing (ISL) in design and implementation of IPs and projects ²⁰ • Active communities of practice promoted through CIFnet, pilot country meetings, webinars and other knowledge-sharing tools • Presentation and dissemination of CIF knowledge products 	<ul style="list-style-type: none"> • Information sharing and lessons learning activities included in all new investment plans and project proposals, and selectively retrofitted in already endorsed investment plans. • Six pilot country meetings held, five (including an all-pilot country meeting) at the connection with the Partnership Forum in November 2012.

²⁰ Country managed lessons-learning and sharing is a central element of the CIF knowledge management program. The CTF and SCF Trust Fund Committees approved the CIF Knowledge Management Strategy in March 2010 (*CIF Knowledge Management – Creating the Capacity to Act*, document CTF-SCF/TFC.4/4). It lays a foundation for capturing and disseminating elements of “good practices” in climate financing.

	<ul style="list-style-type: none"> • CIF learning products for FY12 showcased at the Partnership Forum, with FY13 learning products identified and building on the FY12 experience. • MDB thematic knowledge products addressing CIF operations prepared and disseminated. • CIFnet upgraded for enhanced usability and integrated in CIF web-site.
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77. As explained earlier (Section II Part B) the six pilot country meetings planned for FY13 are expected to focus on various aspects of investment plan implementation, including institutional arrangements for implementation coordination, adoption and use of simplified results frameworks for monitoring and reporting, and the enhancement of private sector participation in CIF financing.

78. The development of the FY12 CIF learning products will culminate in an interactive showcase at the Partnership Forum in November 2012. The approach to structuring CIF learning products that was initiated in FY12 will carry over into FY13. Feedback from the Forum will be sought to help inform the process of determining thematic foci and learning modalities for the next round of CIF learning products. Such determination will need to be made in early 2013 for the new learning products to be ready for the FY14 Partnership Forum.

79. Being at the frontlines of CIF operations, MDBs are well placed to make important contributions to the stock of knowledge products that are needed to achieve CIF's overall mission. The nature and foci of such products has been reviewed during the process to prepare the FY13 CIF Business Plan and Budget and helped identify several specific products primarily under the PPCR and FIP programs. MDBs have requested support for the development of these products, and the proposed FY13 CIF administrative budget allocation for MDB coordination of CIF activities provides for such support.

Private Sector Engagement

80. ***FY12 – Summary of accomplishments.*** The challenge of enhancing private sector participation in CIF investments remains real and was addressed in FY12 on three main fronts. Firstly, appreciating the importance of effectively conveying opportunities and modalities for private sector participation in CIF, the CIF Administrative Unit and the MDBs' private sector arms are jointly preparing a Private Sector Outreach Strategy, as part of the overall communication strategy for the CIF²¹ (see further section on Communications).

81. Secondly, and as part of the follow up to the agreed measures to enhance the CIF operations (November 2011) the MDBs have prepared a Proposal for Additional Tools and

²¹ CTF-SCF/TFC.8/6 CIF Communications Strategy

Instruments to enhance Private Sector investments in the CIF²² to be submitted for the joint meeting of the Trust Fund Committees in May, 2012. The paper presents recommendations for new instruments and financial vehicles designed to further private sector participation in the CIF. Also, following the discussion at the November 2011 meeting of the Trust Fund Committees, on lessons learned from private sector interventions through MDBs²³, the MDBs were asked to submit specific recommendations on how to improve CIF private sector operations. In response, proposals for measures to improve private sector operation in the CTF²⁴ has been prepared for submission to the May, 2012 joint meeting of the Trust Fund Committees. The CIF Administrative Unit, working with the MDB Committee, will manage the implementation of any policy decisions arising from this review.

82. Thirdly, recognizing the need for more extensive involvement of private sector interests in the process of developing investment plans, the meetings of the pilot countries for FIP and SREP have included sessions on the role of and modalities for engaging the private sector in CIF programs and operations. These discussions involved representatives from both public and private sectors.

83. ***FY13 - Proposed work program.*** As summarized in Table 5, the work program on private sector engagement will focus on two areas: implementation of actions to enhance private sector participation in CIF operations, to be considered at the May 2012 meeting of the Trust Fund Committees; and effective utilization of main CIF events in FY13 to reach out to private sector interests and get their feedback on how best to attract greater private sector engagement in CIF operations, with particular emphasis on the targeted programs under SCF.

Table 7: Engaging the Private Sector - Main Objectives and Outputs for FY13

Objectives	Outputs/Results
<ul style="list-style-type: none"> Enhanced private sector participation in CIF investments supported by strengthened incentives and financing instruments. Effective outreach to and dialogue with the private sector at the CIF program level. Deepened understanding of private sector engagement in “public sector” projects. 	<ul style="list-style-type: none"> Implementation of actions to be agreed by the Trust Fund Committees in response to proposals for enhancing private sector participation in CIF investments (May 2012 papers). Implementation of decision to allocate FIP reserve funds partly through process of private sector competitive bidding. Private sector sessions in all SCF pilot country meetings. Private sector panel discussion and private sector event in conjunction with Partnership Forum November 2012. Implementation of private sector outreach strategy started.

²² CTF-SCF/TFC.8/8 Proposal for Additional Tools and Instruments to Enhance Private Sector Investments in the CIF

²³ CTF- SCF/TFC.7/CRP.1 - Climate Investment Funds: Lessons Learned from Private Sector Interventions through MDB Intermediaries

²⁴ CTF/TFC.9/7 Proposal for Improvement Measures of the Private Sector Operations

84. Once completed, CIF's private sector outreach strategy will be implemented as part of the CIF's broader communications strategy. This is likely to translate into a more structured and expanded effort by MDBs and the CIF Administrative Unit to get messages out on the private sector's role in the CIF.

Stakeholder Engagement

85. Effective engagement of stakeholders at all levels of CIF operations is vital to the success of CIF's mission. Activities undertaken in FY12 and proposed for FY13 are summarized below, the private sector having been covered in the preceding section.

86. *Partnership Forum.* The 2012 Partnership Forum will be held in Istanbul, Turkey, November 2012, co-hosted by the European Bank for Reconstruction and Development. Building on the outcome of the 2011 Forum in Cape Town, South Africa, it will focus on highlighting the CIF's progress in completing investment planning and implementing projects on the ground, country engagement and coordination as well as knowledge and learning and innovations.

87. *Civil Society Organizations and Indigenous People Groups.* Support during FY12 for enhanced engagement of CSOs and indigenous peoples groups has focused on two priorities: making the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities operational; and facilitating active participation of representatives from CSOs and IPGs in CIF meetings and events.

88. A summary of progress made in FY12 towards making DGM operational and envisaged activities on behalf of the CIF Administrative Unit and the MDB to support that objective were presented earlier in this paper (Sec II Part B -FIP). Going into FY13, the first step will be for the MDBs to organize initial stakeholder meetings for stakeholders in all eight FIP pilot countries to explain the purpose and expected operating modalities of the DGM and to agree on a process for operationalizing the DGM in each pilot country.

89. The CIF Administrative Unit facilitated the self-selection process of a new group of CSO observers in FY 12.²⁵ To promote active engagement of representatives from CSO and indigenous peoples groups at the meetings of Trust Fund Committees and Sub-Committees, the CIF Administrative Unit will organize virtual and face-to-face orientation programs supported by relevant documentation and background material.

90. FY13 will see continued emphasis on strengthening the involvement of CSOs and indigenous peoples groups at the country and CIF governance levels, building on activities initiated this year.²⁶ Maintenance of a CSO website to share information on CIF processes and activities should help broaden stakeholder involvement. A mailing list on all CIF observers and other interested stakeholders should expedite meeting updates and share important information.

²⁵ CTF-SCF/TFC.8/Inf.4. *Report on the CSO Observer Selection Process*

²⁶ CTF-SCF/TFC.8/5 *Enhancing Country Coordination Mechanisms, MDB Collaboration, and Stakeholder Engagement in CIF Programs*

Consultations and briefings will help CSO observers prepare for TFC and SC meetings. Throughout these and other activities, the guiding principle will be to listen to the stakeholders' specific interests and to plan and organize activities to effectively address them.

91. *Gender Issues.* Work will continue with members of the Global Gender and Climate Alliance, including UN and CSO Observers to the CIF Trust Fund Committees and Sub-Committees, to engage with MDBs, pilot countries, and other CIF stakeholders in information sharing and learning activities on gender issues. In the second half of 2012, the CIF will undertake a gender impact assessment to (i) identify areas where further progress is needed, and (ii) develop concrete recommendations and identify practical tools to help pilot countries and project teams integrate gender considerations into their operations. The terms of reference for the assessment are currently being finalized, with the goal of identifying and hiring a consulting team to conduct the assessment by the end of FY12.

Communications

92. *FY12 – Summary of accomplishments.* In FY12, the CIF Administrative Unit developed new communications products- CIF project fact sheets, a CIF calling card and a CIF Brochure “CIF in Action” showcasing CIF projects and activities. A key communications product was the 2011 Annual Report, developed in close collaboration with the MDBs and which, in addition to providing an overview of the CIFs in 2011, showcases CIF activities in renewable energy, feedback from the 2011 Partnership Forum and reflections from pilot countries, as well as data on CIF projects and funding.

93. The CIF Administrative Unit together with the MDBs held two side-events at the UNFCCC Conference of the Parties Meeting in Durban. The first showcased progress made by African countries in developing and implementing their investment plans and projects. The second event highlighted PPCR as a programmatic model for transformational change - from readiness to implementation, its support for National Adaptation Plans, the dynamic and interactive South-South learning, and other key messages.

94. The MDB communications working group was activated and played a key role in the development of the CIF communications strategy which is to be discussed at the meeting of the Joint meeting of the CTF and SCF committees in May, 2012²⁷. The CIF Administrative Unit launched a revamp of the CIF website to make it more dynamic and user friendly and this activity will be completed in early FY 13.

95. *FY13 – Proposed work program.* The goal of CIF communications activities is to create more linkages to other cross cutting activities such as stakeholder engagement, knowledge management and private sector activities. The CIF Communications strategy focuses on these linkages and includes work programs which will link activities in these areas to the central communications work plan. Focus will be on implementation of the strategy and coordination with knowledge management, stakeholder engagement and private sector.

²⁷ CTF-SCF/TFC.8/6 *CIF Communications Strategy*

Part D - Governance and Management

The Trust Fund Committees

96. The CIF Trust Fund Committees will have met twice by the end of the fiscal year to carry out their responsibilities (November 2011 and April/May 2012).

97. *The CTF Trust Fund Committee* reviewed the progress of CTF investment plans and endorsed two additional during FY12. The Committee will have considered a number of policy proposals, the majority of which dealt with two issues: the efficient management of the project pipeline and the allocation resources for new investment plans. The Committee also has under consideration proposed revisions to previously endorsed plans.

98. *The SCF Trust Fund Committee*, reviewed policy papers relevant to all three SCF programs.

99. *The Joint CTF and SCF Trust Fund Committees* continued to provide a useful forum for discussion of issues of common interest to the two funds. A major focus was the development of the *Proposed Measures to Improve the Operations of the Climate Investment Funds*, approved in November 2011²⁸, which itself spurred a great deal of further policy work. In April/May 2012, the Committees will discuss a number of papers prepared in response to the issues raised in the “Measures” paper, including a proposal for a communications strategy, launch of the independent evaluation, tools and modalities to enhance CIF investments, and proposals to enhance country coordination, MDB collaboration and stakeholder engagement.

100. *The PPCR Sub-Committee* reviewed and endorsed two Strategic Programs for Climate Resilience at its November 2011 meeting and an additional Strategic Program intersessionally. It expects to endorse an additional five Strategic Programs at its April/May meeting. In addition to clarifying its policy on credits and debt sustainability, the Sub-Committee worked to ensure a more equal representation of gender on its roster of expert reviewers. At its April/May meeting, the Sub-Committee is also slated to consider proposals for resource allocation to country pilots.

