

CLIMATE INVESTMENT FUNDS

Joint CTF-SCF/16/4/Rev.1
June 14, 2016

Joint Meeting of the CTF and SCF Trust Fund Committees
Oaxaca, Mexico
June 15, 2016

Agenda Item 4

FY17 CIF Business Plan and Budget (Summary)

PROPOSED DECISION

The Joint Meeting of the CTF and SCF Trust Fund Committees reviewed and approves the document *Joint CTF-SCF/16/4/Rev.1, FY17 CIF Business Plan and Budget*.

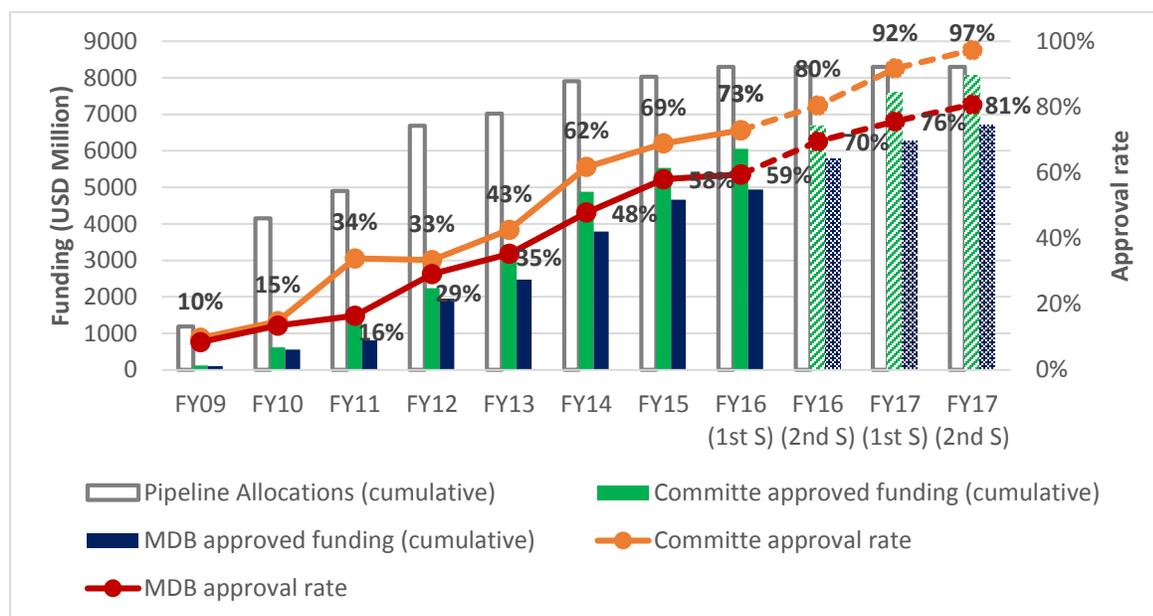
The Committees welcome the business plan and note that the proposed FY17 CIF budget provides administrative resources for the expected work program of the CIF's corporate management structure: the Trustee as manager of the financial assets of the CIF trust funds, the CIF Administrative Unit as the central coordinating unit of the CIF partnership, and the five Multilateral Development Bank (MDBs) as the implementing partners.

The Joint Meeting approves the document subject to budgetary adjustments required as a result of subsequent decisions made by the respective Trust Fund Committees and Sub-Committees from June 15 to 17, 2016; and as a result of decisions or supplemental requests made during the fiscal year.

1. Introduction

1. The Climate Investment Funds (CIF) have been supporting participating countries in their efforts to build climate-resilient economies. Through strategic partnerships with Multilateral Development Banks (MDBs) as implementing partners,¹ the CIFs continue to reap the benefits of its unique business model. Sixty-two² investment plans have been endorsed by the Trust Fund Committee of the Clean Technology Fund (CTF) and by the targeted programs of the Sub-Committees of the Strategic Climate Funds (SCF). As of June 30, 2016, a total of USD 6.7 billion will have been approved for funding of 219 programs, with this figure projected to increase to USD 8.1 billion by June 30, 2017.
2. It is projected that 49 project proposals will be approved by the Trust Fund and Sub-Committees in FY16. USD 1.1 billion (19 CTF projects for USD 778.4 million and 30 SCF for USD 367.3 million) will be submitted for Committee approval in FY16. This includes USD 80 million channeled through the Dedicated Grant Mechanism (DGM), to encourage indigenous people to participate in the fight against deforestation and degradation, and allocations for the SCF private sector set-asides. Ninety-two percent of projects are expected to be approved by first semester of 2017, while the MDB board approval rate, which slowed between FY15 and FY16, is expected to increase to 76 percent at the end of FY17 (Figure 1).

