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U.S. Department of the Treasury  
International Programs  
Congressional Justification for Appropriations  
FY 2017

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Message from the Secretary of the Treasury

Dear Member:

On behalf of President Obama, it is my pleasure to submit the Congressional Budget Justification for the Department of the Treasury’s International Programs for Fiscal Year 2017. The institutions and programs supported in this request provide U.S. leadership in international development, advance national security, and expand export markets for American businesses by promoting international financial stability and supporting key global initiatives such as reducing poverty, improving food security, investing in infrastructure, and addressing climate change. Our investments are cost-effective ways to address these global challenges.

The FY 2017 request affirms the U.S. commitment to the international financial architecture and to maintaining our global leadership. Our request builds on the landmark year for international development, which saw the adoption of the Addis Ababa Action Agenda and the 2030 Agenda for Sustainable Development and culminated in a successful Paris Climate Agreement. Our request also reinforces the long-awaited, and much-welcomed, adoption of critical reforms by the United States at the International Monetary Fund.

Retaining our shareholding in the multilateral development banks by paying our full shareholding subscriptions is key to U.S. global leadership. The MDBs, including their concessional windows that target the poorest countries, are among the most effective vehicles for financing critical U.S. priorities abroad. Through our requests for FY 2017, Treasury is helping to tackle challenges such as increasing access to electricity as part of the Administration’s Power Africa initiative, addressing the root causes of refugee crises and integrating refugees in their host countries, and investing in sustainable infrastructure that contributes to global growth and creates jobs. Our request also includes support for activities that facilitate the restoration of state legitimacy, delivering basic services in fragile and conflict-affected states. Left without critical support, these countries can too often become breeding grounds for violence and terrorist activities. U.S. contributions also promote private sector development, fostering new markets for U.S. exports and jobs for American workers.

In addition to meeting our current MDB commitments, our request addresses prior unmet commitments, which have grown to levels that threaten to erode U.S. credibility and leadership and hamper the lending capacity of the institutions. Our request furthers the goal of the Paris Climate Agreement to help countries mitigate and adapt to climate change, as well as advances other core environmental concerns related to biodiversity, wildlife trafficking, oceans, land degradation, and chemical pollution.

Finally, our request also increases funding for Treasury’s Office of Technical Assistance (OTA), reflecting a down payment on the commitment made at the United Nations Third International Conference on Financing for Development in Addis Ababa to double funding for OTA assistance by 2020. OTA supports effective public financial management in developing and transitional countries and has played a key role in the U.S. response to crises around the world, thereby supporting U.S. national security, foreign policy, and economic development priorities.
Overall, these investments provide a significant return for the United States and complement our bilateral development assistance. They allow us to join the global fight against poverty and instability, while promoting economic growth and security in the United States and abroad.

I look forward to working with you on this important request.

Sincerely,

Jacob J. Lew
FY 2017 Executive Summary

The Treasury Department requests $2.3 billion for International Programs in FY 2017. The request provides a cost effective way to provide leadership in international development, advance national security, and expand export markets for American businesses by promoting international financial stability and supporting key global initiatives such as poverty reduction, improved food security, infrastructure investments, and climate change mitigation and adaptation.

Multilateral Development Banks

Treasury requests $105.3 million for annual general capital increase (GCI) commitments at the multilateral development banks (MDBs). GCI payments for the African Development Bank (AfDB) are scheduled to continue through FY 2019. GCI payments for the North American Development Bank (NADB) are scheduled to continue through FY 2021. FY 2017 is the first year since FY 2012 that funding is not requested for scheduled annual installments at the World Bank’s International Bank for Reconstruction and Development (IBRD) and the Inter-American Development Bank (IDB), whose GCIs conclude during FY 2016. The FY 2017 request includes $22 million to clear unmet commitments to the IDB and $6 million to clear unmet commitments to the IBRD. The IBRD funding will protect U.S. shareholding at the World Bank by avoiding a forfeiture of shares by the United States.

The request also includes $1.6 billion to fully meet annual replenishment commitments to the World Bank’s International Development Association (IDA), the African Development Fund (AfDF), and the Asian Development Fund (AsDF).

Food Security

The request includes $23 million for the Global Agriculture and Food Security Program (GAFSP), the multilateral component of the President’s Feed the Future initiative. In 2012, the United States pledged to contribute $1 for every $2 in new contributions by other donors up to $475 million during the pledge period. While U.S. leadership of GAFSP has been an important component of its success to date, the Administration continues to work with other donors to increase their contributions and to strive for a United States’ share of contributions of no more than one-third of total contributions since GAFSP’s inception in 2010. In addition, the request includes the second payment of $30 million towards the current replenishment of the International Fund for Agricultural Development (IFAD).

Environment and Clean Energy

Treasury’s request fully funds the annual installation of the replenishment commitment to the Global Environment Facility (GEF) at $137 million. Also, the request includes $250 million toward the U.S. pledge to the Green Climate Fund (GCF), providing a total of $750 million for the GCF when combined with $500 million requested through the Department of State. Joining other nations, the United States in 2014 pledged $3 billion – not to exceed 30 percent of total confirmed pledges – to the GCF, which has received over $10 billion in pledges to support the transition of developing countries to a low-emission and climate resilient development path. The GCF includes innovative mechanisms to help mobilize significant private-sector finance and is building on the best practices and lessons learned from the Climate Investment Funds (CIFs), to
which the United States has contributed with bipartisan support. FY 2017 is the first year since the United States made its original pledge to the CIFs that funding is not requested for the CIFs because the $2 billion pledge has been fulfilled.