101. The FIP Sub-Committee reviewed or will review policy proposals on the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities, independent technical reviews of investment plans, and procedures for allocating funds under the FIP reserve. In addition, the Sub-Committee endorsed two investment plans and its first project at its October 2011 meeting. It expects to endorse an additional investment plan at its meeting in April/May.

102. The SREP Sub-Committee endorsed investment plans for Honduras, Mali, and Nepal at its November 2011. It also approved the first SREP project, a geothermal project under the investment plan for Kenya. An investment plan for Ethiopia was presented at its intersessional meeting in March 2012, and is expected to be endorsed at the April/May meeting. Management of the pipeline and allocation of reserve funding remain topics of interest, and papers on these subjects will be considered at the April/May meeting.

²⁸ CTF-SCF/TFC.7/4 *Proposed Measures to Improve the Operations of the Climate Investment Funds*

CIF Administrative Unit

103. The key work program priorities for the CIF Administrative Unit during FY12 has been to (a) service the Trust Fund and Sub-Committees in their continued efforts to develop the policy guidance required to support CIF program and project implementation; (b) oversee the implementation of the CIF programs; (c) manage relations with CIF contributor countries; (d) organize pilot country meetings designed to promote effective cross-pilot exchanges of experiences and lessons; (e) support MDB coordination activities at the policy and country levels; (f) support the work of the MDBs in the thematic areas of information sharing and lessons-learning and results monitoring and reporting by developing relevant guidance; and (g) collaborate with MDBs to develop a CIF communications strategy in support of effective outreach and stakeholder engagement.

MDB Committee

104. During the first 10 months of FY12, the Committee has convened about 50 times (including meetings of the Committee's thematic groups) to address operational or thematic issues. A diverse set of operational matters such as pipeline management, joint mission proposals, preparation grant requests, resource management and others have been addressed through regular and frequent teleconferences. Two meetings of MDB Vice Presidents were convened in the margins of the WB/IMF Annual and Spring Meetings in September, 2011 and April 2012 to discuss ongoing collaboration among MDBs.

The Trustee

105. The Trustee's main activities during FY12 included (a) supporting the external audit of the Trustee's CY10 financial statements, with audited financial statements along with the external auditor's report distributed to the CTF and SCF Trust Fund Committee members; (b) consultations (London October 2011) with the MDBs and CIF Administrative Unit on more efficient process flows across the CIF partnership, simplifying reporting requirements, and coordinating the accounting and audit arrangements; (c) supporting timely CIF pipeline management working closely with the CIF Administrative Unit and the MDBs; (d) launching the Trustee Website which for each of the funds disseminates financial data and statements, trend analysis, reports, and governance documents; and (e) developing an SAP platform for storing and managing the CIF project pipeline and creating a management dashboard to facilitate program planning and communications to the Trust Fund Committees and the MDBs.

FY12 Budget Outcome

106. The Joint meeting of the Trust Fund Committees in June 2011 at Cape Town approved a total CIF administrative budget of \$20.98 million for FY12 to cover estimated expenditures for administrative services, the fourth Partnership Forum (then planned for Spring 2012), and MDB support for country programming of CIF resources. This section summarizes the outcome of the utilization by the Trustee, the CIF Administrative Unit and the MDBs of these resources.

Part A - Administrative Services

107. A budget review in April 2012 concluded that the estimated cost for completing CIF's administrative work program in FY12 was expected to come in at \$1.46 million (9 %) under budget (Table 8). Any unutilized funds by the end of FY12 will be returned to the CTF and SCF Trust Funds as per Financial Procedures Agreements for CTF and SCF. MDBs are required to report to the Trustee on actual administrative expenses on an annual basis and the returned funds are reflected in the Trustee's annual financial statements as a net amount against the transfers to the MDBs.

Table 8 - FY12 Administrative Services - Estimated Outcome by CIF Unit (\$'000)

	FY12 Approved Budget	FY12 Revised Budget	Variance
Trustee	2,956.0	3,187.0	231.0
Admin Unit	7,438.9	6,248.7	(1,190.2)
MDB Total:	6,422.5	5,920.3	(502.1)
ADB	979.1	970.7	(8.4)
AfDB	881.3	793.2	(88.2)
EBRD	532.2	511.4	(20.8)
IADB	899.7	896.7	(3.0)
IBRD	1,960.9	1,899.1	(61.8)
IFC	1,169.2	849.2	(320.0)
Total	16,817.4	15,356.0	(1,461.3)

108. The projected under run is the net result of the Trustee overrunning the approved budget by 8% and the Administrative Unit and the MDBs under running their combined approved budgets by 16 and 8% respectively. These variances are explained by the following factors:

109. First, the Trustee's projected overrun of \$231,000 is due to increased investment management fees on account of additional paid up contributions and a slower pace of cash transfers to the MDBs, and increased expenditures for financial and relationship management, which is partially, offset by reductions in legal and external audit costs.²⁹

110. Second, The CIF Administrative Unit's expected under run of \$1.2 million is the net result of (a) delays in filling staff positions due to staff turnover in the CIF Administrative Unit which will result in CIF Administrative Unit full staff costs coming in \$0.82 mil under budget; (b) the costs of holding pilot country meetings being \$0.53 mil under budget because of a smaller number of meetings held versus planned for, due to the change in the cycle of the Partnership Forum (every 18 months as opposed to 12 months); and (c) the above being partially offset by \$0.18 million for staff travel having been moved to the multi-year trust fund.³⁰

²⁹ Investment Management fees are calculated based on a cost of 3.5 basis points against the average annual balance of the portfolio; the projected average portfolio size is revised from \$1.3 billion to \$1.9 billion for the CTF trust fund and from \$650 million to \$900 million for the SCF.

³⁰ From the approved FY12 administrative budget for the Administrative Unit a sum of \$175,000 has been transferred to the multi-year Partnership Forum Trust Fund to accommodate staff travel to the forum in FY13.

111. Third, The MDBs' combined under run is primarily on account of and travel costs falling short of original estimates because of rescheduling the fourth Partnership Forum for November 2012 (FY13) and IFC realizing a lower than planned level of engagement in SCF's targeted programs.

112. All but 5% of the total under run applies to SCF's part of the budget (Table 9). This can be explained by the lower than expected utilization of budget resources for the pilot country meetings in FY12, and the pre-dominance of the PPCR, FIP and SREP meetings.

Table 9 - FY12 Administrative Services - Estimated Outcome by Program Fund (\$'000)

	FY12 Approved Budget	FY12 Revised Budget	Difference
CTF	6,420.4	6,301.2	(119.2)
SCF	10,397.0	9,054.9	(1,342.1)
Total	16,817.4	15,356.0	(1,461.4)

Part B - Partnership Forum

113. The CTF and SCF Trust Fund Committee meeting jointly in September 2011 agreed that future Partnership Forums will be every eighteen months. The next 2012 Partnership Forum, therefore, will be held in November 2012 (FY13) in Istanbul with EBRD as a co-host.

Table 10- FY12 Administrative Services - Partnership Forum (\$,000)

	FY12 Approved Budget	FY12 Revised Budget	Variance
Partnership Forum	1,552.5	-	(1,552.5)

114. The CIF FY12 administrative budget, approved in June 2011, provided for \$1,552.5 million towards the Fourth Partnership Forum that at the time was planned for London in the spring of 2012. With the shift of the Forum to FY13, no expenditures will have been incurred in FY12 and all funds will be expensed in FY13.³¹ Given the decision to hold the Partnership Forum every 18 months as opposed to annually, there was the need to establish a multi-year Trust Fund, with the balance to be returned to the Trustee at closing of the TF. The next request for additional funds will come in FY14 with the Forum scheduled for May 2014.

115. For budget planning purposes, the original expenditure estimate of \$1.552 million for the Fourth Partnership Forum has been retained. However, in an effort to further contain costs and recognizing the considerable contribution (\$767,000) of EBRD as the co-host of the event, the duration of the Forum has been reduced from 11 days to 7 days. This reduction is expected to result in some savings in the form of lower costs for the venue (including hospitality), hotel accommodation and per diem for participants, and interpretation costs.

³¹ The spillage of FY11 into FY12 for the Third Partnership Forum and any preliminary expenses for the Fourth Partnership Forum will be absorbed by the CIF Administrative Unit's FY12 budget.

Part C - MDB Support to Country Programming of CIF Resources

116. The MDBs support country-led preparation of investment plans through joint-mission work (including inter-mission assistance). This involves several missions and work in between missions over an extended period. The annual CIF administrative budget fund covers the MDBs' incremental expenditures for such support. This funding takes the form of a multi-year country programming budget, which is topped up annually when required. MDB requests for funding of joint-missions are reviewed and approved by the MDB Committee and funds transferred by the Trustee to the individual MDBs.³²

117. As shown in Table 11 below, the approved FY09-FY12 installments in the CTF budget for MDB country programming support totals \$4.05 million, with no "topping up" required for either FY11 or FY12. In FY12, the MDB Committee approved \$168,697 for MDB joint mission support to the preparation of the India and Chile investment plans. This brought total allocations by the Committee to \$3.07 million, resulting in an unallocated balance of \$975,844 by the end of the fiscal year.

Table 11: Approved and Allocated CTF and SCF Budgets for MDB Support for Country Programming FY09-12

	CTF	PPCR	FIP	SREP	SCF Total	Total
1. Annual budgets approved by TFCs (FY09-FY12) of which						
FY09-FY11	4,047,900	5,896,180	1,940,000	1,552,000	9,388,180	13,436,080
FY12	-	85,400	1,373,050	964,250	2,422,700	2,422,700
Total	4,047,900	5,981,580	3,313,050	2,516,250	11,810,880	15,858,780
2. Allocations by MDB Committee						
FY09-FY11	2,903,359	5,894,180	1,940,000	1,608,559	9,442,739	12,346,098
FY12 up to 3/23/12	168,697	87,400	1,042,748	628,107	1,758,255	1,926,952
FY12 rest of FY	-	-	-	245,000	245,000	245,000
FY12 Total	168,697	87,400	1,042,748	873,107	2,003,255	2,171,952
FY09-FY12 Total	3,072,056	5,981,580	2,982,748	2,481,666	11,445,994	14,518,050
3. Balance Available for FY13	975,844	-	330,302	34,584	364,886	1,340,730

118. Under the SCF, approved FY09-12 budgets for MDB support to country programming total \$11.81 million, of which all but \$364,886 are projected to have been allocated to joint-mission budgets by end FY12. As explained later, these funds will not be sufficient to meet the requirements for MDB support activities planned for FY13.

³² The arrangements for MDBs to access CIF budget resources for programming support remain as outlined in the CIF FY09 Budget Paper and subsequent guidelines regarding MDB task team requests for joint-mission funding and reporting on joint-mission activities. Cost norms have been adopted as benchmarks for reviewing funding requests. These norms have been kept under review and undergone adjustments in light of experience in implementation of MDB support for country programming.

119. The approved FY12 budget included a provision of \$187,500 under the budget allocation for MDB support for country programming to fund the expected costs of independent technical quality reviews of SCF investment plans. It was noted that while such reviews do not involve the MDBs, they form part of the programming cycle for PPCR, FIP and SREP funds. It is projected that expenditures of \$59,480 will have been incurred by the end of FY12, and that no additional funds will be required to fund the technical reviews scheduled for FY13 under SCF's targeted programs. Any balance available once all planned investment plans have gone through their mandated independent technical reviews, will be returned to the Trustee.

