



Joint Meeting of the CTF and SCF Trust Fund Committees

Washington D.C. (Hybrid)

Tuesday, June 21, 2022 – Wednesday June 22, 2022

FY23 CIF BUSINESS PLAN AND BUDGET SUMMARY

PROPOSED DECISION

The Joint Meeting of the Clean Technology Fund (CTF) and Strategic Climate Fund (SCF) Trust Fund Committees has reviewed the Joint CTF-SCF/TFC.26/4, *FY23 CIF Business Plan and Budget*, welcomes the business plan, and notes that the proposed FY23 CIF budget provides administrative resources for the expected work program of CIF's operating structure: the CIF Administrative Unit as the central coordinating unit of the CIF partnership, the Trustee as administrator of the financial assets of the CIF trust funds, and the six MDBs as the implementing partners.

The Joint Meeting of the CTF and SCF Trust Fund Committees approves the business plan and administrative budget contained in the document Joint CTF-SCF/TFC.26/4, *FY23 CIF Business Plan and Budget*, as detailed in this FY23 Budget Commitment Table and supported by Table 1 and Annex 1 in the document.

Summary table: FY23 Budget Commitment (USD '000)

	CTF - I	ACT	SCF - I	SCF - II	Total
Total	11,743.3	5,966.9	11,517.3	7,671.1	36,898.6
Administrative Services	9,843.3	4,676.9	9,472.3	5,362.3	29,354.8
Multi-Year Activities:	1,900.0	1,290.0	2,045.0	2,308.8	7,543.8
<i>Country Engagement</i>	<i>200.0</i>	<i>600.0</i>	<i>200.0</i>	<i>1,693.8</i>	<i>2,693.8</i>
<i>Special Initiatives</i>	<i>1,700.0</i>	<i>690.0</i>	<i>1,845.0</i>	<i>615.0</i>	<i>4,850.0</i>

1 Strategic Overview

1. Established in 2008 at the request of the G8 and G20, the USD 10.5 billion Climate Investment Funds (CIF) are among the world's largest and most ambitious multilateral climate finance mechanisms for low and middle-income developing countries seeking a pathway to low carbon and climate resilient development. Over the last 14 years, CIF has pioneered large-scale, low-cost, and long-term financing to accelerate global investment in next generation climate-smart technologies and transformational climate action.
2. CIF has continued to deliver unparalleled levels of climate finance in more than 72 developing countries by lowering the overall cost and risk of climate financing, as evidenced through its robust portfolio of over 400 innovative climate-smart investment projects. By June 30, 2022, total CIF programming commitments will exceed USD 7.7 billion, with over USD 62 billion in co-financing optimally leveraged through public and private sources, including multilateral development banks (MDBs).
3. Two new CIF programs were launched during FY22 at COP26: the Accelerating Coal Transition (ACT) Investment Program and the Renewable Energy Integration (REI) Program. The Nature, People and Climate (NPC) Investment Program was launched in June 2022. Two more CIF investment programs have been endorsed and could be launched in FY23 – CIF Climate-Smart Urbanization (Cities) and Climate-Resilient Transition in Industry (Industries). CIF has also continued to advance the work of the CIF Capital Markets Mechanism (CCMM, formally CTF 2.0), a potentially ground-breaking effort to mobilize more than \$500 million in new concessional finance annually for Clean Technology Fund (CTF).
4. FY22 was also a big year for partnerships, both developing new ones and nurturing existing ones. This includes a number of partnerships to support the energy transition, including a new memorandum of understanding between CIF and the International Renewable Energy Agency (IRENA) to foster collaboration in pursuit of a just and inclusive energy transition. CIF also became the first non-sovereign member of the Powering Past Coal Alliance (PPCA), and CIF is supporting the seminal \$8.5 billion Just Energy Transition Partnership to help South Africa equitably transition from coal to clean power. Other partnerships to support youth, adaptation, and other key climate priorities were also developed and strengthened throughout the year, and these engagements and outreach activities will continue in FY23 in the lead-up to COP27 and thereafter.