Figure 1: CIF Project Portfolio Overview

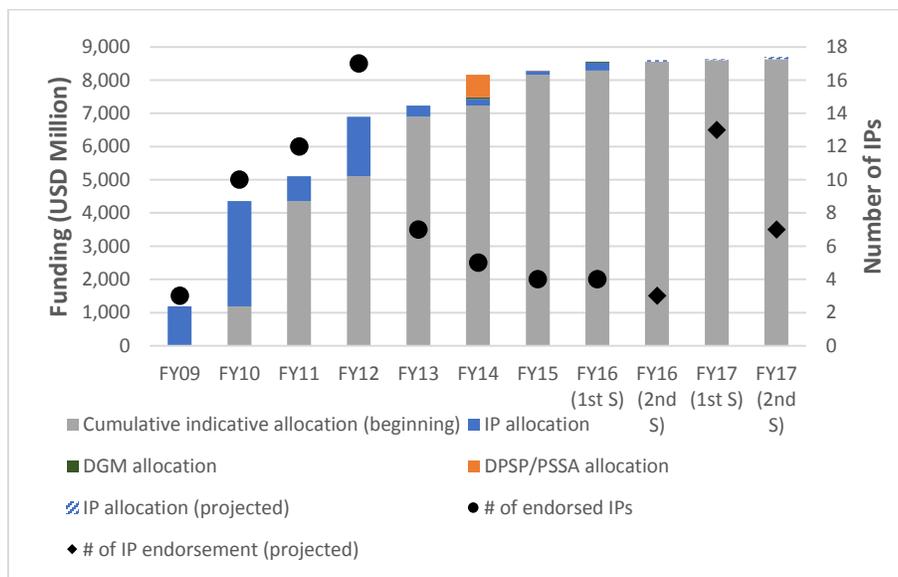


¹ The MDB partners of the CIF are the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IDB), the International Finance Corporation (IFC), and the World Bank (WB).

² The approved investment plans include country investment plans submitted in the context of the CIF regional programs: CTF Concentrated Solar Power program in the Middle East and North Africa (MENA-CSP) and the PPCR Caribbean and South Pacific Program.

3. Since inception, the CIF, with the MDBs on the frontlines, have assisted participating countries and regional organizations in developing investment plans. In 2015, the CIF welcomed 10 new countries to the Pilot Program for Climate Resilience (PPCR) and 15 to the Forest Investment Program (FIP)—out of a pool of over 70 applicants—to expand the CIF’s global reach to 72 countries. These new PPCR and FIP countries are now embarking on developing investment plans.
4. A total of seven investment plans will be endorsed in FY16. In November, 2015, four SREP investment plans: for Mongolia, Bangladesh, Rwanda, and Uganda were endorsed. Three investment plans will be presented for endorsement in June, 2016 - Cambodia (SREP), Côte d’Ivoire and Mozambique (FIP).

Figure 2: Projected Investment Plan Submissions



2. Highlights of FY16

5. **CIF Expansion:** In FY16, concrete steps were taken to operationalize the expansion of the CIF in the new pilot countries of the FIP and the PPCR. The focus during the 2016 fiscal year was to work closely with the governments, through the MDBs to deepen the engagement, and to prepare and submit investment plans. 40 MDB-led joint and scoping missions were undertaken in the new FIP and PPCR pilot countries, in some instances jointly, to explore potential synergies in the process of preparing investment plans. New SCF countries received a total of USD 17.4 million in investment plan preparation grants in FY16. These grants supported preparatory activities for investment plans and strategic programs for climate resilience in 24 of 25 new SCF pilot countries.
6. **Strategic Analysis:** A gap analysis of the climate finance landscape was carried out to analyze the role of key entities and actors delivering climate finance to articulate if, and where, the CIF business model may hold a comparative advantage within this landscape. This analysis would inform the work to be carried out by the CIF Administrative Unit and the MDBs to develop new models for the future operations of the CIF. In addition, further analysis was carried out to

explore how best to build on the CTF's financial and operational strength, experience, and unique "MDB-collective" business model to increase the scale and to broaden the range of the capital available to the CTF. Different from subsequent years, the partnership to undertake this analysis was widened to include two working groups created to work with the CIF Administrative Unit and the MDBs to conduct the strategic analysis and to explore financing modalities for the CTF. This resulted positively in a deeper, more focused analysis of these strategic issues.