120. A review of the MDB's utilization of allocated joint-mission budgets was undertaken in February 2012 to identify resources, available with the individual MDBs, that are not going to be required for support to the completion of planned investment plans and therefore may support legitimate post-endorsement activities (Table 12). As of end CY11, the MDBs had expensed \$8.84 million out of a total of \$13.32 million received from the Trustee for joint-mission activities. The MDBs have projected that another \$2.82 million will be required to fund additional joint-mission support ongoing efforts by pilot countries to complete investment plans. This results in a projected balance of \$1.66 million (CTF \$683,000, and SCF \$977,000) to meet expected joint-mission expenditures for post-investment plan endorsement activities in FY13.

Table 12 – Summary of utilization by MDBs of joint-mission Budgets allocated by the MDB Committee (US\$)

	CTF	PPCR	FIP	SREP	SCF	Total
Amounts allocated by MDB Committee 1/	2,760,746	5,800,130	2,584,884	2,176,666	10,561,680	13,322,426
MDB cumulative actual expenses 12/31/11	1,758,703	4,283,630	1,602,346	1,194,226	7,080,201	8,838,904
Amounts required to complete IPs	318,679	1,082,789	773,694	648,151	2,504,634	2,823,313
Projected balance once all IPs endorsed	683,364	433,711	208,845	334,289	976,845	1,660,209

1/ Amount includes allocation by MDB committee as of 12/31/2011

121. The actual expenditures for the MDBs' joint-mission support for investment plans completed by June 30, 2011 were reported on in the paper *CIF Administrative Costs – A Review of the Use of Budget Resources and Work Program Growth FY09-12*, presented at the Joint Meeting of the Trust Fund Committees in November, 2011. These costs have now be updated based on the findings of the recent review of the MDBs' utilization of joint-mission budget resources. A summary is attached as Annex 6, which also updates the unit costs of other individual work program activities and products, which can be tracked within the systems of the MDBs.

III. PROPOSED FY13 BUDGET

122. The proposed FY13 CIF budget is based on the estimated expenditures for activities that the Trustee, the Administrative Unit and the five MDBs plan to undertake during the period July 1, 2012 to June 30, 2013 to help CIF reach its business development targets and deliver its work program in key thematic areas as summarized in Section II. It comprises two parts: administrative services (Part A), and MDB support to country programming of CIF resources (Part B). No request for the funding of the Fourth Partnership Forum (November 2012) is included since funding was already approved under the FY12 budget. Expenditures for the

independent evaluation of CIF operations, scheduled for FY13, will be covered under separate arrangements and are therefore not included in the CIF Administrative Budget.³³ The proposed FY13 budget is summarized in Tables 13 and 14 below with details to follow in subsequent sections.

Table 13 - Approved FY12, Revised FY12 and Proposed FY13 Budget by Budget Category (\$,000)

	FY12 Approved Budget	FY12 Revised Budget	FY13 Proposed Budget	Variance FY13 Prop- FY12 Rev
Administrative Services				
Trustee	2,956.0	3,187.0	3,570.9	383.9
Admin Unit	7,438.9	6,248.7	7,308.0	1,059.3
MDBs	6,422.5	5,920.3	6,485.6	565.3
<i>ADB</i>	979.1	970.7	1,103.0	132.3
<i>AFDB</i>	881.3	793.2	890.7	97.5
<i>EBRD</i>	532.2	511.4	570.9	59.5
<i>IADB</i>	899.7	896.7	952.1	55.3
<i>IBRD</i>	1,960.9	1,899.1	2,146.3	247.2
<i>IFC</i>	1,169.2	849.2	822.8	(26.5)
Sub-total	16,817.4	15,356.0	17,364.6	2,008.5
Partnership Forum	1,552.5	-	-	-
MDB Support for Country Programming	2,608.2	2,067.0	3,913.9	1,846.9
Systems Development	-	-	-	-
Total	20,978.1	17,423.0	21,278.4	3,855.4

123. The estimated expenditures for FY13 translate into a proposed total budget of \$21.28 million, of which \$17.36 million is for administrative services provided by the Trustee, the CIF Administrative Unit and the MDBs, and \$3.91 million for MDB support for country programming. The proposed budget represents an increase of \$3.86 million over the revised FY12 budget, and a 1.4% increase over the approved FY12 budget. The proposed budgets for CTF and SCF (Table 14) are the result of costing out activities specific to the work programs under the respective funds. Whenever that has not been feasible, costs have been allocated between the two funds using best estimates.

³³ As the independent evaluation offices wish to guarantee their independence, funds for evaluation activities were proposed to be transferred directly from the Trustee to the independent evaluation offices or the secretariat of their committee to be established, without going through the Administrative Unit. Accordingly, any funds covering the costs of evaluation activities are to be treated as funds for a separate project, which will not be included in the CIF Administrative Budget. There will be a separate proposal for funding of the evaluation activities at a later time, to be submitted by the independent evaluation offices for the trust fund committee's approval. The Trustee will be entering into transfer memorandum/agreement with the secretariat of the committee to be established, and other relevant parties as necessary, to enable the transfer of funds to be approved by the trust fund committee.

Table 14 - FY12 Revised Estimates and Proposed FY13 Budget by Fund Program and Budget Category (\$,000)

	CTF		SCF		Total		Difference
	FY12 Revised Budget	FY13 Proposed Budget	FY12 Revised Budget	FY13 Proposed Budget	FY12 Revised Budget	FY13 Proposed Budget	
Administrative Services							
Trustee	1,797.0	2,041.2	1,390.0	1,529.7	3,187.0	3,570.9	383.9
Admin Unit	2,499.2	2,613.2	3,749.5	4,694.7	6,248.7	7,307.9	1,059.2
MDBs	2,005.0	1,979.8	3,915.3	4,505.8	5,920.3	6,485.6	565.3
Sub-total	6,301.2	6,634.3	9,054.9	10,730.2	15,356.0	17,364.4	2,008.4
Partnership Forum	-	-	-	-	-	-	-
MDB Support for Country Programming	168.7	-	1,898.3	3,913.9	2,067.0	3,913.9	1,846.9
Systems Development	-	-	-	-	-	-	-
Total	6,469.9	6,634.3	10,953.1	14,644.0	17,423.0	21,278.3	3,855.3

124. As elaborated below, the estimated \$3.85 million increase in funding requirements relative to FY12 budget utilization is driven by the following main factors:

- a) First, since FY12 budget was approved, six new SREP countries have been invited to prepare investment plans and will look to MDBs for assistance. To meet these needs, a top-up of the multi-year budget allocation will be needed;
- b) Second, as stressed earlier in the paper (Section II, Part B), and as an extension of earlier joint-mission work, post-endorsement support for effective country level coordination and monitoring of the implementation of investment plans will be needed;
- c) Third, as investment plans transit into implementation, the CIF's cross-cutting thematic work programs assume increasing importance (Section II, Part C). Collaboration between the CIF Administrative Unit and the MDBs in delivering on these programs is vital. This collaboration will be strengthened in FY13, particularly in the areas of results, knowledge management and communications;
- d) Fourth, the CIF Administrative Unit will by the start of FY13 have caught up with FY12 delays in staff recruitment linked to staff turnover and secured a staff complement adequate to the needs of the FY13 work program; and
- e) Fifth, as flagged in last year's budget submission, the Trustee will, starting FY13, charge 10% on the direct costs of its services to recover costs incurred by other central World Bank units that are indirectly involved in providing trustee services.

125. As in previous years, a projection of the relationship between on the one hand program and project related costs and on the other hand project funding has been completed (Annex 7). It assumes that the proposed administrative budget is approved and that the business development targets for FY13 and FY14 set out in Annex 3 will be accomplished.

126. The projections show that total administrative costs (program and project related) will by end FY14 have amounted to 7.5% on cumulative project funding for SCF, 1.3% for CTF and 3.1% for the CIF as a whole. The 7.5% ratio for SCF is 1.4 % higher than last year, reflecting the

impact of an expected 30% increase in the number of SCF projects (actual number of projects per investment plan is turning out higher than assumed). This increase raises the projected payments to MDBs for project related services and leads to a higher costs to funding ratio.

Part A - Administrative Services

The Trustee

127. The proposed FY13 budget for Trustee services amounts to \$3.57 million or an increase of \$384,000 (or 12%) over the revised FY12 budget (Table 15). More than half of this increase is occurring because of the application of the World Bank's policy of recovering costs of units that indirectly supply services of a trustee nature to financial intermediary funds.³⁴ The balance of the estimated increase reflects expected increases in external audit and financial management costs.

Table 15 - Estimated FY12 Expenditures and FY13 Proposed Budget for Trustee Services (\$'000)

Trustee Services	CTF		SCF		TOTAL	
	FY12 Revised Budget	FY13 Estimated Expenditures	FY12 Revised Budget	FY13 Estimated Expenditures	FY12 Revised Budget	FY13 Estimated Expenditures
Financial and Relationship Management	221.0	282.0	183.0	202.0	404.0	484.0
Investment Management	688.0	700.0	319.0	315.0	1,007.0	1,015.0
Accounting and Reporting	180.0	180.0	180.0	180.0	360.0	360.0
Legal Services	90.0	80.0	90.0	80.0	180.0	160.0
External Audit	618.0	675.0	618.0	675.0	1,236.0	1,350.0
Non-Core Central Unit Costs	-	124.2	-	77.7	-	201.9
Total Costs	1,797.0	2,041.2	1,390.0	1,529.7	3,187.0	3,570.9

128. The proposed Trustee budget represents the following assumptions:

129. *Financial and relationship management.* Costs involve staff time required for financial modeling to help ensure a sound financial structure of the Trust Funds; implementation of procedures for receiving contributions, recording allocations and commitments, and transferring cash to MDBs; donor relationship management; coordination with the CIF Administrative Unit and the MDBs to develop best practice operational policies relating to financial transactions; and financial reporting of the Trust Funds.

130. *Investment management.* Fees are calculated based on a flat fee of 3.5 basis points against the average, annual balance of the portfolio; the projected average portfolio size for the CIF trust funds for FY13 is \$2.7 billion in total, of which \$1.8 billion represents the estimated portfolio size for the CTF and \$900 million for the SCF.

³⁴ The costs of such non-core units amount to about 10% of the direct costs for providing trustee services and are being incorporated since FY12 into the fee arrangements for all Financial Intermediary Funds in FY12, consistent with the World Bank's full cost-recovery policy. Where a trust fund has paid an advance fee of \$250,000 upon establishment of the fund, the non-core central unit costs will be charged after the \$ 250,000 is spent down which is now the case for CTF and SCF. Hence, Trustee will charge non-core central unit costs in FY13, equivalent to 10% on direct trustee service costs (i.e. excluding external audit fees) as shown in Table 15.

131. *Accounting and reporting.* Costs are based on the management of the accounting model for the Trust Funds, including further development and implementation of policies for tracking donor loan contributions and reflows from MDBs (i.e. interest and principal repayments on loans to recipients); maintenance of appropriate records and accounts to identify contributions and other receipts (reflows and return of unused funds) as well as Trust Fund liabilities to MDBs, and preparation of Financial Statements and arrangement of external audits.

132. *Legal services.* Costs are based on staff time needed for policy advice, legal review of financial documents and drafting new legal documents including supplemental contribution agreements as well as amending the existing legal documents for the Trust Funds operation as necessary.

133. *External audit costs.* Costs are estimated to average \$75,000 for each external audit of the MDB's special purpose financial statements and \$150,000 for the Trustee's special purpose financial statements. The Trustee and the EBRD have agreed that EBRD must prepare two financial statements: one in the EBRD's operating currency (EUR) and the other in the operating currency of the CIF (USD)³⁵. The Trust Funds will pay for both audits.