The request also includes $13 million for the Central America and Caribbean Catastrophe Risk Insurance Program multi-donor trust fund. This is the first time Treasury has requested funding for CCRIF. A U.S. contribution will help the six countries of Central America plus the Dominican Republic purchase catastrophe risk insurance coverage under the CCRIF Segregated Portfolio Company and access technical assistance to enhance their disaster risk management capacity, improving their resilience to natural disasters.

**Infrastructure**

Treasury’s request includes $20 million for U.S. support to new infrastructure investments for the World Bank Global Infrastructure Facility (GIF). The GIF aims to catalyze private capital for public infrastructure projects by addressing constraints arising from countries’ legal and regulatory regimes, project design and implementation, and project and financing structures. Participation in this initiative will demonstrate a commitment to helping developing and emerging markets, bolster existing infrastructure financing from the MDBs, and reinforce U.S. leadership at the World Bank.

**Unmet Commitments**

U.S. unmet commitments, which are approaching $1.6 billion, erode U.S. leadership and influence, pose a threat to shaping the policy priorities of the MDBs and related funds, and hamper the ability of these entities to deliver results. The FY 2017 request would reduce these unmet commitments by $160 million for both GCIs and replenishments. In making allocations, Treasury has prioritized unmet commitments at institutions where contributions will most effectively showcase strong U.S. leadership of and commitment to the international financial architecture. The U.S. endeavors to avoid incurring new unmet commitments, but will not fully achieve that goal due to new unmet commitments to the Multilateral Debt Relief Initiative (MDRI).

Specifically, the FY 2017 request allocates $93 million for unmet commitments at IDA. The approximately $777 million in U.S. unmet commitments to IDA severely constrain IDA’s overall programming capacity. Paying down unmet commitments would demonstrate sustained support for this global institution, which makes critical contributions to fragile states, citizen security in Central America, international efforts to address disaster responsiveness, and infrastructure financing for the world’s poorest countries. Additionally, demonstrating strong progress towards meeting the IDA and IBRD commitments is critical for maintaining U.S. leadership in the World Bank.

The FY 2017 request includes $19 million to pay down U.S. unmet commitments to the AfDF. The nearly $227 million in U.S. unmet commitments constrain the AfDF’s capacity to make new investments. Paying down some of the U.S. unmet commitments would increase AfDF assistance, including support for Power Africa, as well as the fight against extremism and instability on that continent.
Treasury’s FY 2017 request allocates $9 million for unmet commitments at the AsDF, which is the largest on-budget financier of infrastructure and other services in Afghanistan. The AsDF also promotes energy sector reform in Pakistan, bolsters the democratic transition in Burma, and helps strategic partners in Central Asia reduce their economic dependence on Russia.

The FY 2017 request includes $10 million for unmet GEF commitments, which total $180 million ($135 million from GEF-2 and $45 million from GEF-6). These resources will further increase the GEF’s ability to fund environmental projects that support key U.S. priorities, such as the President’s Executive Order on Combating Wildlife Trafficking and reducing mercury emissions that contaminate our food supply. Addressing these unmet commitments will help position the United States to capture a GEF-6 encashment bonus for prompt payment.

**Treasury Office of Technical Assistance**

The FY 2017 request includes $33.5 million for Treasury’s Office of Technical Assistance (OTA), representing a $10 million increase over the FY 2016 enacted level. The requested increase would be a down payment on Secretary Lew’s commitment at the Financing for Development conference (Ethiopia, July 2015) to double OTA assistance by 2020 to support developing countries’ domestic resource mobilization and sound public financial management. If received, this significant and critical funding increase will help enable OTA to respond in a quick and sustained manner to the growing international demand for financial technical assistance around the world, thereby supporting U.S. national security, foreign policy, and economic development priorities, including, for instance, supporting the whole of government effort to expand U.S. engagement in Central America.
## Summary Tables
### Summary of Appropriations and Request
#### Treasury International Programs
##### FY 2015 – FY 2017

(in dollars)

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<tr>
<th>Summary Tables</th>
<th>FY 2015 Enacted</th>
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1/ The Consolidated Appropriations Act, 2016 includes IMF quota reform. The reforms will not be funded through Treasury’s 150s Account, but rather through emergency funding.

2/ Includes permissive transfer authority from USAID to GAFSP, if such contribution will not cause the United States’ contribution to exceed 33 percent of total donor contributions.

3/ Provided by sec. 7060(c)(8) of the Consolidated and Further Continuing Appropriations Act, 2015 and sec. 7060(c)(5) of the Consolidated Appropriations Act, 2016.
## Unmet Commitments to Multilateral Development Banks

**FY 2010 – FY 2017**

*(in thousands)*

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1. Projected amounts for IDA and AfDF include unmet commitments under the Multilateral Debt Relief Initiative.
2. AfDB includes $615,239, which corresponds to the $1 capital shares from GC-I-V forfeited by the United States.
3. IIC includes $15,800,519, which corresponds to the 1,580 capital shares forfeited by the United States.
Multilateral Development Banks

World Bank Group

The World Bank Group comprises the International Development Association (IDA), the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID). Treasury is seeking funding for its annual and unmet commitments to IDA and for its unmet commitment to the IBRD.