2 FY23 Budget Proposal

5. For FY22, the Trust Fund Committees approved the CIF budget in two tranches for a total amount of USD 22.1 million, of which USD 20.45 million was approved in the Joint Meeting of the CTF and SCF Trust Fund Committees held in [June 2021](#) to cover the costs of FY22 administrative services of the CIF partnership, and USD 1.65 million in the subsequent joint meeting held in [January 2022](#) to cover the costs of administrative services provided specifically to the newly launched ACT and REI programs. FY22 budget utilization remains within the overall approved budget envelope at around 98 percent of the approved budget, with no major variances to report.
6. For FY23, a budget of USD 36.89 million is proposed to deliver on strategic focus areas of the CIF partnership, including USD 29.35 million for administration services and USD 7.54 million for multi-year country engagement and special initiative activities¹.

Summary table: FY23 Budget Commitment (USD '000)

	CTF - I	ACT	SCF - I	SCF - II	Total
Total	11,743.3	5,966.9	11,517.3	7,671.1	36,898.6
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Multi-Year Activities:	1,900.0	1,290.0	2,045.0	2,308.8	7,543.8
<i>Country Engagement</i>	200.0	600.0	200.0	1,693.8	2,693.8
<i>Special Initiatives</i>	1,700.0	690.0	1,845.0	615.0	4,850.0

7. The proposed FY23 budget represents an overall increase of around 32 percent from the approved FY22 budget. FY23 budget requests for CTF – I (CTF, other than ACT) and SCF – I (FIP, PPCR and SREP) programs are, respectively, around 2% and 9% less than those approved for FY22. The proposed FY23 budget for SCF – I programs is aligned with [projections provided for SCF administrative costs until FY28](#) and the [decision](#) of the SCF Trust Fund Committee on cost reductions.
8. The ACT and SCF – II (REI, NPC, Cities and Industries) programs account for a substantive portion of the increase in the FY23 budget when compared to FY22, representing around 32 percent and 36 percent of commitments proposed under the CTF and SCF Trust Funds, respectively.
9. The FY23 Trustee budget shows an increase of around 13 percent over FY22, which is primarily due to the estimated cost of establishing and administrating the new CTF Parallel

¹ 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.

Fund. All expenses related to the CTF Parallel Fund are fully covered by contributions to the CTF Parallel Fund. As of May 31, 2022, contributions into the CTF Parallel Fund have been received only from Canada.

10. MDB budgets for CTF – I and SCF – I are together lower by around 7 percent; however, the ACT and SCF – II budget proposals drive the overall MDB budget request for CTF and SCF around 27 percent higher than FY22 levels.
11. The FY23 CIF Administrative Unit budget has increased over FY22 by USD 4.5m, of which USD 1.8m is on account of the new cost recovery indirect rate ²applied by the World Bank. Hence the real budget request increase is for an amount of USD 2.7m, primarily attributable to the new programs, as well as increased knowledge and Monitoring and Reporting work program demands due to the maturing CTF – I and SCF – I portfolios. .
12. For FY23, the multi-year budget request is proposed under two categories: country engagement for USD 2.69 million, and special initiatives for USD 6.20 million. The bulk of the proposed country engagement budget (USD 2.29 million) is requested as a top-up to the country engagement resource pool that covers MDB costs for providing support services to countries invited to prepare investment plans under the ACT and REI programs (CE-IP). The remaining USD 0.4 million is envisaged as a top-up of the general reserve of the country engagement (CE-Gen), which is budgetary support provided to MDBs to undertake various approved general country engagement activities.

Proposed FY23 budget for multi-year activities (USD '000)

	Total	CTF - I	ACT	SCF - I	SCF - II	SCF - I			SCF - II		
						Split by Program			Split by Program		
						PPCR	FIP	SREP	REI	NPC	Cit/Ind
Multi-Year Proposed Total Budget	7,543.8	1,900.0	1,290.0	2,045.0	2,308.8	615.0	815.0	615.0	2,308.8	-	-
Country Engagement	2,693.8	200.0	600.0	200.0	1,693.8	-	200.0	-	1,693.8	-	-
<i>Country Engagement Budget for Investment Plan</i>	<i>2,293.8</i>	<i>-</i>	<i>600.0</i>	<i>-</i>	<i>1,693.8</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1,693.8</i>	<i>-</i>	<i>-</i>

² The World Bank applies a cost recovery or indirect rate to cover expenses (indirect costs) related to certain corporate (Institutional Governance and Administration Units or IG&A) services provided in support of the World Bank's operational work, including indirect costs related to Financial Intermediary Fund services. As reported by the World Bank, costs under the following IG&A units are considered indirect costs: Budget, Performance & Strategy (BPS); Chief Risk Office (CRO); Development Finance (DFI) excluding IBRD Corporate Finance (DFICF) and IDA Resource Mobilization (DFIRM); External & Corporate Relations (ECR); Legal Services (LEG); Treasury (TRE) excluding Capital Markets (CMD); WBG Finance & Accounting (WFA); General Services and Facilities (GSD); Human Resources (HRD); and Information & Technology Solutions (ITS)

