

CLIMATE INVESTMENT FUNDS

Joint CTF-SCF.17/3
May 23, 2017

Joint Meeting of the CTF and SCF Trust Fund Committees
Washington, DC
June 7, 2017

Agenda Item 3

FY18 CIF Business Plan and Budget (SUMMARY)

PROPOSED DECISION

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

- i. The Business Plan and administrative budget contained in the document Joint CTF-SCF.17/3, *FY18 CIF Business Plan and Budget*.
- ii. The commitment and transfer by the Trustee of the amounts indicated in the above document and further detailed in Table 6 and Table 9 of Annex 1 to the CIF Administrative Unit, Trustee and MDBs respectively, from available cash resources in the CTF and SCF Trust Funds as follows:
 - Administrative Services: USD 21,813,495;
 - Learning and Knowledge Exchange: USD1,160,000.

The Committees welcome the Business Plan and note that the proposed FY18 CIF budget provides administrative resources for the expected work program of the CIF's operating structure: The Trustee as administrator of the financial assets of the CIF trust funds, the CIF Administrative Unit as the central coordinating unit of the CIF partnership, and the five multilateral development banks (MDBs) as the implementing partners.

1. Strategic Context

1. As a key player in the international climate finance architecture, the Climate Investment Funds (CIFs) have provided and mobilized significant climate finance to developing countries to support high impact investments in renewable energy, energy efficiency, sustainable transport, climate resilience and sustainable forest management. Building on the business model hinged on a programmatic approach to country engagement, the CIF continues to support planning and investments that leverage the strengths of a cohesive stakeholder approach and the expertise of the multilateral development banks (MDBs).¹
2. The Fiscal Year 2018 (FY18)² Business Plan and Budget will support the services and activities provided by the CIF partnership, which comprises the CIF Administrative Unit, the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IDB), the International Finance Corporation (IFC), and the International Bank for Reconstruction and Development (IBRD) in its capacity as both CIF implementing entity and as Trustee. The FY18 Business Plan reflects that level of maturity of the CIF—entering its 10th year of operations—and is aimed at supporting the fulfillment of the CIF mandate as a learning and knowledge laboratory while increasing the focus on generation and sharing of results.

2. Looking back on FY17

Highlights of FY17 include:

- CTF 2.0: Working closely with the MDBs and Trustee and in consultation with CTF Trust Fund Committee members, the CIF conducted a strategic analysis to explore how best to build on the CTF’s financial and operational strength, experience, and unique “MDB-collective” business model.
- Commencing analysis to assess the feasibility of alternative financing models for the FIP
- Further deepening gender integration through the approval of the Phase 2 Gender Action Plan FY17-20, which has set an ambitious approach of fostering gender-transformative outcomes through CIF investments and monitoring for impact.
- Stakeholder engagement was furthered with the launch of the Stakeholder Advisory Network (SAN) in Marrakesh at the 2016 United Nations Climate Change Conference (COP 22).
- The MDBs and CIF Administrative Unit aggressively pursued the agenda on knowledge and learning in FY17.

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), and the World Bank Group, including the International Finance Corporation (IFC).

² Fiscal Year (FY) refers to the period beginning July 1 each year to June 30 of the following year. This is in line with the World Bank fiscal year structure.

- Monitoring and reporting (M&R) is expected to further improve by implementing changes recommended in the recent PPCR and FIP M&R Stocktaking Reviews. In-depth reviews of the PPCR and FIP M&R results frameworks were conducted in FY17.
- The first phases of the Financial Intermediary Funds (FIF) collaboration space, the web-based platform for more efficient and informed CIF program management, concluded in FY17. This was one of the automation enhancements pursued in FY17.

3. Looking forward into FY18

3. The focus areas for FY18 are firmly aligned with the thematic structure of the CIF, with continued emphasis on strategic program management, exploring new financing modalities, gender mainstreaming, stakeholder engagement, aligning evaluation and learning with knowledge management and results reporting, and risk management. Business planning in FY18 will focus on:

- *Strategic program management*: managing a maturing portfolio, implementing the pipeline management policy, reporting on results
- *Exploring financing modalities*: through CTF 2.0; additional analysis in the FIP; strengthen collaboration with other climate finance partners to leverage resources for the PPCR
- *Implementing the CIF Gender Action Plan*: offer greater clarity of purpose and transparency regarding the CIF's intentions around basic principles of inclusion – additional update will be provided to the Joint meeting on the gender action plan.
- *Strategic positioning on knowledge and learning*: pursuing an aggressive plan for knowledge and learning – implementing the E&L; supporting the initiative with other strategically chosen knowledge products.
- *Emphasis on people, results, and storytelling*: More CIF impact stories; CIF results series with six case studies to illustrate lessons and results that are operationally relevant and provide learning opportunities for the CIF community and other. Stocktaking review of the PPCR and FIP concluded, results will be shared with the Joint meeting for a decision.
- *CIF at 10*: Reflect on what the CIF has delivered, and learned. This will provide useful inputs to strategic discussions related to the future of the CIF and inform the broader debate on complementarity.