International Development Association

<table>
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<th>FY 2017 Request</th>
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<td>IDA</td>
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<tr>
<td>Of which, payment toward unmet commitments</td>
<td>-</td>
<td>-</td>
<td>93,472,000</td>
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Treasury requests $1,384 million for IDA. This amount includes $1,290.6 million for the third of three annual installments to the seventeenth replenishment of IDA (IDA-17) and $93.5 million to pay down the unmet commitment to IDA.

Program Description

IDA is the arm of the World Bank that supports the growth, poverty reduction, and development of the world’s 77 poorest countries, home to 2.8 billion people, in every region of the world. IDA works across a wide range of sectors, including infrastructure, agriculture, water and sanitation, the environment, education, and health. Because countries receiving IDA financing are too poor to attract sufficient capital to support their urgent development needs, they depend on IDA low-cost loans and grants to create jobs, build critical infrastructure, increase agricultural productivity, provide energy, and invest in the health and education of future generations. As countries implement the Sustainable Development Goals, which world leaders adopted in 2015 to help guide development efforts over the next 15 years, IDA will continue to require strong guidance and support from the United States.

IDA has a proven track record in helping countries reduce poverty and achieve higher levels of growth and institutional capacity. Over time, IDA’s support helps countries prepare to finance their development needs through domestic revenues and borrowing at non-concessional rates. To date, 33 countries once eligible for IDA assistance have graduated and no longer receive support from IDA.

IDA is financed predominantly by donor countries and requires replenishments of resources every three years to continue its activities. IDA’s most recent replenishment (IDA-17) was finalized in December 2013 and will allow IDA to make new development commitments of up to
$56 billion over three years. The United States pledged $3,871.8 million to IDA-17, falling to second largest donor behind the United Kingdom. The United States, however, remains the largest IDA donor historically and holds the largest voting share at 10.1 percent.

Of the $19 billion in financing approved in IDA’s 2015 fiscal year, more than half – $10.4 billion – went to countries in sub-Saharan Africa. Countries in South Asia received $5.8 billion in IDA’s 2015 fiscal year, and the East Asia and Pacific region received $1.8 billion. Thirteen percent of IDA’s financing was provided as grants to fragile states and other countries at risk of debt distress during its 2015 fiscal year.

**How IDA Promotes U.S. Interests**

IDA’s goals are to eliminate extreme poverty and boost shared prosperity in a sustainable manner. To achieve these goals, IDA supports the increased economic growth and improvements in government service delivery needed to create viable employment opportunities for fast-growing populations, build state legitimacy, and reduce social dissatisfaction that can lead to support for extremist groups. Consequently, IDA is an important partner in promoting U.S. national security and creating new markets for U.S. exports.

IDA places special emphasis on fragile and conflict-affected states, with a focus on building the capacity of the state, strengthening institutions and governance, and improving public financial management. IDA projects promote economic, social, and political stability in strategically important countries, such as Afghanistan, Yemen, and Pakistan, and reinforce our bilateral security efforts in areas where new threats are emerging, such as the Sahel. During IDA-17, IDA doubled its funding for fragile and conflict-affected states, due to the extreme needs of these countries.

IDA is also helping build new markets for U.S. exporters, which lead to increased job growth in the United States. IDA provides assistance that fosters growth and private sector development, such as work on improving investment climates and infrastructure financing. For example, recognizing that African countries can only realize their full growth potential if they have a reliable electricity supply, IDA is partnering with African countries, the United States, the private sector, and others to invest in electricity generation and transmission capacity and to strengthen regulatory frameworks as part of Power Africa, the President’s innovative, private sector-focused initiative aimed at more than doubling electricity access in sub-Saharan Africa.

IDA also is positioned to help countries respond and rebuild when disasters or pandemics strike. IDA has a dedicated Crisis Response Window to quickly address such emergencies. For example, IDA supported the relief and recovery effort following the 2015 earthquakes in Nepal, including the reconstruction of 55,000 houses for the rural poor.

IDA provides a cost-effective means to support the world’s poorest countries; every $1 contribution from the United States leverages almost $13 in contributions from other donors and the World Bank’s internal resources.
Meeting IDA Commitments

U.S. unmet commitments to IDA replenishments and the Multilateral Debt Relief Initiative (MDRI) currently amount to approximately $777 million. Failing to meet commitments to IDA and MDRI will reduce IDA’s ability to provide concessional loans and grants to create jobs, build critical infrastructure, increase agricultural productivity, provide energy, and invest in the health and education sectors in the poorest countries.

Failing to meet commitments to IDA will also damage U.S. credibility and undermine IDA’s ability to deliver on policy commitments achieved by the United States during the IDA-17 replenishment negotiations, such as improved focus on gender equality and fragile states and more attention to evaluation of impact. Maintaining strong U.S. leadership is especially important in advance of new replenishment discussions (IDA-18), with a range of important possible reforms already on the table, including proposals on how to better leverage IDA resources. Other World Bank shareholders, including emerging markets, are becoming increasingly vocal about their priorities for IDA. Addressing the financial standing of the United States by paying down unmet commitments is essential to maintaining leadership and strong standing in IDA.

A growing component of the unmet commitments to IDA involves MDRI. Launched in 2006 at the urging of the United States, MDRI provides 100 percent cancellation of eligible debt to IDA for countries that complete the conditions for debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative. MDRI has allowed scarce resources in low-income countries to be reallocated for poverty-reducing expenditures in areas such as health and education. To prevent a depletion of IDA resources from debt relief, donors committed to compensate IDA for the cancelled debt on a dollar-for-dollar basis according to the payment schedules of the original loans.

