



CIF FY23 SUPPLEMENTAL BUDGET REQUEST

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Background

FY23 Approved Budget



In June 2022, the Joint Meeting of the CTF and SCF Trust Fund Committees approved the FY23 business plan and administrative budget.

The budget for the CIF Administrative Unit was approved on the basis of the historical WB cost recovery rate.

Summary table: FY23 Budget Commitment (USD '000)

	CTF - I	ACT	SCF - I	SCF - II	Total
Total	11,076.5	5,612.9	11,058.8	7,328.7	35,076.9
Administrative Services	9,176.5	4,322.9	9,013.8	5,019.9	27,533.1
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

Supplemental Budget Request



- To cover increased FY23 administrative costs of the CIF Administrative Unit due to application of the **new World Bank cost recovery rate**
- To create a **Country Engagement resource pool for NPC** to be used to cover MDB costs in support of Country Investment Plan Preparation Activities
- To cover cost of ongoing activities of the **CIF Capital Markets Mechanism**



WB Cost Recovery Increase

World Bank Cost Recovery



- World Bank applies a **cost recovery rate** to cover expenses of certain corporate (IG&A) services provided to FIFs. Cost recovery rate is applied to the CIF Administrative Unit, Trustee and IBRD-IE trust funds
- Until FY20, uniform rate of **17% on personnel costs (Historical Rate)** was applied to all CIF partner trust funds. Starting FY21, a new rate of around **28% on direct costs (New Rate)** was introduced for Trustee trust funds
- Effective FY23, World Bank has proposed to introduce New Rate to CIF Administrative Unit trust funds. **TFCs approved FY23 budget for the CIF Administrative Unit at the Historical Rate**, requesting information from the World Bank on the New Rate
- World Bank has provided additional information which is available in **Annex 1** of the FY23 Supplemental Budget Document

World Bank Cost Recovery (Cont.)



- **New Rate applies to all CIF Administrative Unit expenses** – core administrative services as well as special initiatives
- If New Rate is approved, **total FY23 cost recovery from the CIF Administrative Unit would be USD 4.58m**, with around USD 3.29m for core administrative services and USD 1.29m
- In June 2022, TFCs approved cost recovery of USD 1.69m with Historical Rate. Supplemental budget in amount of **USD 2.89m** requested to cover increased costs

Table 2: Summary of Cost Recovery FY23 budget commitment (USD '000)

	Total	CTF - I	ACT	SCF - I	SCF - II
World Bank Cost Recovery Increase:	2,887.7	1,070.4	473.5	902.9	440.9
<i>FY23 Administrative Services</i>	<i>1,821.7</i>	<i>666.9</i>	<i>353.9</i>	<i>458.6</i>	<i>342.4</i>
<i>FY23 Special Initiatives</i>	<i>1,066.0</i>	<i>403.6</i>	<i>119.6</i>	<i>444.4</i>	<i>98.5</i>

- CTF and SCF available **resources sufficient to cover increased** costs in near term. Additional donor funding or reserves in CTF or SCF not needed



CE Budget for NPC IP Preparation Support

NPC CE-IP Budget



- NPC Program launched in June 2022.
- **Invited Countries:** In October 2022, GCAP Sub-committee invited **4 countries** (Dominican Republic, Egypt, Fiji, Kenya) and **1 regional program** (Zambezi Basin regional program - Zambia, Malawi, Mozambique, Namibia and Tanzania) to prepare IPs
- **5 additional countries** - Brazil, Ethiopia, Rwanda, Zambia and Namibia – to be invited upon receipt of further NPC contributions
- **IPPG:** Each country or regional group selected to develop an NPC IP could receive up to **USD 0.5m** to enable them to take a leadership role in developing the plan with relevant MDBs
- **CE-IP:** MDBs are provided with a Country Engagement Budget (CE-IP) to cover costs of their activities in support of country investment plan preparation

NPC CE-IP Budget (Cont..)