134. *Systems Development.* In FY10, The Trustee estimated a cost of \$3.0 to \$5.0 million to cover systems development for the CIF Administrative Unit and the Trustee (the "Financial Intermediation Funds IT Systems Project"), and the CTF-SCF Trust Fund Committees subsequently approved a \$2 million allocation as a special multi-year initiative under the CIF Administrative Budget. In the course of the analysis and development of the project plan, the Trustee identified means to leverage the FIF IT Systems Project with the needs of other Financial Intermediary Funds managed by the World Bank and capabilities from other World Bank IT initiatives. Therefore, the Trustee will be seeking other sources of funds to cover the costs of the FIF IT Systems Project. It is anticipated that no additional funds from the CIF Trust Funds will be required.

CIF Administrative Unit

135. During FY13, the Administrative Unit, working with the MDB Committee, will (a) facilitate the work of the Trust Fund Committees and their Sub-Committees, (b) manage internal and external institutional relations, (c) support further policy development, as required; (d) coordinate the implementation of the CTF and SCF programs; (e) plan and manage the arrangements for the Fourth Partnership Forum; and (f) coordinate thematic cross-cutting work on stakeholder relations and communications, private sector engagement, and knowledge and results management. Work in this latter category is expected to grow commensurate with anticipated progress in the implementation of the CIF programs.

³⁵ EBRD has to conduct an external audit in Euro in accordance with its own policies and procedures.

Table 16- Revised FY12 Budget and Proposed FY13 Budget for Administrative Unit Services (\$'000)

	CTF		SCF		TOTAL		Staff weeks		Consultant weeks	
	FY12 Rev Budget	FY13 Budget	FY12 Rev Budget	FY13 Budget	FY12 Rev Budget	FY13 Budget	FY12 Rev Budget	FY13 Budget	FY12 Rev Budget	FY13 Budget
1. Facilitating the work of TFCs and Sub-Committees	437.6	333.8	291.7	474.7	729.2	808.5	98.2	114.2	60.2	5.2
2. Managing Institutional Relations and Partnership building (excl Partnership)	1,375.3	735.6	916.7	1,612.6	2,292.0	2,348.2	308.8	183.2	189.1	17.9
3. Policy and Program Development 1/	1,602.9	1,223.6	1,068.4	2,172.9	2,671.3	3,396.5	359.9	691.3	220.4	140.8
4. Management and Finance	333.3	320.4	222.2	434.4	555.5	754.8	74.9	147.3	45.8	25.3
GRAND TOTAL	3,749.2	2,613.3	2,498.9	4,694.7	6,248.1	7,308.0	841.8	1,136.0	515.6	189.1

136. The estimated expenditures for these activities total \$7.31 million and show an increase of \$1.06 million over the revised estimate of FY12 expenditures which in-turn as explained earlier (Section III) fall \$1.19 million short of the approved FY12 budget. The \$1.06 million increase in FY13 is a result of three factors: (a) the delayed recruitment of staff in response to staff turnover will have been completed by end FY12; (b) the Unit's staff complement will require 2 additional mid-level positions to support the anticipated increase in the overall work load; and (c) the scheduled increase in the number of pilot country meetings to be held from 3 in FY12 to 6 in FY13 (5 in the Fall of 2012 and 1 in Spring 2013). As a result, the proposed FY13 budget is one 1% over the approved FY12 budget (excluding the \$175,000 staff travel budget which, as explained earlier has been transferred to the Partnership Forum multi-year trust fund).

The Multilateral Development Banks

137. Implementation of CIF funded programs and projects are the joint responsibility of the five MDBs. Technical and country program units in the MDBs work with institutions and counterparts in recipient countries to prepare strategic programs or investment plans for use of CIF resources. The incremental costs that the MDBs will incur in supporting these activities would be covered under the proposed CIF budget for country programming, presented in Part B below. Technical and operational staff also assist country partners in preparing projects identified in investment plans, processing them through funding approval, monitoring implementation, and distilling lessons and evaluating outcomes and impacts. The MDBs recover their costs for these services through payments for project implementation support and supervision services (not part of the administrative budget).

138. The MDBs' CIF Focal Points coordinate and help guide the above activities with expenditures covered under the CIF administrative budget. Their specific responsibilities are to:

- a) Inform operational units of CIF's potential contributions to country programs and the global environment, explain the criteria for accessing CIF resources, clarify the established CIF policies, guidelines and procedures for CIF funded operations, and perform quality control on part of the MDB on investment program and project proposals (Service Category 1 in Table 19);

- b) provide primary inputs for each MDB's operational reporting to the Trust Fund Committees on program performance and lessons learnt (Service Category 2);
- c) present the view of the MDBs in CIF partnerships and meetings, and contribute to the joint thematic work programs on private sector engagement, knowledge , communications and results management, stakeholder relations management, thereby playing a key role in translating CIF policy directives into operational guidance for MDB task teams (Service Category 3); and
- d) work inter-departmentally within their respective MDBs to establish and maintain the legal, financial, and administrative arrangements required to become an effective implementing entity of the CIF (Service Category 4).

139. Total MDB coordination expenditures in FY13 have been estimated at \$6.49 million, which is \$565,300, or 10%, higher than the revised estimate of FY12 expenditures, and 1% higher than the approved FY12 budget (Table 17 and table 13).

Table 17 - Summary of FY12 Estimated Expenditures and Proposed FY13 Budget for MDB Administrative Services (\$'000)

	CTF		SCF		TOTAL	
	FY12 Revised Budget	FY13 Proposed Budget	FY12 Revised Budget	FY13 Proposed Budget	FY12 Revised Budget	FY13 Proposed Budget
ADB	239.3	277.2	731.4	825.8	970.7	1,103.0
AFDB	211.5	138.1	581.7	752.6	793.2	890.7
EBRD	395.4	388.2	116.0	182.7	511.4	570.9
IADB	253.2	270.8	643.5	681.2	896.7	952.1
IBRD	465.4	504.2	1,433.7	1,642.1	1,899.1	2,146.3
IFC	440.3	401.3	409.0	421.4	849.2	822.8
Total	2,005.0	1,979.8	3,915.3	4,505.8	5,920.3	6,485.6

Table 18 - Estimated FY13 Budget for MDB Administrative Services by SCF Program (\$'000)

	PPCR		FIP		SREP		TOTAL	
	FY12 Revised Budget	FY13 Proposed Budget	FY12 Revised Budget	FY13 Proposed Budget	FY12 Revised Budget	FY13 Proposed Budget	FY12 Revised Budget	FY13 Proposed Budget
ADB	261.8	349.9	244.0	217.0	225.6	258.9	731.4	825.8
AFDB	192.1	245.3	192.3	240.8	197.2	266.5	581.7	752.6
EBRD	76.5	66.7	-	-	39.5	115.9	116.0	182.7
IADB	219.7	224.4	219.8	232.5	204.0	224.4	643.5	681.2
IBRD	535.3	673.3	494.5	508.7	403.9	460.1	1,433.7	1,642.1
IFC	141.1	140.5	137.4	140.5	130.4	140.5	409.0	421.4
Total	1,426.6	1,700.1	1,288.1	1,339.5	1,200.6	1,466.2	3,915.3	4,505.8

140. The expected increase relative to revised FY12 expenditures is the net outcome of the following planned adjustments to the focus and scale of MDB coordination activities (Table 19): (a) MDB participation in CIF's thematic work programs (particularly on results and knowledge management) will increase (as discussed in Section II) resulting in estimated additional expenditures of \$354,000 (Service Cat. 3); (b) travel of MDB staff to CIF meetings will increase

by \$250,000 as a result of the rescheduling of the Fourth Partnership Forum to FY13 (Service Cat. 3); and (c) operational reporting and financial management costs will increase by a combined \$ 232,000 (Service Cat. 2 and 4) as a result of the growing portfolio of CIF funded programs and projects. These increases are to some degree offset by a projected \$270,000 (12%) decline in expenditures for MDB Focal Point coordination and guidance to MDB task teams and performing the required level of quality control (Service Cat. 1).

Table 19: FY12 Revised Budget and FY13 Proposed for MDB Administrative Services by Service Category (US\$)

CTF	ADB		AFDB		EBRD		IADB		IBRD		IFC		TOTAL	
	FY12 Revised	FY13 Proposed	FY12 Revised	FY13 Proposed	FY12 Revised	FY13 Proposed	FY12 Revised	FY13 Proposed	FY12 Revised	FY13 Proposed	FY12 Revised	FY13 Proposed	FY12 Revised	FY13 Proposed
1. Internal outreach and integration of CIF in MDB policies, procedures and systems	77,223	50,030	60,549	26,928	112,707	122,670	81,476	64,731	244,709	204,960	148,632	122,838	725,297	592,157
2. CIF operational reporting	77,435	91,971	87,628	31,373	45,000	39,092	47,141	54,877	105,366	115,050	71,439	52,274	434,008	384,636
3. Participation in CIF committees and fora and thematic work program	63,797	103,171	45,197	60,780	168,500	176,940	76,691	81,277	49,358	105,646	70,052	101,404	473,595	629,218
4. Financial management and relations with the CIF Trustee	20,857	32,027	18,125	18,999	69,149	49,488	47,883	69,945	65,945	78,552	150,129	124,816	372,089	373,827
Grand Total	239,313	277,198	211,499	138,079	395,356	388,190	253,191	270,830	465,378	504,208	440,252	401,332	2,004,990	1,979,838

SCF	ADB		AFDB		EBRD		IADB		IBRD		IFC		TOTAL	
	FY12 Revised	FY13 Proposed	FY12 Revised	FY13 Proposed	FY12 Revised	FY13 Proposed	FY12 Revised	FY13 Proposed	FY12 Revised	FY13 Proposed	FY12 Revised	FY13 Proposed	FY12 Revised	FY13 Proposed
1. Internal outreach and integration of CIF in MDB policies, procedures and systems	286,448	228,680	96,447	122,066	39,875	54,400	193,010	153,090	673,564	629,369	157,737	122,838	1,447,082	1,310,443
2. CIF operational reporting	196,350	252,650	273,684	325,027	6,107	23,174	98,073	114,818	298,863	348,215	37,536	52,275	910,614	1,116,158
3. Participation in CIF committees and fora and thematic work program	147,279	252,005	166,776	266,306	64,460	88,010	163,319	223,281	310,349	500,047	151,238	121,503	1,003,422	1,451,152
4. Financial management and relations with the CIF Trustee	101,327	92,466	44,750	39,186	5,553	17,081	189,147	190,035	150,967	164,459	62,482	124,818	554,226	628,045
Grand Total	731,405	825,801	581,657	752,584	115,995	182,665	643,550	681,225	1,433,743	1,642,090	408,992	421,434	3,915,342	4,505,798

141. The estimated costs of providing the required administrative services for CIF program coordination vary across the MDBs, as summarized earlier in Table 17. The reasons are as follows: First, while the Regional Development Banks support CIF operations in their respective regions, IBRD and IFC have global mandates. Second, MDBs differ in their level of engagement in the various CIF programs. For example, EBRD is fully involved under CTF and SREP, has a modest engagement under PPCR, and is not active under FIP. IFC has a similar concentration and remains active in all SCF targeted programs, but at levels considerably lower than those of the regional banks. Third, the costs of coordinating CIF operations vary among the MDBs because of differences in internal organizational structures, operational procedures and financial management systems, staffing arrangements, unit costs, and rules for applying overhead charges or indirect costs.

Part B: MDB Support to Country Programming of CIF Resources

142. Over the period FY09-FY12, \$15.86 million will have been channeled from the CIF administrative budget to the MDBs to finance support for country programming of CIF resources

(Table 11). By end FY12, this support will have helped countries complete 45 investment plans, with indicative envelopes for CIF funding under these plans totaling \$5.80 billion. As per proposed business development targets for (Tables 1-4 in Section II) FY13 should see the completion of the 10 remaining investment plans, all of which under the SCF programs and the majority under SREP.