Of the 36 donors participating in MDRI at IDA, the United States is one of only three countries behind on its commitments, which is negatively affecting IDA’s ability to provide additional resources to countries such as Nepal, Liberia, and Afghanistan. At a 20.1 percent burden share, the U.S. share of the cost of MDRI under IDA-17 is $565 million. In addition to these current commitments, the United States will carry over $246 million in MDRI unmet commitments from IDA-16. By the end of FY 2017, the United States’ unmet commitment to IDA associated with MDRI could be as high as $811 million. However, the United States intends to apply credit that it earns for accelerating its core replenishment payments to IDA, which could reduce total unmet commitments by as much as $228 million.
Achieving and Measuring Results

IDA is a leader on results monitoring and reporting. From 2011-2015, IDA has achieved the following:

- Over $3.3 billion provided for disaster risk management;
- 413 million people received health services;
- 205 million children immunized;
- 50 million people provided access to better water sources;
- 17 million women received prenatal care; and
- 5.1 million teachers recruited or trained.

Looking forward, expected results from projects financed by IDA-17 include electricity for 15 to 20 million people, life-saving vaccines for 200 million children, access to clean water for 32 million people, and the expansion of basic health services for 65 million people.

In 2002, IDA adopted its Results Measurement System (RMS), an online scorecard that is updated annually and provides a snapshot of IDA’s performance and results across countries. IDA was the first multilateral development entity to use a framework with quantitative indicators to monitor results and performance. Its approach has since been emulated by other development institutions.

Under the scorecard, the World Bank’s Independent Evaluation Group (IEG) measures the results of a completed IDA project against the indicators that the project set out to achieve. As an independent entity, IEG is empowered to provide objective assessments of the World Bank’s project and program results. The IEG assigns a rating (highly satisfactory, satisfactory, moderately satisfactory, moderately unsatisfactory, or unsatisfactory) to a completed project based on the achievement of the project’s intended outcomes and development objectives. In IDA-16, 69.5 percent of IDA projects received a “satisfactory” rating or higher, against a target of 75 percent. In response to lower-than-expected ratings, World Bank management has developed a “Management Dashboard” to provide senior management with comprehensive real-time data on how the portfolio of World Bank projects, including IDA projects, is performing. The Dashboard will enable World Bank management to react more aggressively if problems arise with the overall quality of projects.

Project Examples

Burkina Faso. In 2007, IDA approved a $39 million loan for the “Burkina Faso Energy Access Project.” The project assisted the government to implement its rural electrification strategy, helped communities more sustainably manage wood fuels and reduce pressure on forest resources, and strengthened the enabling environment for more private sector participation in energy service delivery. For example, IDA aimed to provide electricity to 626,000 people through household connections, and to enable 60 cooperatives and private sector enterprises to provide energy services. When the project was completed in 2014, the project had brought electricity to nearly 761,000 people, exceeding the original target by more than 20 percent, and 92 cooperatives and private sector enterprises were providing energy services, exceeding the original target by more than 50 percent. The project also surpassed its target for constructing community electricity connections. Expanded access to energy helped transform living conditions for project beneficiaries, contributing to poverty reduction and economic growth.
**Bangladesh.** In 2008, IDA approved a $62 million loan to Bangladesh to support the implementation of the “National Agricultural Technology Project.” The agriculture sector is critical to the livelihoods of people in rural Bangladesh. However, many farmers fail to maximize the use of their land, and their farms do not produce to their full potential. To address this challenge, the National Agricultural Technology Project aimed to improve the effectiveness of technology used in agriculture. It strove to enhance the National Agricultural Research System, improve agricultural extension services, and develop agricultural supply chains. By the end of the project in 2014, 1.9 million farmers had adopted improved agricultural practices promoted by the project, far exceeding the project’s initial target of 388,000 farmers. The project also mobilized 400,000 farmers, most of whom are marginal and small farmers, into over 20,000 common interest groups and linked them to markets. As a result, the project significantly increased agricultural productivity and incomes for its beneficiaries.
Treasury International Programs

International Bank for Reconstruction and Development

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Treasury requests $6 million to address shortfalls from FY 2013 for the IBRD General Capital Increase (GCI) and Selective Capital Increase (SCI). If not paid, these shortfalls will result in a loss of U.S. shareholding at the IBRD.

Program Description

The IBRD is the arm of the World Bank that provides financing to creditworthy middle-income countries to promote inclusive economic growth and reduce poverty. Middle-income countries – home to over 70 percent of the world’s poor – rely on the IBRD for financial resources and strategic advice to meet their development needs.

Working across a range of sectors, including agriculture, sustainable infrastructure, health and nutrition, and education, the IBRD supports long-term human and social development needs that private creditors often do not finance. During its 2015 fiscal year, the IBRD committed $23.5 billion to support 112 projects. The largest share of this lending went to countries in Europe and Central Asia ($6.7 billion) and Latin America and the Caribbean ($5.7 billion), followed by countries in East Asia and the Pacific ($4.5 billion).

The IBRD raises resources like a conventional bank by issuing debt and on-lending to borrowers at market-linked rates. This capital model enables the IBRD to sustain stable lending, but prevents it from significantly scaling up as new demands from borrowing countries arise. In response to the global financial crisis, shareholders committed to provide the IBRD with additional capital to meet the growing needs in countries that suddenly found themselves shut off from global capital markets and facing sharp declines in domestic revenues.

