

# CLIMATE INVESTMENT FUNDS

Joint CTF-SCF/TFC.22/6  
March 10, 2020

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Joint Meeting of the CTF and SCF Trust Fund Committees  
Washington, DC (Virtual)  
March 24-25, 2020

Agenda Item 6

## **FY21 CIF BUSINESS PLAN AND BUDGET (SUMMARY)**

## 1. Strategic Overview

1. Never before has humanity faced an existential crisis like climate change. The march towards a climate-smarter future must pick up the pace. In its over 10 years of experience, CIF has fine-tuned a highly effective and efficient business model that brings together governments, multilateral development banks, businesses, Local Communities and Indigenous Peoples to deliver transformational change in renewable energy, sustainable forestry, and resilience in over 70 countries.
2. CIF is a learning laboratory with more than 10 years' experience on the cutting edge of climate finance innovation. A major focus for CIF is integrating lessons from 10 years of investment experience into learning to inform new CIF programming areas. The CIF Evaluation and Learning (E&L) Initiative, with its demand-driven, strategic learning studies and activities, as well as our partnerships with the Global Delivery Initiative (GDI) and the Development Impact Evaluation (DIME) group, demonstrate CIF's role as a leading learning laboratory for climate finance.
3. While CIF continues to deliver on its broad climate portfolio, the next decade, starting in FY21, will be about pioneering and leading in new areas of climate finance. As CIF operationalizes new action areas into programs, it will address emerging priorities for a better climate future. These include energy storage technologies, renewable energy integration systems, low-carbon industries, and climate-smart cities, and nature-based solution investments.
4. Over the course of FY20, CIF engaged in the development of new CIF Program proposals, exploring new opportunities for private sector capital mobilization, and disseminating CIF learning and evaluation outputs. CIF also established new strategic partnerships, expanded outreach around fund-raising efforts, implemented the Technical Assistance Facility for Clean Energy Investments, and explored options to utilize available funding in the Pilot Program for Climate Resilience (PPCR). In FY21, concerted effort will be made to crystalize implementation of these initiatives, while operationalizing the new CIF programs.

## 2. FY21 Budget Proposal

5. For FY21, a budget of USD 23.5 million is proposed to deliver on strategic focus areas of the CIF partnership, including USD 20.6 million for Administration Services and USD 2.9 million for multi-year activities.<sup>1</sup>

**Summary table: FY21 Budget Commitment (USD '000)**

	CTF	SCF	Total
<b>Administrative Services</b>	9,396.9	11,232.7	20,629.7
<b>Multi-Year Activities</b>	1,150.0	1,716.0	2,866.0
<i>Country Engagement</i>	50.0	516.0	566.0
<i>Special Initiatives</i>	1,100.0	1,200.0	2,300.0

6. CIF continues to perform at high levels of operational efficiency as reflected in the progressive reduction in operating costs. The FY21 budget proposal considers previous analytical work undertaken and presented to the SCF Trust Fund Committee on SCF cost-saving measures, and the

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<sup>1</sup> The budget proposal covers administrative services, which are the core services provided by the CIF Administrative Unit, the focal point teams of the MDBs, and the Trustee to deliver on the CIF mandate, and which are a sizeable portion of the annual CIF work plan. Multi-year activities are typically designed for specific initiatives or purposes that may extend over multiple fiscal years.

decisions taken by the SCF Trust Fund Committee during its Intersessional meeting held on November 20, 2019.

- The proposed FY21 budget for administrative services represents a four percent reduction over the FY20 approved budget of USD 21.5 million (not factoring in inflation), primarily due to the cost savings in SCF.

**Overview of the FY20 approved budget and expected utilization,  
and the proposed FY21 budget (USD '000)**

Summary of Budget Request	FY20 Approved Budget	FY20 Projected Utilization	FY21 Proposed Budget
<b>Total</b>	<b>25,625.6</b>	<b>25,404.4</b>	<b>23,495.7</b>
Administrative Services	21,483.6	21,262.4	20,629.7
Multi-year Activities	4,142.0	4,142.0	2,866.0

**Multi-year activities**

- Multi-year activities may extend over multiple fiscal years and are typically designed for specific initiatives or purposes. In FY21, the proposed multi-year budget will have two categories: 1) Country Engagement for USD 0.6 million and 2) Special Initiatives for USD 2.3 million.

**Proposed FY21 Budget for Multi-Year Activities (USD '000)**

	Total	CTF	SCF	SCF Programs		
				FIP	PPCR	SREP
<b>Multi-Year Proposed Total Budget</b>	<b>2,866.0</b>	<b>1,150.0</b>	<b>1,716.0</b>	<b>464.0</b>	<b>642.0</b>	<b>444.0</b>
<b>Country Engagement</b>	<b>566.0</b>	<b>50.0</b>	<b>516.0</b>	<b>200.0</b>	<b>150.0</b>	<b>-</b>
<i>MDB coordinated country engagement activities</i>	350.0	-	350.0	200.0	150.0	-
<i>CIF coordinated Women's Climate Leadership</i>	216.0	50.0	166.0	-	-	-
<b>Special Initiatives</b>	<b>2,300.0</b>	<b>1,100.0</b>	<b>1,200.0</b>	<b>264.0</b>	<b>492.0</b>	<b>444.0</b>
<i>Enhanced M&amp;R activities under CTF</i>	300.0	300.0	-	-	-	-
<i>E&amp;L Initiative Extension: Proposed Budget - Year 2 (FY21)</i>	2,000.0	800.0	1,200.0	264.0	492.0	444.0

- Country Engagement (USD 566,000):** The FY21 Country Engagement budget will respond to country demand for support in the areas of gender mainstreaming, South-South learning, enhancing country systems for results reporting, and stakeholder reviews of implementation of investment plans and strategic programs for climate resilience (SPCR). A supplemental budget of USD 0.35 million will cover MDB-coordinated activities in the targeted categories and USD 0.22 million will be dedicated to country-focused gender capacity building activities to be coordinated by the CIF Administrative Unit.