143. A multi-year budget for MDB support to country programming was established from the outset of CIF operations, and as part of the annual administrative budget, received annual top-ups to meet projected needs. Up to now, such needs have covered joint mission work through TFC or SC endorsement of investment plans. As explained earlier (Section II Part B), pilot countries, primarily under PPCR, FIP and SREP, are now increasingly looking to MDBs for extended assistance to strengthen institutional arrangements for coordinating plan implementation and to maintain the programmatic focus in deploying CIF funds.

144. Consequently, the proposed FY13 budget for MDB joint-mission support to country programming, addresses the estimated resource requirements for MDB support for the completion of the remaining investment plans *and* post-endorsement activities at the level of the country program required for effective launching of plan implementation. As summarized in Table 20 below, total MDB expenditures for supporting country programming in FY13 are estimated at \$6.22 million, of which \$2.77 million for pre-endorsement support and \$3.44 million for post-endorsement support.

Table 20 - Estimated FY13 MDB expenditures in support of country programming of CIF resources (US\$)

Activity supported	CTF	PPCR	FIP	SREP	Total SCF	Total
Pre-endorsement support 1/	-	-	104,000	2,667,600	2,771,600	2,771,600
Post-endorsement support	960,000	1,592,000	620,000	272,000	2,484,000	3,444,000
1. Support for implementation of Phase 1 TA grants (PPCR) 2/	-	1,020,000	-	-	1,020,000	1,020,000
2. Selective retro-fitting of results frameworks and lessons learning components in endorsed IPs.3/	176,000	176,000	88,000	44,000	308,000	484,000
3. Development of selected country M&E show-cases. 4/	108,000	108,000	108,000	108,000	324,000	432,000
4. Semi annual IP implementation review meeting with stakeholders	280,000	200,000	160,000	120,000	480,000	760,000
5. Consultations on DGM implementation in 4 FIP pilots. 5/	-	-	220,000	-	220,000	220,000
6. Revising investment plans	396,000	88,000	44,000	-	132,000	528,000
Grand Total	960,000	1,592,000	724,000	2,939,600	5,255,600	6,215,600

1/ Excludes expenditures for support to FY13 completion of IPs for which joint mission allocations have been or are expected be made in FY12.

2/ MDB's have not been allocated payments for expenditures incurred in providing implementation support and supervision of Phase 1 TA grants to pilot countries for preparing and strengthening capacity for plan implementation. Hence, the need to include such expenditures under joint-mission support for implementation.

3/ Estimates reflect the broad assumption that country dialogue will enable retro-fitting in about 25% of endorsed plans.

4/ See Section II, Part C on M&E for details.

5./See Section II, Part B on FIP for details

145. The post-endorsement activities listed in Table 20 are all sub-sets of activities identified in the document *Enhancing Country Coordination Mechanisms, MDB Collaboration, and Stakeholder Engagement in CIF Programs*³⁶. This document identifies four categories of activities to ensure maintenance of the programmatic approach: (a) encouraging and coordinating dialogue with and among donors and stakeholders (activities 4 and 5 in Table 20 fall in this category), (b) facilitating and coordinating CIF program implementation (activity 1 and 6), (c) monitoring and reporting of investment plan performance (activity 2 and 3), (d) and promoting information sharing and lessons learning (activity 2).

146. As shown in Table 21 below, the funding of these expenditures can be partially met by funds that were approved under the FY12 budget, but which, as of end of FY12, will not have been allocated by the MDB Committee for joint-mission activities of individual MDBs (\$976,000 CTF and \$365,000 SCF as per Table 11). In addition, the MDBs, having received budget resources approved by the MDB Committee, have reported balances that remain unutilized and which are available for supporting post-endorsement activities (\$683,000 CTF and \$977,000 SCF as per Table 12).

147. As a result, no additional budget allocations for MDB support to country programming are required for CTF under the FY13 budget. For SCF's targeted programs, additional resources amounting to \$3.91 million will be required, of which \$2.77 million, or 71%, to support completion of all remaining investment plans and the balance \$1.14 million for post-endorsement activities at the country level.

Table 21 - Additional funding required for MDB FY13 expenditures for Country Programming

	CTF	PPCR	FIP	SREP	SCF Total	Total
1. MDB expenditures requiring FY13 funding 1/	960,000	1,592,000	724,000	2,939,600	5,255,600	6,215,600
2. Total funds available, of which	1,659,208	433,711	539,146	368,873	1,341,730	3,000,938
(i) funds approved by TFCs but not allocated to MDB by MDB Committee	975,844	0	330,302	34,584	364,886	1,340,730
(ii) funds allocated to MDBs but not utilized by MDBs	683,364	433,711	208,844	334,289	976,844	1,660,208
3. Additional funding required (1-2)	(699,208)	1,158,289	184,854	2,570,727	3,913,870	3,913,870

148. Since CTF and SCF funds are not fungible, the positive balance remaining under the CTF cannot be applied towards funding part of the estimated funding requirements under SCF.

149. As an extension of the management of joint-mission budget allocations, the MDB Committee, working with the CIF Administrative Unit, would manage allocations of funding for proposed post-endorsement activities according to established procedures, as appropriately

³⁶ Proposed for review by the CTF and SCF Trust Fund Committees at their joint meeting in May 2012.

modified. Such modifications would need to consider that (a) support for post-endorsement activities would be allocated to one single MDB (the lead MDB or as otherwise agreed), and that (b) criteria and procedures would have to be established for determining how funds from the various available sources (set out in Table 21) would be allocated among MDP proposals for post-endorsement support.

List of Annexes:

1. CIF Joint Missions Approved and IPs/SPCRs Endorsed FY09-FY1
- 2 a. CIF Projects approved by the CIF Trust Fund Committee and the PPCR Sub- Committee
- 2 b. Grant Funding Approved by the SCF Sub-Committees for Country Preparation of Investment Plans
3. Business Development Outcomes (FY09-FY11) and Targets (FY12-14)
4. FY11 Budget Review – Supporting Tables
 - 4a. FY11 Approved and Revised Budget for MDB Administrative Services by Fund Program and MDB.
 - 4b. FY11 Approved and Revised Budget for MDB Administrative Services by Service category
 - 4c. FY11 Approved and Revised Budget for Trustee Administrative.
 - 4d. FY11 Approved and Revised Budget for Administrative Unit Services.
 - 4e. FY12 Administrative Unit Approved and Revised Budget by Administrative Cost Categories.
5. Listing of CIF policy and operational guidelines approved or submitted for review during FY 2012.
6. Update on Unit Cost of Selected Work rogram outputs
7. Cost of Program Related Administration Costs compared to Total Project Funding (\$'mil)

**Annex 1: CTF Joint-Missions Approved and Investment Plans
Endorsed FY09-12**

Country	MDB Committee Approval of joint- mission proposal	CTF TFC endorsement of Investment Plan
Mexico	12/11/2008	01/29/2009
Egypt	11/25/2008	01/29/2009
Turkey	11/28/2008	01/29/2009
Morocco	01/14/2009	10/28/2009
Ukraine	01/19/2009	03/16/2010
South Africa	03/09/2009	10/28/2009
Kazakhstan	05/26/2009	03/16/2010
Philippines	06/15/2009	12/01/2009
Thailand	06/17/2009	12/01/2009
MENA CSP (Morocco, Tunisia,Egypt, Lybia, Jordan, Algeria)	08/19/2009	12/01/2009
Vietnam	08/21/2009	12/01/2009
Nigeria	09/06/2009	11/12/2010
Indonesia	10/14/2009	03/16/2010
Colombia	11/18/2009	03/16/2010
India	08/26/2011	11/04/2011
Chile	11/09/2011	

PPCR Joint-Missions Initiated in FY10-12

Country	MDB Committee Approval of MDB Joint-mission proposal	PPCR SC endorsement of SPCRs (planned dates in italics)
Nepal	8/18/2009	06/28/2011
Cambodia	9/21/2009	06/28/2011
Tajikistan	9/28/2009	11/10/2010
Yemen	11/5/2009	expected for April 30, 2012
Zambia	11/5/2009	06/28/2011
Mozambique	11/13/2009	06/28/2011
Bangladesh	11/24/2009	11/10/2010
Bolivia	12/30/2009	11/02/2011
Niger	5/26/2010	11/10/2010
Regional Caribbean		
Grenada	6/7/2010	04/19/2011

St Vincent and Grenadines	6/7/2010	04/19/2011
Haiti	6/7/2010	expected for November 2012
St Lucia	6/7/2010	06/28/2011
Dominica	6/7/2010	expected for April 30, 2012
Jamaica	6/7/2010	11/02/2011
Regional Track	6/7/2010	expected for April 30, 2012
Regional Pacific		
Samoa	8/6/2010	03/29/2011
Papua New Guinea	8/6/2010	expected for April 30, 2012
Tonga	8/6/2010	expected for April 30, 2012
Regional Track	8/6/2010	expected for April 30, 2012

FIP Joint-Missions Initiated in FY11-FY12

Country	MDB Committee Approval of MDB Joint-mission proposal	FIP SC endorsement of Investment Plan (planned dates in <i>italics</i>)
Burkina Faso	01/20/2011	06/30/2011
Ghana	02/24/2011	expected for May 4, 2012
DRC	01/26/2011	06/30/2011
Lao PDR	5/11/2011	01/27/2012
Indonesia	6/14/2011	expected for May 4, 2012
Mexico	8/19/2011	10/31/2011
Brazil	2/16/2012	expected for May 4, 2012
Peru	3/15/2012	expected for November 2012

SREP Joint Missions Initiated in FY11-FY12

Country	MDB Committee Approval of MDB Joint-mission proposal	SREP SC endorsement of Investment Plan
Mali	03/23/2011	11/01/2011

Kenya	04/05/2011	06/2011
Maldives	06/02/2011	<i>05/2012</i>
Nepal	06/10/2011	11/01/2011
Honduras	08/02/11	11/01/2011
Ethiopia	08/25/2011	<i>05/2012</i>

Annex 2a - CIF Approved Projects Summary as of April 2012 (in \$ million)

	COUNTRY	PROJECT TITLE	MDB	INVESTMENT TYPE	TFC APPROVAL	CTF FUNDING (\$ M)
CLEAN TECHNOLOGY FUND(CTF)						
1	Colombia	Sustainable Transport System(SETP)	IDB	Public	Aug-11	20.0
2	Egypt	Wind Power Development Project(Transmission)	IBRD	Public	May-10	150.0
3	Indonesia	Indonesia Geothermal	IBRD	Public	Dec-10	125.0
4	MENA-CSP	Ouarzazate CSP	AFDB	Public	Jun-11	100.0
5	MENA-CSP	Ouarzazate CSP	IBRD	Public	Jun-11	97.0
6	Mexico	Urban Transport Transformation Project	IBRD	Public	Oct-09	200.0
7	Mexico	Efficient Lighting and Appliance Project	IBRD	Public	Sep-10	50.0
8	Mexico	Public Sector Renewable Energy	IDB	Public	Oct-11	70.6
9	Morocco	One Wind Energy Plan	AfDB	Public	Oct-11	125.0
10	South Africa	ESKOM Renewable Support Project-Wind	AfDB	Public	Nov-10	50.0
	South Africa	ESKOM Renewable Support Project-CSP	AfDB	Public	Nov-10	50.0
11	South Africa	ESKOM Renewable Support Project-Wind	IBRD	Public	Nov-10	50.0
	South Africa	ESKOM Renewable Support Project-CSP	IBRD	Public	Nov-10	200.0
12	Turkey	Private Sector RE and EE Project	IBRD	Public	May-09	100.0
	Subtotal					1,387.6
13	Colombia	Sustainable Energy Finance Program	IDB	Private	Dec-10	6.1
14	Colombia	Sustainable Energy Finance Program	IFC	Private	Dec-10	11.4
15	Kazakhstan	District Heating Modernization Framework	EBRD	Private	Jan-11	42.0
16	Kazakhstan	Waste Management Framework	EBRD	Private	Jun-11	22.5
17	Kazakhstan	Renewable Energy II-Kazakh Railways RE Program	EBRD	Private	Nov-11	7.3
18	Mexico	Public-Private Sector Proposal Renewable Energy CTF Program	IDB	Private	Nov-09	53.4
19	Mexico	Private Sector Wind Development	IFC	Private	May-09	15.6
20	Mexico	Private Sector Energy Efficiency	IDB	Private	May-11	24.4
21	Philippines	Sustainable Energy -RE Accelerator Program (REAP)	IFC	Private	Sep-10	20.0
22	Philippines	Sustainable Energy Program	IFC	Private	Feb-11	10.0
23	South Africa	EE Program	IFC	Private	Oct-10	7.5
24	South Africa	EE Program	AfDB	Private	Oct-10	7.5
25	South Africa	Sustainable Energy Acceleration Program	AfDB	Private	Oct-10	42.5
26	South Africa	Sustainable Energy Acceleration Program	IFC	Private	Oct-10	42.5
27	Thailand	Renewable Energy Accelerator Program(TSEFF)	IFC	Private	Jun-10	40.0
28	Thailand	Sustainable Energy Finance Program(T-SEF)	IFC	Private	Oct-10	30.0
29	Turkey	Turkish Sustainable Energy Financing Facility(TurSEFF)	EBRD	Private	Jan-10	43.3
	Turkey	Turkish Sustainable Energy Financing Facility(TurSEFF)	EBRD	Private	Aug-10	6.8
30	Turkey	Commercialized Sustainable Energy Finance Program (CSEF)	IFC	Private	Sep-09	21.7
31	Ukraine	Renewable Energy II - Novozovsk Wind Project	EBRD	Private	Mar-12	20.7
32	Ukraine	Ukraine Sustainable Energy Finance Program	EBRD	Private	Oct-10	27.6
33	Vietnam	EE - Sustainable Energy Finance Program	IFC	Private	Sep-10	30.0
	Subtotal					532.6
	TOTAL					1,920.2