The United States is the largest shareholder in the IBRD, with a 15.8 percent share of total voting power, followed by Japan and China. The United States is the only country with veto power over amendments to the World Bank’s Articles of Agreement.

How IBRD Promotes U.S. Interests

The IBRD is a cost-effective way to promote national security, support the next generation of export markets, and address key global challenges like environmental degradation and food insecurity. If left unaddressed, these challenges could generate unrest and conflict that could ultimately require costly and protracted U.S. involvement.
The IBRD also helps countries implement complex development goals, such as investing in sustainable infrastructure, building strong institutions, and undertaking structural reforms that are essential for sustained, inclusive growth, which, in turn, drive demand for U.S. goods and services.

The IBRD has been an invaluable partner in promoting U.S. strategic interests. The IBRD has supported Ukraine’s economic and energy reforms at a critical time. The IBRD has also stepped up its assistance and lending to Jordan to help the country cope with the effects of the Syrian refugee crises. It has also advanced economic and social reforms throughout Central America and the Caribbean, particularly in Jamaica, Guatemala, and El Salvador.

With its global footprint and unique convening role, the IBRD facilitates the sharing of experiences and solutions gained in one part of the world to other countries elsewhere. The IBRD is also a global standard bearer, with strong environmental and social safeguards, high procurement standards, and a disciplined approach to debt sustainability. Indeed, some countries have adopted IBRD standards as their own national standards.

U.S. investments in the IBRD have a significant leveraging effect. Every $1 of U.S. paid-in and callable capital leverages $25 in lending by IBRD because of burden-sharing with other shareholders and the World Bank’s ability to borrow in international capital markets.

**Meeting IBRD Commitments**

Without full funding for SCI commitments by March 2017 and full funding for GCI commitments by March 2018, the United States risks permanently losing shareholding at the IBRD. This could lead to a loss of U.S. veto power, leadership, and influence at the World Bank at a time when the World Bank is implementing many institutional reforms that the United States has encouraged. The IBRD’s support is critical for strategic priorities like providing financing to Ukraine, responding to the Syrian refugee crisis, and financing infrastructure in Asia.

**Achieving and Measuring Results**

The World Bank has leveraged its strengths and resources to help countries drive economic growth, reduce inequality, and achieve sustainability. During FY 2013-2015, the World Bank, including the IBRD:

- Provided 54.3 million people with access to an improved water source;
- Generated 30,504 GWH of renewable power;
- Reached 16.7 million farmers with agricultural equipment and services;
- Provided 390.4 million people with essential health, nutrition, and population services; and
- Helped institutionalize disaster risk reduction as a national priority in 36 countries.

As part of the GCI resolution in 2010, the United States successfully pushed for the creation of a “Corporate Scorecard” that provides information on the performance and efficiency of the World Bank. The scorecard uses an integrated results and performance framework.
organized in a three-tier structure. Tiers I and II provide information on member countries’
development results, while Tier III captures the IBRD’s performance in terms of outputs and
efficiency.

Under this scorecard, the World Bank’s Independent Evaluation Group (IEG) measures the
results of completed World Bank projects against the targets for these projects. The IEG
assigns a rating (highly satisfactory, satisfactory, moderately satisfactory, moderately
unsatisfactory, unsatisfactory) to a completed project based on the achievement of the
project’s intended outcomes and development objectives. The 2015 Corporate Scorecard,
which is available online, reports that 69.5 percent of World Bank projects met a
“satisfactory” or higher rating. IBRD management continues to focus on boosting project
quality by increasing technical support and investing in a new monitoring system that tracks
portfolio quality.

**Project Examples**

**Turkey.** In 2010, the IBRD approved a $500 million loan to Turkey for an access to finance
for small and medium enterprises (SMEs) project. In 2010, nearly all of Turkish businesses
were SMEs, and these SMEs accounted for three-quarters of the country’s employment.
However, in the aftermath of the financial crisis, access to finance for these SMEs tightened
significantly, as SMEs were perceived as higher risk and often lacked collateral to access
funding and longer-term finance. Through the use of a credit line intermediated by state-
owned banks, the project broadened and deepened SMEs’ access to medium and longer-term
finance and thus helped promote investments and business growth. By its conclusion in
2015, the project had provided access to finance to 746 SMEs operating throughout Turkey,
for a total amount of $519 million. Roughly half of the SMEs that received financing before
2015 created new jobs, and overall, close to 7,000 net jobs have been created by firms
financed by the project.

**Mexico.** In 2010, the IBRD approved a $100 million loan to Mexico for a compensatory
education project. Mexico’s indigenous populations and disadvantaged communities lacked
equal education opportunities, and the quality of education services that reached these
communities remained low. The IBRD-supported project helped expand services by the
National Council for Educational Development (Council), which provided educational
services in rural and indigenous areas. The project supported three initiatives to expand the
Council’s services in the 172 most marginalized municipalities. These initiatives included
expanding early child development services, improving select school-based management
programs, and using mobile tutors in the worst performing schools. By the project’s
conclusion in 2014, it had provided capacity building to roughly 47,286 parents’
associations per year across 141,857 community schools, benefitting just over 2 million
students. The number of children attending at least 80 percent of early childhood
development sessions increased from 43,241 to 57,983, and average test scores in
compensatory schools increased significantly between 2010 and 2013.
Inter-American Development Bank Group

The Inter-American Development Bank Group comprises the Inter-American Development Bank (IDB), the Fund for Special Operations (FSO), the Inter-American Investment Corporation (IIC), and the Multilateral Investment Fund (MIF). Treasury is seeking funding for U.S. unmet commitments to the IDB.