<i>Preparation (CE-IP)</i>											
<i>MDB coordinated country engagement activities</i>	400.0	200.0	-	200.0	-	-	200.0	-	-	-	-
Special Initiatives	4,850.0	1,700.0	690.0	1,845.0	615.0	615.0	615.0	615.0	615.0	-	-
<i>CIF Website Enhancements</i>	250.0	50.0	40.0	120.0	40.0	40.0	40.0	40.0	40.0	-	-
<i>CIF Governance Review</i>	600.0	150.0	150.0	225.0	75.0	75.0	75.0	75.0	75.0	-	-
<i>E&L Initiative Phase III: Proposed Budget - Year 1 (FY23)</i>	4,000.0	1,500.0	500.0	1,500.0	500.0	500.0	500.0	500.0	500.0	-	-

Note: Based on the proposed work program distribution under the FY23-FY28 E&L work plan, of the USD 4 million E&L Initiative Phase III: Proposed Budget - Year 1 (FY23) indicated above, USD 3.2 million is proposed to be allocated to CIF Administrative Unit managed activities, while USD 0.8 million is proposed to be allocated to MDB managed activities.

- 13. Country engagement budget for investment plan support (CE-IP):** A total budget of USD 2.69 million is being requested to top-up the country engagement resource pool for investment plan preparation within the ACT and REI programs, of which USD 0.6 million is being requested under the ACT and USD 1.69 million under the REI. Once approved, these budget allocations will be combined with the CE-IP budgets approved as part of the FY22 supplemental budget request (USD 0.4 million under ACT and USD 0.81 million approved under REI). These are expected to be sufficient initial resources to cover MDB CE-IP budget requests for the pilot set of ACT and REI countries (four ACT countries and 10 REI countries) in accordance with the proposed initial CE-IP budget norm of USD 0.25 million per country.
- 14. Budget for MBD-coordinated country engagement activities (CE-Gen):** This budget of USD 0.4 million will supplement funding to MDB-coordinated activities that support CIF countries in gender mainstreaming activities, M&R at investment plan level, convening stakeholder reviews of investment plan implementation progress and completion, and promoting the application of learning from the E&L Initiative. Activities will be implemented and coordinated by the MDB focal point teams.
- 15. CIF website enhancements (USD 0.25 million):** This budget is being requested to deliver on a new CIF website with upgraded technology and navigation and updated content. Work on the new website was put on hold part due to the pandemic and significant shift in the delivery of CIF communications work to digital platforms, which demanded significant resources. The planned upgraded website involves a major restructuring and redesign of

the existing site as well as an upgrade of the content management systems from Drupal 7 to Drupal 9.

16. **CIF Governance Review** (USD 0.6 million): This budget is being requested to cover the ongoing costs of the CIF Administrative Unit and the TFC Ad-hoc committee in continuation of the CIF Governance Review. The requested budget will cover hiring consultants and additional resourced required to undertake the review, and subsequent follow-up analysis. A preliminary report is expected in June 2022, with additional analysis expected in FY23.
17. **E&L Initiative Phase 3** (USD 4 million): A budget of USD4 million is proposed for FY23 (year 1 of Phase 3) activities of the E&L Initiative. This is per the decision of the Joint Meeting of the Trust Fund Committees held in January 2022 in which the Trust Fund Committee requested the CIF Administrative Unit to prepare a business plan for FY23–27 consistent with Option B, or the “Increased Ambition” scenario, with a resource allocation of roughly USD 4 million per fiscal year. The [E&L FY22 Annual Report and FY23–27 Business Plan](#) has additional details.