4. CIF budget analysis

4. To achieve the CIF partnership's strategic areas of focus, a FY18 budget is proposed for USD 22.97 million. Following the categories of the CIF budget structure, the proposed budget includes USD 21.81 million for Administrative Services, USD 1.16 million for Learning and Knowledge Exchange, and no new allocations to Support for Country Programming or Special Initiatives. In June 2016, the Joint Meeting of the CTF and SCF Trust Fund Committees approved a budget of USD 23.8 million to cover the estimated expenditures for these budget categories for FY17. Budget utilization in FY17 will be slightly lower at USD 23.3 million.

In further analyzing the budget, we delved into the reasons why the budget is not declining in line with overall maturation of the CIF:

- World Bank non-salary staff cost recovery: IBRD is revising its cost recovery structure for Trust Funds from 50 percent of non-salary staff costs to 70 percent in FY18
- CTF 2.0: The analysis of financing modalities for the CTF, supported by internal dialogue within the MDBs teams, the CIF Admin Unit, the Trustee, and relevant departments of the World Bank and MDBs impacts the administrative services
- Cost of managing a maturing portfolio: Active portfolio management and reporting, including dimensions of risk management, results, and lessons learned.
- Focus on knowledge: We now know enough to tease out results – both qualitative and quantitative from the portfolio – the knowledge agenda in FY18 will support this at an increased cost.

A. Administrative Services:

5. The Administrative Services budget supports a significant portion of the CIF work plan, covering seven target areas, which are:
 1. Policy development, working with the Trust Fund Committees, Sub-Committees, and managing relations
 2. Investment plan development, update, and revision
 3. Development and approval of CIF funding of programs and projects
 4. Knowledge management and communications
 5. Monitoring and evaluation, including stakeholder engagement
 6. Gender mainstreaming
 7. Managing resources and risk management.

B. Learning and Knowledge Exchange

6. The Learning and Knowledge Exchange budget category was expanded in FY16 to include the CIF Partnership Forum, pilot country meetings (held approximately every 18 months), major knowledge products with a broad focus aiming at promoting CIF-wide knowledge, and external learning events linked to major meetings, such as the COP or MDB annual meetings. The goal is to provide greater visibility to CIF's accomplishments and lessons learned.
7. The activities approved under this category in FY17 included pilot countries meeting for SREP, CTF, and PPCR; an energy efficiency study; mini-grids study tours; and international events such as MDBs annual meetings and COP22 in Morocco. While still preserving cross learning among both programs, it was decided that separate meetings for the CTF and SREP pilot countries would be more impactful. The PPCR also explored smaller regional exchanges for more focused south-south learning. The CTF and PPCR pilot countries meetings will be held in FY18, but the following events and initiatives occurred in FY17.

In FY18, activities proposed will highlight the knowledge focus for the fiscal year. They include knowledge exchanges, case studies which showcase lessons learned, thematic learning events, the FIP Pilot Countries meeting, and other activities to highlight CIF at 10, including participation at international meetings and other events.

C. Country Programming Budget

8. The multi-year country programming budget supports the MDBs, in achieving five broad categories of activities to support CIF pilot countries: 1) Investment Plan Preparation Mission Support, 2) Stakeholder Review, 3) Gender, 4) Monitoring and Reporting 5 Knowledge Management, and 6) Investment Plan Update.
9. It is estimated that USD 2.8 million under the multi-year Country Programming Budget will be utilized by MDBs in FY17. An analysis of approvals for this budget category from FY09 to FY17 indicates that by the end of FY17, there will be a balance of USD 6.6 million will be available to support the FY18 estimated requests. Therefore, there will be no additional funding approval requested for FY18 activities.

D. Special Initiatives

10. Special Initiatives are multi-year initiatives approved toward implementing a specific program or activity of the CIF, as proposed in the business plan. The FY18 Business Plan and Budget will not include a specific proposal for special initiatives in FY18. Attention will be on finalizing the ongoing special initiatives, and on implementing the ambitious knowledge activities approved in FY17. It is expected that the knowledge activities successfully implemented under this category can continue under the expanded Learning and Knowledge Exchange category, with clear criteria for prioritization and reporting to enhance the knowledge impact.