### Inter-American Development Bank

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Treasury requests $22 million to fully clear unmet commitments to the IDB’s Ninth General Capital Increase (GCI-9) which remain from an appropriations shortfall in FY 2012.

**Program Description**

The IDB is the largest source of development financing for 26 nations of Latin America and the Caribbean, a strategically significant and economically important region for the United States, where 66 million people still live in extreme poverty. In 2015, the IDB committed $11.3 billion to support 172 projects. Forty-seven percent of commitments targeted small and vulnerable borrowing countries, such as El Salvador, Guyana, Honduras, and Jamaica.

The IDB works in a range of sectors and commits roughly half of its funding to support infrastructure and the environment (e.g., water and sanitation, transportation, and energy). The other half is split between capacity building (e.g., reform and modernization of government operations and financial markets) and the social sector (e.g., social investment, health, and education).

Given the IDB’s significant response to the global financial crisis, shareholders provided the IDB with new capital in 2010 through the GCI-9 to ensure that the IDB had the resources necessary to assist countries that suddenly found themselves shut off from global capital markets. As part of the GCI-9 package, the IDB established a special grant facility for Haiti that receives income transfers from the IDB of $200 million annually through 2020. Establishing this facility was an essential U.S. objective of the GCI-9, which provides Haiti with critical resources to support a long-term development agenda.

The United States is the largest shareholder of the IDB, with approximately 30 percent of total shareholding. While this allows the United States significant influence over any major decisions about the direction of the IDB, fulfilling prior commitments to the institution is crucial to maintaining U.S. credibility in this institution. Meeting prior commitments is especially important since many Latin American economies are contracting and facing significant financial difficulties thereby negatively affecting their credit ratings, which in turn affects the IDB’s
capital base. As countries’ credit ratings are downgraded, this raises the capital requirement needed for the IDB to maintain its credit rating.

**How IDB Promotes U.S. Interests**

The IDB supports U.S. strategic, economic, and national security interests in the Western hemisphere by working to reduce poverty and social inequality in the region, addressing the needs of small and vulnerable countries, and promoting regional cooperation and integration.

The IDB accomplishes these objectives through projects that develop transportation infrastructure, develop regulatory frameworks to protect the environment, improve access to water and sanitation, strengthen government institutions, improve fiscal efficiency and transparency, and expand access to education and basic health and nutrition services. The IDB also works with countries in the region to strengthen citizen security and implement anti-corruption and anti-money laundering initiatives. These efforts promote demand for U.S. goods and services in a region that is a significant trading partner for the United States. (In 2014, U.S. exports to Latin America and the Caribbean totaled $323 billion, an increase of 25 percent from 2010.)

The IDB’s work also bolsters U.S. national security. For example, the IDB is taking a leading role in coordinating with U.S. government agencies to explore partnerships in the Northern Triangle region of Central America (El Salvador, Guatemala, and Honduras). The IDB’s work addresses both the symptoms and causes of emigration – violence and insecurity – with projects that boost employment, expand education, and promote criminal justice. The IDB’s projects focus particularly on prevention and strengthening civic, judicial, and commercial institutions.

The IDB is also helping countries in the Caribbean and Central America that depend on heavily subsidized oil from Venezuela to transition to a more sustainable path. To help these countries avoid a major adjustment in the event of an oil supply shock, the IDB is encouraging governments to improve efficiencies in domestic energy sectors and develop cleaner sources of energy.

In addition, the IDB is strengthening the region’s ability to prepare for and respond to natural disasters by designing infrastructure projects that are resilient to potential disasters and helping Latin America and the Caribbean address environmental challenges. The IDB supports activities with the largest potential for reducing greenhouse gas (GHG) emissions, including reductions in GHGs from land use change and deforestation, transport, and power generation.

U.S. investments in the IDB have a significant leveraging effect. Every $1 of U.S. paid-in and callable capital leverages over $10 in lending by the IDB because of burden-sharing with other shareholders and the IDB’s ability to borrow in international capital markets.

**Meeting IDB Commitments**

Currently, the United States is $22 million behind on its commitment to the GCI-9. Without payment of the full commitment of the United States, the IDB’s sustainable level of lending would be reduced, as shareholder contributions are leveraged through the IDB’s balance sheet.
This would reduce the amount of funding available to support lending and technical cooperation in Latin America and the Caribbean. The inability to fully meet commitments would also limit the IDB’s ability to improve its financial position through increased capital, which has become increasingly important following the credit rating downgrade of Brazil, its largest borrower. Further, a U.S. shortfall could cause other shareholders to reconsider their support for the $200 million in annual grants to Haiti, as the United States was the most vocal advocate for this GCI-9 commitment. Finally, a failure to meet commitments would mean a loss of U.S. influence at the IDB, which is one of the main channels through which the United States shapes economic and development priorities in Latin America and the Caribbean.

Achieving and Measuring Results

The IDB’s annual Development Effectiveness Overview assesses progress in meeting the IDB’s broad development objectives, including lending program targets, operational effectiveness, and operational efficiency. The 2014 review showed that the IDB has already exceeded the following 2015 goals:

- Providing 23 million individuals a basic package of health services. 23.2 million people were provided with a basic package between 2012 and 2014.
- Enabling 8.5 million students to benefit from education projects. IDB education projects reached over 10.8 million people between 2012 and 2014.
- Providing 600,000 people with programs to promote higher labor productivity. IDB labor productivity programs reached more than 850,000 people between 2012 and 2014.
- Providing 16 million people with benefits from targeted anti-poverty programs. Anti-poverty programs reached more than 17.5 million people between 2012 and 2014.
- Financing 120,000 microenterprises, and small-, and medium-sized enterprises (SMEs).