7. **Strategic Staffing:** The CIF Administrative Unit and MDB staff were significantly strengthened in FY16. The CIF Strategic Staffing plan identified critical skills needed to deliver on the CIF's mandate to reflect the joint Trust Fund Committees' mandate in terms of strategy and policy development.
8. **Technology and Innovation in the CIF:** In FY16, the CIF increased efforts to target innovation through technology improvements. By operationalizing the Enterprise Resource Management (ERM) Risk Dashboards, the CIF is better able to facilitate risk monitoring. The CIF has moved its results data to the World Bank's Online Open Source Data platform, also known as SOCRATA. The Financial Intermediary Funds (FIFs) continue to be developed. A platform to input comments on projects and programs was launched in June 2016. This was a first step in the process of fully automating the approvals by mail process. In addition, an online platform to track decisions made by the various Committees was made operational in June, 2016. The CIF will now provide detailed disbursement forecast models during Committee meetings.

3. Strategic Focus for FY17

9. The strategic objective of the CIF in FY17 will remain one of building upon the successes of its business model and its partnerships.
10. **Strategic Analysis:** The strategic analysis that began in FY16 is expected to continue in FY17. In FY16 will inform deliberations in June 2016 during the Joint Meeting of the CTF and SCF Trust Fund Committees, and in the CTF Trust Fund Committee and the SCF Sub-Committees. Following these deliberations and subsequent approved decisions, a plan to implement the recommendations of the strategic analysis and the associated budget will be articulated in FY17.
11. **Strategic Staffing:** Strategic staffing will continue in FY17 with the recruitment of five essential staff: Deputy Program Manager, Online Communications Officer, Gender Specialist, and two additional analysts to support risk management and financial management. With these roles filled, the staff complement in FY17 for the CIF Administrative Unit would be 34 full-time positions, resulting in a reduction in the use of long-term consultants to support the daily operations of the CIF.
12. **Redefining Risk Management:** With the goal of enabling informed risk-based decision-making at the Trust Fund Committee level, the CIF Administrative Unit will continue to lead the management, implementation, and coordination of the Enterprise Risk Management (ERM) platform, engaging CIF Administrative Unit staff, MDBs, and the Trustee as necessary and where appropriate. The aim is to provide timely, relevant, and critical risk-related information.

13. **Enhanced Financial Management Practices:** In FY17, the CIF Administrative Unit will work with the Trustee to improve the financial management framework and reporting for the CIF. The CIF Administrative Unit will enhance certain operational monitoring and analysis elements of the CIF financial reporting framework through its own dedicated, in-house staff. This will allow the CIF Administrative Unit to serve its stakeholders in a more timely and holistic fashion.
14. **Deepening the Gender Approach:** The CIF business model and partnership has a strong focus on gender mainstreaming. The gender work program for the coming fiscal year will include the launch of the Phase 2 Gender Action Plan, introduction of gender guidance notes on investment plan preparation, case notes on institutional lessons from gender integration across the portfolio, and targeted technical support and capacity-building as well as an advancement of analytical studies which began in FY16, including the Gender and Renewable Energy study.
15. **Enhancing the Generation and Sharing of Knowledge and Learning:** To increase the quality, scope, and reach of evidence-based knowledge, results, and learning efforts in the CIF, a more integrated approach will be developed in FY17 to capture the generation and sharing of knowledge. The CIF will focus on increasing the quality, scope, and reach of evidence-based knowledge, results, and learning efforts.
16. **Improving Results Monitoring:** In FY17, the CIF Administrative Unit will work with MDBs and pilot countries to improve on the availability and quality of results data and information garnered from CIF projects and programs. Results stories of the CIF will be generated in a more systematic and timely way. New and revised CIF country investment plans investment plans will be aligned with the revised CIF programs results frameworks.
17. **Broadening Country-Level Stakeholder Engagement:** Ensuring meaningful and effective engagement of all relevant stakeholders, particularly in the design and implementation of investment plans, is vital. This ensures greater attention to local priorities, which will enhance the efficacy of investment plan implementation. Strategic steps will be taken to enhance and strengthen the breadth, depth and quality of stakeholder engagement in CIF investment plans and programs.
18. **Identifying Entry Points for the Private Sector:** During FY17, the CIF will work to identify technologies and business plans where concessional climate finance can play a potentially catalytic role in developing countries. The CIF will also generate knowledge products that help build the capacity of CIF stakeholders and others in the climate finance space, so they can undertake new and innovative low-carbon investments.