Annex 2a – continued

	COUNTRY	PROJECT TITLE	MDB	INVESTMENT TYPE	TFC APPROVAL	CTF FUNDING (\$ M)
PILOT PROGRAM FOR CLIMATE RESILIENCE(PPCR)						
34	Bangladesh	Climate Change Capacity Building and Knowledge Management	ADB	Public	Jun-11	0.5
35	Cambodia	Climate Proofing of Roads in Prey Veng, Svay Rieng, Kampong Chhnang and Kampong Speu Provinces	ADB	Public	Nov-11	17.0
36	Nepal	Mainstreaming Climate Change Risk Management in Development	ADB	Public	Oct-11	7.2
37	Niger	Community Action Project for Climate Resilience	IBRD	Public	Nov-11	63.6
38	Tajikistan	Improvement of Weather, Climate and Hydrological Service Delivery	IBRD	Public	Mar-11	7.0
39	Tajikistan	Building Capacity for Climate Resilience	ADB	Public	Apr-12	6.0
40	Caribbean-Grenada	Disaster Vulnerability and Climate Risk Reduction	IBRD	Public	May-11	16.2
41	Caribbean-St. Vincent & The Grenadines	Disaster Vulnerability and Climate Risk Reduction	IBRD	Public	May-11	10.0
TOTAL						127.5
FOREST INVESTMENT PROGRAM(FIP)						
42	Mexico	Forests and Climate Change Project	IBRD	Public	Nov-11	42.0
SCALING UP RENEWABLE ENERGY IN LOW INCOME COUNTRIES(SREP)						
43	Kenya	Menengai Geothermal Development Project	AfDB	Public	Nov-11	25.0
TOTAL APPROVED PROJECTS - CIF						2,114.7

Annex 2b

Annex 2b - Grant Funding Approved for Pilot Country Preparation of Investment Plans under SCF's Targeted Programs

PPCR	Approval Date	Amount	FIP	Approval Date	Amount
Nepal	Mar-10	225,000	Brazil	Jan-12	250,000
Cambodia	Jun-10	1,500,000	Burkina Faso	Dec-10	250,000
Tajikistan	Jun-10	1,500,000	DRC	Jan-11	250,000
Yemen	Jun-10	1,500,000	Ghana	Feb-11	250,000
Zambia	Mar-10	1,500,000	Indonesia	Dec-10	225,000
Mozambique	Jun-10	1,500,000	Lao PDR	Jan-11	227,900
Bangladesh		-	Mexico		-
Bolivia	Jun-10	1,500,000	Peru	Apr-11	250,000
Niger		-	TOTAL FIP		1,702,900
Pacific			SREP	Approval Date	Amount
<i>Papua New Guinea</i>	<i>Oct-10</i>	500,000	Ethiopia		
<i>Samoa</i>	<i>Oct-10</i>	500,000	Honduras	Mar-11	375,000
<i>Tonga</i>	<i>Oct-10</i>	250,000	Kenya		-
Regional Track		-	Maldives	Apr-11	315,500
Caribbean			Mali	Mar-11	200,000
<i>Haiti</i>	<i>Apr-11</i>	450,000	Nepal	Apr-11	375,000
<i>Saint Lucia</i>	<i>Oct-10</i>	315,000	TOTAL SREP		1,265,500
<i>Grenada</i>	<i>Oct-10</i>	271,000	TOTAL SCF		15,810,612
<i>Dominica</i>	<i>Apr-11</i>	307,000			
<i>Saint Vincent and the Grenadines</i>	<i>Nov-10</i>	277,440			
<i>Jamaica</i>	<i>Dec-10</i>	507,000			
<i>Regional Track</i>	<i>Jan-11</i>	239,772			
TOTAL PPCR		12,842,212			

ANNEX 3 - Business Development Targets and Outcomes by CIF Program, FY 09-FY 14

Key Items	Unit	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	Total
CTF								
Joint Missions Fielded ¹	no.	7	7	-	2	-	-	16
IPs for TFC Review ²	no.	3	10	1	2	-	-	16
Indicative Funding	US\$ million	1,050	3,300	-	-	-	-	4,350
Projects for TFC Review ⁵	no.	2	6	20	13	45	10	96
Project Funding ³	US\$ million	116	508	1,053	748	1,491	289	4,205
PPCR								
Joint Missions Fielded ¹	no.	2	12	5	1	-	-	20
SPCRs for SC Review	no.	-	-	11	7	2	-	20
Indicative Funding	US\$ million	-	-	689	250	45	-	984
Projects for SC Review ⁵	no.	-	-	4	15	40	7	66
Project Funding	US\$ million	-	-	34	304	530	137	1,004
Reserves ⁴	US\$ million	-	-	-	-	-	71	71
FIP								
Joint Missions Fielded ¹	no.	-	-	8	-	-	-	8
IPs for SC Review	no.	-	-	2	3	3	-	8
Indicative Funding	US\$ million	-	-	90	160	170	-	420
Projects for SC Review ⁵	no.	-	-	-	2	13	11	26
Project Funding	US\$ million	-	-	-	58	170	193	420
Reserve ⁴	US\$ million	-	-	-	-	-	120	120
Dedicated Grant Mechanism								
DGM Development		-	-	-	1	-	-	1
Indicative Funding		-	-	-	50	-	-	50
Projects for SC Review ⁵	no.	-	-	-	-	-	9	9
Project Prep Grant/Project Funding	US\$ million	-	-	-	-	1	49	50
Fees	US\$ million	-	-	-	-	0	6	6
SREP								
Joint Missions Fielded ¹	no.	-	-	6	2	4	-	12
IPs for SC Review	no.	-	-	-	5	5	2	12
Indicative Funding	US\$ million	-	-	-	210	210	60	480
Projects for SC Review ⁵	no.	-	-	-	2	18	9	29
Project Funding ⁶	US\$ million	-	-	-	32	151	107	290
Reserve ⁴	US\$ million	-	-	-	-	-	51	51
SCF TOTAL								
Joint Missions Fielded ¹	no.	2	12	19	3	4	-	40
IPs/SPCRs for SC Review	no.	-	-	13	16	10	2	41
Indicative Funding	US\$ million	-	-	779	670	425	60	1,934
Projects for SC Review ⁵	no.	-	-	4	19	71	36	130
Project Funding	US\$ million	-	-	34	394	852	485	1,764
Reserve ⁴	US\$ million	-	-	-	-	-	242	242
CIF TOTAL								
Joint Missions Fielded ¹	no.	9	19	19	5	4	-	56
IPs/SPCRs for TFC/SC Review	no.	3	10	14	18	10	2	57
Indicative Funding	US\$ million	1,050	3,300	779	670	425	60	6,284
Projects for TFC/SC Review ⁵	no.	2	6	24	32	116	46	226
Project Funding	US\$ million	116	508	1,086	1,142	2,343	773	5,968
Reserve ⁴	US\$ million	-	-	-	-	-	242	242

¹ Joint missions fielded refers to start of MDBs' engagement with the country partner institutions on IP/SPCR development. This is typically done through a "scoping" mission. Additional missions will follow to complete MDB support. Such missions are not reflected in the numbers shown in the table.

² FY11-FY12 include Nigeria IP and India IP which were conditionally approved by the TFC in Nov. 2010 and Nov. 2011, respectively. Funding is subject to resource availability. FY12 IPs also include Chile which is set to be presented in May 2012.

³ Project funding for FY12-FY14 is based on the current projection of MDB task teams.

⁴ Reserves will cover additional preparation grants, project funding and projected payment to MDBs for the project preparation and implementation services. This is subject to additional donor funds becoming available.

⁵ For purposes of pipeline management and business planning, a CIF project is defined as an individual MDB-managed investment activity that originates from the country or regional investment plan and which has been submitted or will be submitted for approval to the relevant CIF governing body or MDB board. A joint submission by two MDBs is considered two projects if it will be subject two separate MDB board approvals.

⁶ Additional funding for projects forthcoming under the 5 new pilots now on reserve list will be considered for SREP funding as and when funds become available.

Annex 4a. FY12 Approved and Revised Budget for MDB Administrative Services by Fund Program and MDB

CTF

		Staff Costs	Consultant Costs	Contractual Services	Travel	Total Direct Costs	Indirect Costs	TOTAL
ADB	FY12 Approved	32,272	163,503	-	40,000	235,774	6,990	242,764
	FY12 Revised	24,084	180,533	-	28,405	233,022	6,291	239,313
AFDB	FY12 Approved	80,325	112,844	12,500	22,500	228,169	5,766	233,935
	FY12 Revised	72,500	108,027	-	26,045	206,572	4,927	211,499
EBRD	FY12 Approved	209,395	-	18,000	104,000	331,395	65,460	396,855
	FY12 Revised	211,000	-	17,040	102,816	330,856	64,500	395,356
IADB	FY12 Approved	110,949	97,760	-	37,500	246,209	24,621	270,830
	FY12 Revised	74,967	129,487	-	25,720	230,174	23,017	253,191
IBRD	FY12 Approved	372,261	32,419	-	33,500	438,180	70,245	508,425
	FY12 Revised	372,261	33,387	296	(13,480)	392,464	72,914	465,378
IFC	FY12 Approved	475,713	-	-	65,000	540,713	14,271	554,984
	FY12 Revised	388,455	4,123	-	44,674	437,252	3,000	440,252
TOTAL	FY12 Approved	1,280,915	406,526	30,500	302,500	2,020,440	187,354	2,207,794
	FY12 Revised	1,143,267	455,557	17,336	214,180	1,830,340	174,650	2,004,990