The IDB is taking steps to improve its monitoring and evaluation of projects. The IDB’s development effectiveness framework for projects has three components: the Development Effectiveness Matrix (DEM), the Progress Monitoring Report (PMR), and the Project Completion Report (PCR).

- The DEM is the main tool for assessing how well a project in the design stage sets realistic, time-bound, and measurable targets. The DEM identifies the elements that are considered essential to a project’s “evaluability” during and after project implementation. This includes the IDB’s ability to monitor progress during project implementation, make mid-course corrections, and evaluate the project after completion. In 2014, the percentage of IDB projects rated “highly evaluable” and “evaluable” reached 100 percent, surpassing the target of 85 percent.
- The PMR is a self-evaluation tool to assess how well a project met its output targets and achieved development objectives.
• In 2015, the IDB introduced a revamped PCR to conduct project evaluations of completed projects with greater objectivity, transparency, and results-based evidence. The changes respond to recommendations from the IDB’s independent Office of Evaluation and Oversight. As a result, the PCR will better enable the IDB to incorporate lessons learned about projects and enhance its development effectiveness.

**Project Examples**

**El Salvador.** In 2010, IDB approved a $60 million loan to El Salvador to support its Integrated Health Program, and approved a further $5 million loan in 2011. The program has supported improved access to health services for more than 766,000 of the most vulnerable El Salvadorians. This was achieved through constructing and equipping 39 new health centers and rehabilitating 19 existing ones, as well as training more than 3,600 healthcare workers in primary health services. The program also equipped 154 health units across the country with a Master Health data system, provided training on the system for 2,000 personnel, and strengthened the network of laboratories.

**Guatemala.** In 2008, the IDB provided a $150 million loan to support Guatemala’s program to expand education coverage, particularly at the primary level, to achieve greater access for disadvantaged groups while addressing the cultural and linguistic diversity of the beneficiary populations. The program financed rehabilitation of 3,200 pre-primary and primary schools, benefiting 500,000 children. To increase learning, the program also delivered 7.35 million books, benefiting 2.8 million children. The books were delivered in 11 Mayan languages, as well as in Spanish. Finally, the program funded teacher training to increase the quality of education. In addition to emphasizing the importance of cultural and linguistic diversity in education in the targeted communities, the program paid special attention to children with disabilities.

**Haiti.** In 2009, the IDB approved a $30 million loan to reduce the vulnerability of rural populations in Haiti to natural disasters in four strategic watersheds that together account for the majority of agricultural production in the country. Results include direct support to 7,246 farmers, of whom 29 percent are women, for adoption of sustainable cropping practices for coffee, cocoa, and agroforestry, and construction of 160 watershed protection infrastructures. The project also contributed to strengthening local governance of watershed management, by creating watershed management committees and training them to manage watershed resources more efficiently and effectively.
Treasury requests $45 million for the second installment of the first North American Development Bank (NADB) General Capital Increase (GCI).

**Program Description**

NADB, founded in 1994 by the United States and Mexico, provides financing for environmental infrastructure projects within the areas up to 100 kilometers (62 miles) north and 300 kilometers (186 miles) south of the U.S.-Mexico border. These projects, implemented on both sides of the border, improve the quality of life for residents of the border region, strengthen municipal services, and create new jobs and business opportunities. Key areas of focus include wastewater collection and treatment, air quality improvements, solid waste management, and renewable energy. NADB’s sister institution, the Border Environment Cooperation Commission (BECC), which is in the process of merging with NADB, must certify the environmental benefits of all projects before they are eligible for NADB financing. NADB is well-respected among states and communities along the border, where it has had a tangible impact on the environment and the lives of the area’s residents.

NADB approved $260 million in new loans in 2015. As of September 30, 2015, NADB’s outstanding loan portfolio was $1.31 billion, and the total investment value of all the projects to which it provides or administers funding was over $2.5 billion, reflecting NADB’s ability to crowd in additional financing for projects from the private and public sectors. In 2014, 16 new projects, which are projected to benefit an estimated 1.55 million residents through improved water and wastewater systems, clean and renewable energy, and better air quality, were certified by BECC and financed by NADB.

Due to the increase in lending in the past five years, NADB’s capital adequacy ratios have deteriorated. While NADB still maintains strong ratios in line with other MDBs, rating agencies require NADB to maintain stronger-than-average ratios due to its geographic and sector concentration. Without a GCI, NADB’s projected annual sustainable lending level would drop from $250 million to below $90 million. A GCI of $225 million in paid-in capital from the United States and Mexico each that is paid over a seven-year period, supplemented by $1.275 billion in callable capital from each, will allow NADB to maintain current lending levels over the near term and reach projected annual lending levels of $350 million by 2024. Mexico announced its support for a GCI in March 2014 and is prepared to match the U.S. capital commitment.