4. FY 16 Budget Outcome, and Opportunities for FY17

19. In May 2015, the Joint Meeting of the CTF and SCF Trust Fund Committees approved a budget of USD 24.9 million to cover the estimated expenditures for administrative services, MDB support for country programming of CIF resources, and CIF special initiatives for FY16. In August 2015, a

supplemental budget of USD 16.3 million was approved³ by the Joint Meeting to cover the costs of budgetary adjustments required as a result of the addition of 25 countries to CIF programs and other subsequent decisions made by the respective Trust Fund Committees and Sub-Committees from May 11 to 15, 2015. With the approval of the supplemental budget, the approved budget for FY16 totaled USD 41.2 million. The proposed CIF budget for FY17 amounts to USD 23.8 million, which consists of USD 20.5 million for Administrative Services, USD 1.4 million for Learning and Knowledge Exchange, and USD 1.9 million for other Special Initiatives.

I. Administrative Services

20. Administrative Services represent the services provided by the CIF Administrative Unit, the focal point teams of the MDBs, and the trustee to deliver on the mandate of the CIF. The estimated expenditures for the FY17 Administrative Services under the seven target areas total USD 20.5 million, which is an increase of USD 2.3 million over the FY16 revised budget of USD 18.2 million.

II. Learning and Knowledge Exchange

21. To promote the learning and knowledge sharing in the CIF, a pilot country meeting for PPCR took place in July 2015 and the FIP pilot country meeting will be convened in June 2016 in Oaxaca, Mexico. In FY17, the resources needed for Learning and Knowledge Exchange activities are estimated at USD 1.4 million to fund two pilot country meetings (CTF/SREP and PPCR) (USD 960,000), two events at the World Bank Group Annual Meetings in Washington, DC, COP22 in Morocco (USD 100,000), and two knowledge and learning studies on mini-grid and energy efficiency (USD 325,000).

III. Country Programming Budget

22. The multi-year country programming budget is used by the MDBs (as lead-MDB or otherwise) to support country programming and to cover expenditures for investment plan preparation, investment plan revision and update, stakeholder review meetings, knowledge management, and for monitoring and results reporting to build capacity to set up or enhance country systems to monitor and report on agreed core indicators.
23. To support these activities, an estimate of USD 6.5 million is required for country programming in FY 17 (see table 5). The request includes USD 150,000 for the CIF Administrative Unit to hire consultants to conduct the independent technical quality review of 27 SCF investment plans. It is expected that the projected balance of the country programming budget, as of June 30, 2016, will be USD 8.2 million and will be sufficient to cover these FY17 estimated requests. Hence no top-up budget is required in FY17.

IV. Special Initiatives

24. As part of budgetary allocation for special initiatives in the CIF, several activities were undertaken in FY16. An advisory group on evaluation and learning was formed; knowledge and learning budget for innovative knowledge products; CIF-ESMAP managed Multi-Tier Access

³ CIF (August, 2015) Approval of CIF supplemental budget

Framework to Support Investment Planning in SREP; and Four Risk Management Dashboards were developed.

25. In FY17, several special initiatives to explore the use of innovative technologies and new areas in the CIF are being proposed with a total budget requirement of USD 1.8 million. These initiatives include: continuation of strategic analysis, support to GHG analysis and harmonization; partnership between the FIP and PROFOR to extend the use of the tools within two FIP pilot countries to identify the governance baseline, plan investments, and track progress; continuous implementation of the ERM dashboard; and continued implementation of the multi-year access framework.