SCF

		Staff Costs	Consultant Costs	Contractual Services	Travel	Total Direct Costs	Indirect Costs	TOTAL
ADB	FY12 Approved	144,093	393,324	-	168,000	705,417	30,951	736,368
	FY12 Revised	100,266	506,223	-	103,390	709,879	21,527	731,405
AFDB	FY12 Approved	176,127	338,328	37,500	81,000	632,955	14,452	647,407
	FY12 Revised	169,000	318,981	-	82,620	570,601	11,056	581,657
EBRD	FY12 Approved	61,320	-	10,000	64,000	135,320	-	135,320
	FY12 Revised	54,987	-	10,000	47,508	112,495	3,500	115,995
IADB	FY12 Approved	292,166	203,040	-	76,500	571,706	57,171	628,877
	FY12 Revised	146,774	368,280	-	69,991	585,045	58,505	643,550
IBRD	FY12 Approved	896,539	146,275	-	240,500	1,283,314	169,146	1,452,460
	FY12 Revised	945,271	168,687	814	142,983	1,257,755	175,988	1,433,743
IFC	FY12 Approved	416,744	-	-	185,000	601,744	12,502	614,246
	FY12 Revised	342,565	977	-	64,351	407,892	1,100	408,992
TOTAL	FY12 Approved	1,986,989	1,080,967	47,500	815,000	3,930,456	284,221	4,214,678
	FY12 Revised	1,758,862	1,363,148	10,814	510,843	3,643,667	271,675	3,915,342

TOTAL

		Staff Costs	Consultant Costs	Contractual Services	Travel	Total Direct Costs	Indirect Costs	TOTAL
ADB	FY12 Approved	176,364	556,827	-	208,000	941,191	37,941	979,132
	FY12 Revised	124,349	686,756	-	131,795	942,901	27,817	970,718
AFDB	FY12 Approved	256,452	451,172	50,000	103,500	861,124	20,218	881,342
	FY12 Revised	241,500	427,008	-	108,665	777,173	15,983	793,156
EBRD	FY12 Approved	270,715	-	28,000	168,000	466,715	65,460	532,175
	FY12 Revised	265,987	-	27,040	150,324	443,351	68,000	511,351
IADB	FY12 Approved	403,116	300,800	-	114,000	817,916	81,792	899,707
	FY12 Revised	221,741	497,767	-	95,711	815,219	81,522	896,741
IBRD	FY12 Approved	1,268,800	178,694	-	274,000	1,721,494	239,391	1,960,885
	FY12 Revised	1,317,532	202,074	1,110	129,503	1,650,219	248,903	1,899,122
IFC	FY12 Approved	892,457	-	-	250,000	1,142,457	26,774	1,169,230
	FY12 Revised	731,020	5,100	-	109,025	845,144	4,100	849,244
TOTAL	FY12 Approved	3,267,904	1,487,493	78,000	1,117,500	5,950,896	471,575	6,422,471
	FY12 Revised	2,902,129	1,818,705	28,150	725,023	5,474,007	446,325	5,920,332

Annex 4b- FY12 Approved and Revised Budget for MDB Administrative Services by Service Category

CTF	ADB		AFDB		EBRD		IADB		IBRD		IFC		TOTAL	
	FY12 Approved	FY12 Revised	FY12 Approved	FY12 Revised	FY12 Approved	FY12 Revised	FY12 Approved	FY12 Revised	FY12 Approved	FY12 Revised	FY12 Approved	FY12 Revised	FY12 Approved	FY12 Revised
1. Internal outreach and integration of CIF in MDB policies, procedures and systems	53,484	77,223	70,874	60,549	102,410	112,707	87,105	81,476	243,324	244,709	216,032	148,632	773,228	725,297
2. CIF operational reporting	70,993	77,435	89,313	87,628	47,435	45,000	45,021	47,141	105,081	105,366	75,730	71,439	433,572	434,008
3. Participation in CIF committees and fora and thematic work program	89,615	63,797	47,250	45,197	176,940	168,500	89,615	76,691	98,182	49,358	87,345	70,052	588,947	473,595
4. Financial management and relations with the CIF Trustee	28,672	20,857	26,499	18,125	70,070	69,149	49,089	47,883	61,839	65,945	175,877	150,129	412,046	372,089
Grand Total	242,764	239,313	233,935	211,499	396,855	395,356	270,830	253,191	508,425	465,378	554,984	440,252	2,207,794	2,004,990

SCF	ADB		AFDB		EBRD		IADB		IBRD		IFC		TOTAL	
	FY12 Approved	FY12 Revised	FY12 Approved	FY12 Revised	FY12 Approved	FY12 Revised	FY12 Approved	FY12 Revised	FY12 Approved	FY12 Revised	FY12 Approved	FY12 Revised	FY12 Approved	FY12 Revised
1. Internal outreach and integration of CIF in MDB policies, procedures and systems	162,590	286,448	118,208	96,447	25,020	39,875	203,683	193,010	661,222	673,564	216,032	157,737	1,386,756	1,447,082
2. CIF operational reporting	193,539	196,350	279,882	273,684	5,640	6,107	98,450	98,073	267,548	298,863	50,486	37,536	895,545	910,614
3. Participation in CIF committees and fora and thematic work program	295,515	147,279	170,100	166,776	89,020	64,460	171,748	163,319	390,650	310,349	296,764	151,238	1,413,797	1,003,422
4. Financial management and relations with the CIF Trustee	84,723	101,327	79,216	44,750	15,640	5,553	154,996	189,147	133,041	150,967	50,964	62,482	518,580	554,226
Grand Total	736,368	731,405	647,407	581,657	135,320	115,995	628,877	643,550	1,452,460	1,433,743	614,246	408,992	4,214,678	3,915,342

4c. FY12 Approved and Revised Budget for Trustee Administrative

Trustee Services	CTF		SCF		TOTAL	
	FY12 Approved Budget	FY12 Revised Budget	FY12 Approved Budget	FY12 Revised Budget	FY12 Approved Budget	FY12 Revised Budget
Financial Management and Relationship Management	218,000.0	221,000.0	145,000.0	183,000.0	363,000.0	404,000.0
Investment Management a/	455,000.0	688,000.0	228,000.0	319,000.0	683,000.0	1,007,000.0
Accounting and Reporting	180,000.0	180,000.0	180,000.0	180,000.0	360,000.0	360,000.0
Legal Services	80,000.0	90,000.0	120,000.0	90,000.0	200,000.0	180,000.0
External Audit b/	675,000.0	618,000.0	675,000.0	618,000.0	1,350,000.0	1,236,000.0
Non-Core Central Unit Costs	-	-	-	-	-	-
Total Costs	1,608,000.0	1,797,000.0	1,348,000.0	1,390,000.0	2,956,000.0	3,187,000.0

a/ Investment Management fees are calculated based on a cost of 3.5 basis points against the average annual balance of the portfolio; the projected average portfolio size is revised from \$1.3 billion to \$1.9 billion for the CTF trust fund and from \$650 million to \$900 million for the SCF trust fund for FY12.

b/ Represents expected costs for external audits to be conducted by Trustee as well as by the 6 MDBs.

Annex 4d - Administrative Unit Budget by Service Category for Period July 1, 2012 to June 30, 2013

	CTF		SCF		TOTAL		Staff weeks		Consultant weeks	
	FY12 Approved	FY12 Revised	FY12 Approved	FY12 Revised	FY12 Approved	FY12 Revised	FY12 Approved	FY12 Revised	FY12 Approved	FY12 Revised
1. Facilitating the work of TFCs and Sub-Committees	355,717	437,570	512,489	291,653	868,206	729,223	92.4	98.2	3.7	60.2
2. Managing Institutional Relations and Partnership building (excl Partnership Forum)	895,147	1,375,328	1,833,600	916,694	2,728,747	2,292,022	201.1	308.8	27.5	189.1
3. Policy and Program Development 1/	1,074,242	1,602,925	2,106,190	1,068,394	3,180,432	2,671,318	549.9	359.9	85.1	220.4
4. Management and Finance	279,536	333,333	381,978	222,176	661,514	555,509	111.1	74.9	20.4	45.8
GRAND TOTAL	2,604,642	3,749,156	4,834,257	2,498,916	7,438,899	6,248,073	954.5	841.8	136.7	515.6

Annex 4e - Administrative Unit FY12 Approved and Revised Budget by Administrative Service Categories

		Staff Costs	Consultant Costs	Contractual Services	Travel	Total Direct Costs	Indirect Costs	TOTAL
Admin Unit	FY12 Approved	3,626,182	604,368	939,700	1,590,000	6,760,249	678,650	7,438,899
	FY12 Revised	2,932,562	573,162	900,584	1,332,286	5,738,594	510,103	6,248,697

Annex 5

Listing of CIF policy and operational guidelines approved or submitted for review during FY 2012.

CTF

- Proposal to Revise the Payments for Project Implementation Support and Supervision Services to CTF Public Sector Operations (reviewed by CTF/TFC, November 2011)
- Semi-Annual Report on CTF Operations (reviewed by CTF/TFC, November 2011)
- Semi-Annual Report on CTF Operations (proposed for CTF/TFC review at its April/May 2012 meeting)
- Options for Managing the Development of Projects Arising from New Investment Plans (proposed for CTF/TFC review at its April/May 2012 meeting)
- Proposal for Establishing Targets to Monitor Delivery of CTF Projects (proposed for CTF/TFC review at its April/May 2012 meeting)
- Proposal for Improvement Measures of the Private Sector Operations (proposed for CTF/TFC review at its April/May 2012 meeting)
- MDB Report on Payments for Project Implementation Support and Supervision Services (proposed for CTF/TFC review at its April/May 2012 meeting)

SCF

- Pipeline Management of the Targeted Programs under the Strategic Climate Fund (approved by SCF/TFC, November 2011)
- Progress Report on Targeted Programs under the SCF (proposed for SCF/TFC review at its April/May 2012 meeting)
- Status Report on Roster of Experts for SCF Technical Reviews (proposed for SCF/TFC review at its April/May 2012 meeting)

Joint SCF-CTF

- Proposed Measures to Improve the Operations of the Climate Investment Funds (approved by CTF-SCF, November 2011)
- Proposal for Launch of Independent Evaluation of the Climate Investment Funds (reviewed by CTF-SCF, November 2011)
- Revised Governance Framework and Rules of Procedure for CTF and revised Design Document for PPCR (recommended for approval by CTF-SCF, November 2011; approved by mail on December 11, 2011)
- Note on the Independent Evaluation of the CIF (proposed for CTF-SCF review at its April/May 2012 meeting)
- Progress Report on Measures to Improve the Operations of the CIF (proposed for CTF-SCF review at its April/May 2012 meeting)
- Enhancing Country Coordination Mechanisms, MDB Collaboration, and Stakeholder Engagement in CIF Programs (proposed for CTF-SCF review at its April/May 2012 meeting)
- CIF Communications Strategy (proposed for CTF-SCF review at its April/May 2012 meeting)

- The Use of Financing Instruments in CIF Public Sector Investments (proposed for CTF-SCF review at its April/May 2012 meeting)
- Proposal for Additional Tools and Instruments to Enhance Private Sector Investments in the CIF (proposed for CTF-SCF review at its April/May 2012 meeting)
- Progress Report on Managing for Results (proposed for CTF/TFC review at its April/May 2012 meeting)
- Additionality of CIF to Existing MDB Portfolios (proposed for CTF-SCF review at its April/May 2012 meeting)

PPCR

- MDB Policies and Tools Regarding Debt Sustainability and their Application in the PPCR (reviewed by PPCR Sub-Committee, November 2011)
- Semi-Annual Report on PPCR Operations (reviewed by Sub-Committee, November 2011)
- Semi-Annual Report on PPCR Operations (proposed for Sub-Committee review at its April/May 2012 meeting)
- Allocation of PPCR Resources (proposed for PPCR Sub-Committee review at its April/May 2012 meeting)