10. **E&L Initiative extension (USD 2,000,000):** A budget of USD 2.0 million is proposed for the FY21 (year 2) activities of the E&L Initiative.<sup>2</sup> Funding in FY21 will be dedicated to deepening the application of learning from recent E&L studies in CIF countries and other institutions and completion of several new studies. Table 4 provides a summary of funding allocation to the E&L initiative. Additional details are provided in Annex 3 and in the E&L FY20 Annual Report and FY21 Business Plan.<sup>3</sup>
11. **Enhanced M&R activities under CTF (USD 300,000):** The objective of the CIF's new Global Energy Storage Program (GESP) is to ensure the accelerated deployment of energy storage systems and to contribute to CTF's country objectives. A budget of USD 0.3 million is being proposed to develop M&R system for GESP to measure progress and to determine whether, and to what extent, the GESP interventions achieve the energy storage specific objective of 'accelerated deployment of energy storage systems.' GESP projects/programs are expected to contribute to CTF's country objectives, and the M&R system will also assess progress against the expected outcomes. The dedicated budget to support GESP will be used over a three-year period, with specific tasks and activities and deliverables developed for each year.

### 3. Strategic Focus for FY21

12. **Operationalizing new CIF programs:** Related activities in FY21 would include establishment of the new program account(s), changes to existing governing and legal documents, preparation of new legal documents including program design documents, operational assessments of the new action areas, establishment of a process for eligible recipient countries to submit expressions of interest and formulation of an expert group to review expressions of interest, implementation of the modalities to operationalize the new programs including associated documentation, and establishment of a governance structure for the new programs. The CIF Administrative Unit will explore and seek to develop new and additional funding partnerships including with the private sector and non-traditional donors.
13. **Implementing Year-2 E&L Initiative activities:** In FY21, the E&L Initiative will deliver pioneering new studies while continuing to focus on the application of learning to new programs and in CIF countries and institutions. Some of its forthcoming research will include an evaluation of the social and economic development contributions of CIF investments and analyses on the best use of concessional climate finance. It will also produce an analysis of just transition concepts and experiences in select CIF countries, which will draw on the CIF's current project portfolio with a view to ensuring that future CIF investments are developed and implemented in an inclusive, equitable and transformational manner.
14. **Formalizing governance changes in the CIF:** The approved streamlining changes to SCF governance will take effect in FY21 when the current committee membership terms end in December 2020 and the new Committee membership term begins. The CIF Administrative Unit, MDBs, and the Trustee will work on updating the CTF and SCF Governance Frameworks to reflect these and other approved changes. It is proposed that the Joint Meeting approve the same adjustments to the membership term of the CTF Trust Fund Committee to ensure consistency in CIF governance arrangements.<sup>4</sup>

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<sup>2</sup> In FY20, USD 3.0 million in CTF funding was approved for the E&L FY 20-22 Business Plan out of which USD 2.5 million was allocated for FY20 activities, the balance of USD 0.5 million in CTF funding is for FY21 activities and part of the FY21 budget request.

<sup>3</sup> See [FY20-FY22 E&L Business Plan](#)

<sup>4</sup> To ensure consistency in CIF governance, the term of CTF Trust Fund Committee members would also be adjusted to 3-years.

15. **CIF's strategic engagement and outreach** in FY21 will be focused on further deepening partnerships, leveraging opportunities for complementarity with key partners, and building on CIF's contribution to achieving the internationally agreed climate goals and sustainable development objectives.
16. **Innovative approaches to private sector engagement and climate finance:** In FY21, the CIF Administrative Unit will continue to support these approaches through mainstreaming innovative financing through new CIF programs; creating CIF Climate Ventures windows; and working with partner MDB and other stakeholders to explore new structures for private sector mobilization.
17. **Advancing on CIF-TAF activities:** Key priorities for the year will include operationalizing the Partner Network in order to gain from the combined experience of the partners, learning from the lessons acquired during the first round of call for proposals, and leveraging both of these to feed into the second call for proposals planned for the end of the calendar year.
18. **Strategic allocation of available resources:** MDBs will work with CIF countries to strategically allocate available resources in PPCR in FY21 and submit proposals for review of the PPCR Technical Committees.

#### 4. CIF Portfolio Review

19. As one of the world's largest multilateral climate finance mechanisms, CIF is a key player in delivering climate finance at scale. Through support to 72 countries, 74 investment plans and strategic programs for climate resilience (SPCRs) have been endorsed, and it is expected that by the end of FY20, a total of USD 7.9 billion, corresponding to 94 percent of CIF contributions will be committed to 317 projects and program.
20. It is projected that by June 30, 2020, CTF will be supporting 156 projects in 14 countries, including one regional program in MENA, leveraging over USD 57 billion in co-financing from private and public sectors, MDBs, bilateral, and other sources. The three SCF programs—FIP, PPCR, and SREP—show continued progress, with resources for 170 projects in 44 countries expected to be approved by June 30, 2021, leveraging USD 6.5 billion in co-financing. By the end of FY21, it is expected that the remaining seven projects in FIP and five projects in SREP will be approved by the Sub-Committees and that the SCF will be at 96 percent of project implementation. Meanwhile, disbursements show significant improvement with 52 percent of USD 3.4 billion in MDB-approved CIF resources disbursed<sup>5</sup>.

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<sup>5</sup> Figures as of June 2019.