- Budget of **USD 2.55 million** is being requested to create a country engagement resource pool for NPC investment plan preparation
- Benchmark amount of USD 0.25 million for each single-country IP preparation activity and USD 0.3 million for each regional IP preparation activity
- **Benchmark amounts are the same as those provisioned for ACT and REI** as part of the FY22 Supplemental Budget and FY23 Annual Budget

Table 3: CE-IP Budget Resource Pool for the NPC (USD '000)

	Amount
Total	2,550.0
First Group of four Countries and one regional program invited to prepare NPC investment plans: Dominican Republic, Egypt, Fiji, Kenya, and the Zambezi Basin regional program (Zambia, Malawi, Mozambique, Namibia and Tanzania)	1,300.0
Second Group of five additional Countries: Brazil, Ethiopia, Rwanda, Zambia and Namibia	1,250.0



CIF Capital Markets Mechanism

CIF Capital Markets Mechanism



- Since June 2022
 - IBRD submitted **technical document on proposed enhancements** to the CCMM proposal
 - CIF Administrative Unit, IBRD Finance Partners and MDBs submitted **revised CCMM proposal**
 - IBRD secured the relevant **internal authorizations**, including **FRC clearance** and approvals for IBRD roles as **CCMM Trustee and Treasury Manager**
 - **Indicative Endorsements** by key stakeholders
 - Options to **maximize impact of CCMM fund allocations**

ClF Capital Markets Mechanism



- **Steady progress** is being made fulfilling ClF TFC requests in the October 2022 meeting, including
 - **Consultations with loan contributors and MDBs**, and response to MDB information request in the October 2022 meeting
 - **Amendments** to FPAs, Contribution Agreements, ClF Governance Framework and Operating Manual
 - **Pass-Through Agreements, Treasury Management Agreement, Information Memorandum and Financial and Risk Management Framework** (including liquidity policy and risk management)
 - **Financial reporting requirements**
 - Obtaining **Credit Rating** information requirements and cost and timing indications from S&P, Moody's and Fitch


CIF Capital Markets Mechanism



- By June 30, 2023, the CCMM team is expected to
 - **Engage rating agencies** and begin data collection toward obtaining final credit rating
 - Finalize **Information Memorandum** and draft **CCMM Bond Documentation**
 - Obtain **CTF Trust Fund Committee approval of the final CCMM structure**
- A **supplemental budget** is being requested in an amount of around USD 3.44 million to cover CCMM related administrative costs of the relevant CIF partners until June 30, 2023

Table 4: CCMM FY23 Supplemental Budget Request (USD '000)

	Amount
Total	3,438.1
CIF Administrative Unit	1,039.1
CIF Trustee, including World Bank Finance Partners	1,934.0
MDBs	465.0



Summary of FY23 Supplemental Budget Request

FY23 Supplemental Budget Request



Summary table: FY23 Budget Commitment (USD '000)

	Total	CTF - I	ACT	SCF - I	SCF - II
Total	8,875.8	4,508.6	473.5	902.9	2,990.9
World Bank Cost Recovery Increase:	2,887.7	1,070.4	473.5	902.9	440.9
<i>FY23 Administrative Services</i>	<i>1,821.7</i>	<i>666.9</i>	<i>353.9</i>	<i>458.6</i>	<i>342.4</i>
<i>FY23 Special Initiatives</i>	<i>1,066.0</i>	<i>403.6</i>	<i>119.6</i>	<i>444.4</i>	<i>98.5</i>
Multi-Year Activities:	5,988.1	3,438.1	-	-	2,550.0
Country Engagement	<i>2,550.0</i>	-	-	-	<i>2,550.0</i>
CCMM	<i>3,438.1</i>	<i>3,438.1</i>	-	-	-



Proposed decision

Proposed Decision

The Joint Meeting of the CTF and SCF Trust Fund Committees approves the supplemental budget request contained in the document Joint CTF-SCF/TFC.27/04, FY23 CIF Supplemental Budget Request, as detailed in this FY23 Supplemental Budget Commitment Table and supported by Tables 5, 6 and 7 in the document.

Summary table: FY23 Budget Commitment (USD '000)

	Total	CTF - I	ACT	SCF - I	SCF - II
Total	8,875.8	4,508.6	473.5	902.9	2,990.9
World Bank Cost Recovery Increase:	2,887.7	1,070.4	473.5	902.9	440.9
<i>FY23 Administrative Services</i>	<i>1,821.7</i>	<i>666.9</i>	<i>353.9</i>	<i>458.6</i>	<i>342.4</i>
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Multi-Year Activities:	5,988.1	3,438.1	-	-	2,550.0
Country Engagement	<i>2,550.0</i>	-	-	-	<i>2,550.0</i>
CCMM	<i>3,438.1</i>	<i>3,438.1</i>	-	-	-

CIF



CLIMATE INVESTMENT FUNDS

Investing in the future