FIP

- Proposal for the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities to be established under the Forest Investment Program (approved by Sub-Committee, October 2011)
- Preliminary Proposal for the Implementation Arrangements under the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (reviewed by Sub-Committee, October 2011)
- Procedures for the Preparation of Independent Technical Reviews of FIP Investment Plans (approved by Sub-Committee, October 2011)
- Semi-Annual Report on FIP Operations (reviewed by Sub-Committee, October 2011)
- Semi-Annual Report on FIP Operations (proposed for Sub-Committee review at its April/May 2012 meeting)
- Procedures for allocating funds under the FIP reserve (proposed for Sub-Committee review at its April/May 2012 meeting)

SREP

- Distribution of Resources to SREP Pilot Countries taking into account Grant and Capital Contributions (reviewed by Sub-Committee, November 2011)
- Revised Proposal for the Allocation of the Funding Reserve under SREP (reviewed by Sub-Committee, November 2011)
- Semi-annual Report on SREP Operations (reviewed by Sub-Committee, November, 2011)
- Proposal for Revised SREP Results Framework (proposed for Sub-Committee review at its April/May 2012 meeting)
- Semi-annual Report on SREP Operations (proposed for Sub-Committee review at its April/May 2012 meeting)

- Proposal for SREP Pipeline Management (proposed for Sub-Committee review at its April/May 2012 meeting)
- Proposal for Selecting Projects for Funding from the SREP Reserve (proposed for Sub-Committee review at its April/May 2012 meeting)

MBD Guidance

- SREP Programming Guidance to MDB Teams
- PPCR Programming Guidance for MDBs
- FIP Programming Guidance for MDBs
- SREP Monitoring and Evaluation Guidance Note for SREP Country Teams
- CTF Monitoring and Evaluation Guidance Note for SREP Country Teams
- FIP Monitoring and Evaluation Guidance Note for SREP Country Teams
- PPCR Monitoring and Evaluation Guidance Note for SREP Country Teams
- Procedures for the Preparation of Independent Technical Reviews of Investment Plans under the Forest Investment Program
- Information Sharing and Lessons Learning Guidance Note

Annex 6

Update on Average Costs of Select CIF Work Program Activities

The Joint meeting of the CTF and SCF Trust Fund Committees in November 2011 reviewed the document *A Review of the Use of Budget Resources and Work Program Growth FY09-12*. The paper presented average FY11 costs for individual work program activities and products that could be tracked based on the existing time and expense recording systems of the MDBs; the limiting factor being that staff time is not recorded according to individual activities or products, but rather to standard administrative service categories.

The Joint meeting of the Trust Fund Committees requested that *“the CIF Administrative Unit, working with the MDB Committee, continue to provide information on unit costs of the individual work program activities identified in Section V of the paper in its annual budget submissions to allow for better consideration of the costs of doing business”*.

What follows below is an update (Table 1) of the unit costs of the seven activities/products that were presented in the above referenced paper.

Table 1 - Average cost per work program activity/product FY11 (actual), FY12 (projected) and FY13 (estimated) (US\$)

Work Program Activity	FY11	FY12	FY13
Partnership Forum 1/	1.434 million	NA	1,552.5 million
TFC/SC meetings 2/	56,400	42,279	42,833
Pilot Country meetings 3/	54,500	245,602	178,333
CIF Annual Report 4/	151,600	82,023	100,000
CIF Learning Products 5/	141,000	67,816	95,000
External audits of financial statements 6/	<i>MDB</i> 75,000	75,000	75,000
	<i>Trustee</i> 150,000	150,000	150,000
MDB joint-missions in support of IP preparation 7/	CTF 121,900	CTF 129,836	
	PPCR 289,000	PPCR 371,657	
		FIP 297,005	
		SREP 307,063	

Explanatory Notes:

1. *Partnership Forum* Expenditure estimates cover venue, travel accommodation and per diem of eligible participants, and contractual services for logistics, hospitality and interpretation, i.e. they exclude time and travel costs of CIF Administrative Unit and MDB staff incurred in planning, organizing and participating in the Forum. They exclude contributions by the co-hosting MDB

(AfDB for the Partnership Forum in Cape Town, June 2011, and EBRD for the Forum in Istanbul, November 2012). The FY13 estimate is based on the budget approved for the Partnership Forum planned for London Spring 2012. Some savings are anticipated at the Partnership Forum in Istanbul for venue, per diem of participants and interpretation costs since the duration of the forum has been reduced to seven days instead of eleven days as originally budgeted.

2. *Trust Fund and Sub-Committee meetings* (costs included as per 1 above). Average FY12 expenditures per meeting are projected to come out below that of FY11 on account of both sets of meetings being held in DC with associated savings on costs of interpretation and travel. Costs for FY13 are estimated to stay approximately at the FY12 projected level.

3. *Pilot country meetings* (costs included as per 1 above). Average expenditures per meeting rose sharply in FY12 (compared to FY11) as a result of (i) all 3 country meetings were held in three different pilot countries; (ii) the duration was increased from one to two days for all three meetings, (iii) two extra days were added to the SREP pilot country meeting in Nairobi in March 2012 (one for a knowledge event, and one for field trip). These factors all increased the cost for travel, accommodation and per diem, venue, and interpretation.

4. *CIF Annual Report*. Expenditures involve consultant time and contracting services for design, layout, printing and translation. The FY13 estimate is based on FY12 actuals which in turn are well below FY11 costs due to reduced number, time and costs of consultants.

5. *CIF Learning Products*. Expenditures involve consultant time, travel and contractual services for audio/video recording. For reasons indicated at the top of the note, CIF Administrative Unit and MDB staff time cannot be tracked and are therefore not reflected in the average costs shown. Comparisons of average costs over time need to recognize that CIF learning activities/products are not standardized but will vary considerably in nature and scope of time.

6. *External audits*. Expenditures are for contracting with external auditors as per budget estimates for all three years.

7. *MDB joint-missions in support of preparation of investment plans*. Expenditures involve staff and consultant time and travel. FY12 expenditures show the projected average costs of the completion of all investment plans completed during the period FY09-12. As explained in Table 2, these averages are all within the budget norms established by the MDB Committee, but show considerable variation within each program, reflecting complexity of programming activities and the capacity of country institutions to address them.

Also, a deeper analysis should reveal that average costs have risen over time. In the case of CTF, initial joint mission support from some MDBs was by necessity financed under the regular MDB operations program, since financial procedures agreements had not been finalized with the Trustee. More recently, the expected scope of the investment plans has grown to cover such additional aspects, such as arrangements for monitoring and reporting on plan implementation and capturing and dissemination of lessons learned.

Table 2: Projected average MDB expenditures for completing joint-mission activities through IP endorsement stage (US\$)

	Norm	Average	Range 2/
CTF	299,000	129,836	66,401- 205,683
PPCR 1/	388,000	371,656	319,690 - 434,053
FIP	388,000	297,005	253,537-357,250
SREP	388,000	307,063	279,495 - 369,250
SCF	388,000	328,840	253,537-434,053

1/ Excludes two Regional Pilots which are pending full endorsement with expected expenditures of \$1,130,060 for Caribbean Pilot and \$891,450 for Pacific Pilot.

2/ Range excludes highest and lowest observations.

Annex 7: Cost of Program and Project Related Administration Costs compared to Total Project Funding (\$'mil)

SCF

	FY09 Approved	FY10 Revised	FY11 Revised	FY12 Revised	FY13 Estimate	FY14 Estimate	Total
<u>Administrative Services:</u>	3.4	6.4	9.6	9.1	11.7	11.7	51.8
Trustee	0.4	0.6	0.9	1.4	1.5	1.5	6.4
Administrative Unit 1/	1.7	3.6	5.4	3.7	5.6	5.6	25.7
MDBs	1.3	2.1	3.3	3.9	4.5	4.5	19.7
MDB Support to country programming	1.2	6.2	2.0	1.9	3.9	2.5	17.7
Systems Development	-	1.0	-	-	-	-	1.0
Total program related administration costs	4.6	13.6	11.6	11.0	15.6	14.2	70.5
<u>MDBs Implementation Support and Project Supervision 2/</u>	-	-	1.9	9.0	33.7	17.1	61.8
PPCR	-	-	1.9	7.1	19.0	3.3	31.4
FIP 3/	-	-	-	1.0	6.2	9.5	16.6
SREP	-	-	-	1.0	8.6	4.3	13.8
Total program and project related administration costs	4.6	13.6	13.5	20.0	49.3	31.3	132.2
Project funding excluding reserve	-	-	34	394	852	485	1,764
Percentage ratio total program and project related administrative costs to project funding							7.5%

1/ Administrative Unit's budget Includes Partnership Forum costs for FY09, FY10, FY11, FY13 and FY14; no Forum in FY12.

2/ Data from FY12 Business Plan and Budget Paper and have used \$475,000 as benchmark for Implementation Support and Project Supervision for SCF

3/ FIP includes DGM projects

CTF

	FY09 Approved	FY10 Revised	FY11 Revised	FY12 Revised	FY13 Estimate	FY14 Estimate	Total
<u>Administrative Services:</u>	3.1	5.4	6.8	6.3	7.3	7.3	36.2
Trustee	0.6	0.9	1.4	1.8	2.0	2.0	8.8
Administrative Unit 1/	0.5	2.2	3.3	2.5	3.2	3.2	14.9
MDBs	2.0	2.4	2.1	2.0	2.0	2.0	12.5
MDB Support to country programming	3.0	1.1	-	0.2	-	-	4.2
Systems Development	-	1.0	-	-	-	-	1.0
Total program related administration costs	6.1	7.5	6.8	6.5	7.3	7.3	41.4
<u>MDBs Implementation Support and Project Supervision 2/</u>	0.3	1.3	2.6	1.9	6.7	1.3	14.1
CTF	0.3	1.3	2.6	1.9	6.7	1.3	14.1
Total program and project related administration costs	6.4	8.7	9.5	8.3	14.0	8.6	55.4
Project funding	116.0	508.0	1,053.0	748.0	1,491.0	289.0	4,205
Percentage ratio total program and project related administrative costs to project funding							1.3%

1/ Administrative Unit's budget Includes Partnership Forum costs for FY09, FY10, FY11, FY13 and FY14; no Forum in FY12.

2/ Data from FY13 Business Plan and Budget Paper, and have used 0.25% fees of the project funding for CTF through FY12 and 0.45% for FY13 and FY14

All CIF

	FY09 Approved	FY10 Revised	FY11 Revised	FY12 Revised	FY13 Estimate	FY14 Estimate	Total
<u>Administrative Services:</u>	6.5	11.8	16.4	15.4	18.9	18.9	87.9
Trustee	1.0	1.5	2.3	3.2	3.6	3.6	15.2
Administrative Unit 1/	2.2	5.8	8.6	6.2	8.9	8.9	40.5
MDBs	3.3	4.5	5.5	5.9	6.5	6.5	32.2
MDB Support to country programming	4.2	7.2	2.0	2.1	3.9	2.5	21.9
Systems Development	-	2.0	-	-	-	-	2.0
Total program related administration costs	10.7	21.0	18.5	17.4	22.8	21.4	111.8
<u>MDBs Implementation Support and Project Supervision 2/</u>	0.3	1.3	4.5	10.9	40.4	18.4	75.8
CTF	0.3	1.3	2.6	1.9	6.7	1.3	14.1
PPCR	-	-	1.9	7.1	19.0	3.3	31.4
FIP	-	-	-	1.0	6.2	9.5	16.6
SREP	-	-	-	1.0	8.6	4.3	13.8
Total program and project related administration costs	11.0	22.3	23.0	28.3	63.3	39.8	187.6
Project funding	116.0	508.0	1,087.0	1,142.0	2,343.0	774.0	5,969
Percentage ratio total program and project related administrative costs to project funding							3.1%

1/ Administrative Unit's budget Includes Partnership Forum costs for FY09, FY10, FY11, FY13 and FY14; no Forum in FY12.

2/ Data from FY13 Business Plan and Budget Paper , and have used \$475,000 as benchmark for Implementation Support and Project Supervision for SCF, 0.25% and 0.45% fees of the project funding for CTF.