3 Overview of CIF Activities

18. In FY22, the Trust Fund Committees took several key decisions with continuing impact on the CIF work program, including decisions related to further development of the CCMM (previously referred to as CTF 2.0) Proposal, invitation to countries to prepare ACT and REI investment plans, establishment of a new parallel trust fund to receive new loan contributions to CTF, and endorsement E&L Initiative Phase III resource allocations of around USD 4 million per fiscal year
19. Significant work was undertaken in FY22 on policy development and implementation, including the CIF’s country selection policies, program design documents, results frameworks and guidance, new CIF Theory of Change, and the CIF Financial Terms and Conditions Policy.
20. As CIF continues on its new and ambitious phase with new programming, a supportive and fit-for-purpose governance and policy framework was deemed critical. In FY22, CIF launched a comprehensive governance review, with an aim to evaluate whether CIF’s fund structure, governance, and organizational arrangements maximize CIF’s potential to fulfil its mandate, given the evolution of CIF and the entire financial industry since the original arrangements were put in place. A preliminary report is expected by the end of FY22, with additional work to be conducted in FY23.

21. Since the G7 Leaders' Summit in June 2021, where G7 endorsed the Climate Investment Funds' contributions to climate finance, CIF has raised over USD 2 billion in commitments from the following contributors: Canada, Denmark, Germany, the Netherlands, Sweden, Switzerland, and the United Kingdom. In addition, Italy joined as a new contributor to CIF right after COP26, completing full G7 representation in CIF's governing bodies. Contributing countries continue to identify and announce new contributions to CIF's new investment programs.
22. In FY23, strategic activities to support policy development, governance, and engagement with CIF stakeholders will continue and will include implementation of decisions taken through FY22, including the June 2022 Trust Fund Committees Meetings.
23. Significant efforts in FY23 will go into the launch and operationalization of the NPC, Cities and Industries programs, along with further progress on the investment plan preparation activities of the ACT and REI programs. CIF Partnership will also dedicate significant efforts in FY23 on the launch of the E&L Initiative Phase 3, progress on the CCMM and outcomes of the Governance Review, among others.

4 CIF Portfolio Review

24. As of December 31, 2021, contributors have pledged around USD 10.5 billion to CIF, of which around USD 8.31 billion have been received as contributions (USD 5.57 billion to CTF and USD 2.74 billion to SCF). Net cumulative funding commitments as of December 31, 2021, including administrative expenses, total USD 7.92 billion (USD 5.41 billion from CTF and USD 2.51 billion from SCF). Reported disbursements as of December 31, 2021, total USD 4.2 billion (USD 2.8 billion from CTF and USD 1.4 billion from SCF).
25. With the delivery of a portfolio of 19 projects in 22 countries, CIF anticipates that by June 30, 2022, CIF commitments will exceed USD 7.7 billion in programming, corresponding to 77 percent of CIF contributions to over 400 projects that are leveraging over USD 62 billion in co-financing from private and public sectors, MDBs, bilateral, and other sources.
26. CIF is committed to achieving climate-smart investment through over 400 projects in 72 countries. By June 30, 2022, CTF will have 169 projects in 33 countries approved by the Trust Fund Committee, leveraging nearly USD 62 billion in co-financing from private and public sectors, MDBs, bilateral, and other sources. The SCF programs (FIP, PPCR, and SREP) show progress with USD 2.2 billion of commitments in 59 countries leveraging USD 6.4 billion in co-financing. Disbursements³ show significant improvement with USD 2.8 billion

³ Disbursement data as of December 31, 2021.

reported as disbursed under CTF, USD 847 million under PPCR, USD 355 million under FIP, and USD 188 million under SREP in MDB Board-approved projects (see Figure 1). The [CIF Disbursement Report](#) provides more information on the status and progress of the CIF portfolio.

27. In FY23, the CIF Administrative Unit will continue to support the MDBs in updating investment plans and restructuring projects due to the impacts of COVID-19 and unexpected, but normal, periodic changes typical of a matured portfolio. The CIF Administrative Unit, in collaboration with the MDBs, will continue conducting regular reviews of the project pipeline, including continued assessments of CCH as it transitions to cloud for better portfolio management. It is projected that 19 project proposals totaling USD 521.2 million⁴ will be approved by the CTF Trust Fund Committee and SCF Technical Committees by June 2023.

⁴ Includes funds expected to be programmed under the CTF Futures Program.



The Climate Investment Funds

The Climate Investment Funds (CIF) were established in 2008 to mobilize resources and trigger investments for low carbon, climate resilient development in select middle and low income countries. To date, 14 contributor countries have pledged funds to CIF that have been channeled for mitigation and adaptation interventions at an unprecedented scale in 72 recipient countries. The CIF is the largest active climate finance mechanism in the world.

THE CLIMATE INVESTMENT FUNDS

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