Under NADB’s charter, the United States and Mexico contributed equally to NADB’s initial authorized capital stock, a total contribution of $450 million in paid-in capital and $2.6 billion in callable capital. The United States and Mexico each have a 50 percent voting share, and a GCI requires the approval of both nations.
**How NADB Promotes U.S. Interests**

NADB is one of the key components of the High Level Economic Dialogue between the United States and Mexico, which has a goal of maintaining or enhancing NADB’s role in the border region to help build more secure and resilient communities. Strengthening NADB would be a tangible demonstration of the United States’ shared commitment with Mexico to build a stable and prosperous border region. Despite gains made in recent decades, the United States’ border region experiences poverty rates that are double the national average, while Mexico faces ongoing security challenges and infrastructure gaps. As a valued and trusted institution on both sides of the border, NADB can help mitigate these pressures through its continued engagement in the region. NADB’s environmental infrastructure projects help promote greater regional stability and diminish migration flows. Furthermore, Mexico is a key partner to the United States, and regional leader, in helping boost shared prosperity and security among Central American countries.

By fully meeting commitments, the United States will achieve important goals, including bolstering our bilateral relationship with Mexico, our third-largest trading partner. NADB will be able to continue lending for much-needed environmental infrastructure in the U.S.-Mexico border region, creating job opportunities as a result of new infrastructure and providing increasing investment opportunities for American businesses in the environmental infrastructure sector. Full funding for NADB will also demonstrate the U.S. commitment to develop the border region with better municipal services that improve the environment, public health, and the economy.

### Meeting NADB Commitments

The $45 million request would represent the second annual payment and first full payment as part of a commitment to provide a total of $225 million over seven years. Mexico would pay the same amount over that time period, and NADB’s 50/50 shareholding structure would remain the same. The $450 million in total paid-in capital from both countries would be supplemented with $2.55 billion in total callable capital ($1.275 billion from the United States). Overall, NADB’s capital base would increase by $3 billion, representing a doubling of NADB’s capital. Meeting this commitment will allow NADB to sustain annual lending of $250 million for critical environmental infrastructure investments along both sides of the border.

### Achieving and Measuring Results

NADB and BECC have monitored their projects since inception to ensure proper operation and to emphasize simplicity and cost effectiveness. The project monitoring cycle involves project development, certification, implementation, and operation. During each phase, projects are subject to review of inputs, outputs, outcomes, and impacts from which NADB can measure grant and loan compliance and provide impact assessments. Recent results include:

- Rehabilitation of more than 1,700 water hook-ups and 1,800 sewer connections in Playas de Rosarito, Baja California. An impact assessment of NADB’s sanitation projects in the Mexican state of Baja California found that 90 percent of the population that had previously been using latrines connected to the sewer system, contributing to a reduction
in waterborne disease incidence ranging from 17 percent in Mexicali to 95 percent in Playas de Rosarito.

- Improved access to water services through more than 6,250 water hook-ups in San Luis, Arizona. NADB determined that the project strengthened institutional capacity and helped ensure that there was a sufficient annual budget to properly cover operations and maintenance.

- Paving of 33 miles of urban roads in Playas de Rosarito, resulting in a 99 percent reduction of particulate matter along the newly paved roads.

Project Examples

**Pharr Texas.** NADB provided $10 million of financing to the Pharr Waterworks and Sewer System utility company to rehabilitate the city’s wastewater system. The project helped to eliminate wastewater overflows and protect the health of the residents of Pharr, Texas. The rehabilitated wastewater collection system benefitted 54,619 residents and surrounding communities, by decreasing health hazards like waterborne diseases. Updating the water system also allowed the city to comply with federal and state regulatory wastewater standards. The project was successfully completed in August 2011.

**Tecate, Baja California and San Diego County, California.** NADB provided $39.1 million of financing to a project to construct a 155 MW, 47 turbine wind energy farm in Tecate, Baja California and a 5 mile transboundary transmission line to San Diego County. San Diego Gas & Electric in California is purchasing the electricity generated by the wind farm, which is expected to generate sufficient electricity to cover the annual electricity consumption of about 70,832 households. Commercial operations began in June 2015.

**Nuevo Leon, Mexico.** In December 2014, NADB approved $46 million in financing for a project that increased paved street coverage in Nuevo Leon, Mexico, helping to reduce air pollution and respiratory ailments caused by airborne dust particles generated by traffic on unpaved streets. The project is expected to reduce particle emissions by an estimated 1,874 tons per year. It will also provide safer roadways for motorists and allow easier access for police, firefighters, and ambulances.
Asian Development Bank Group

The Asian Development Bank Group comprises the Asian Development Fund (AsDF) and the Ordinary Capital Resources of the Asian Development Bank (AsDB). Treasury is seeking funding to address U.S. unmet commitments to the AsDF.

### Asian Development Fund

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Treasury requests $99.2 million, with $89.9 million to serve as the fourth of four payments to the AsDF’s Tenth Replenishment (AsDF-11), and $9.3 million for partial clearance of the over $297 million in unmet commitments to the AsDF.

### Program Description

The AsDF provides concessional loans and grants to the 27 poorest countries in Asia, 13 of which are eligible for grants. It focuses on supporting inclusive, environmentally sustainable economic growth and regional cooperation and integration. AsDF’s core comparative advantage is in infrastructure finance. Water, energy, and transportation infrastructure comprise about two-thirds of all AsDF projects. Other important sectors include financial systems development, agriculture, and health. The AsDF investments across these sectors especially focus on fostering inclusion and resilience, for example through rural roads that connect farmers to markets, the integration of disadvantaged groups into the economy, or disaster response.

Since 2009, the AsDF has approved $18 billion in concessional loans and grants for AsDF-eligible countries. Two-thirds of all AsDF projects over the past five years have been to countries in Central, West, and South Asia. The AsDF has been instrumental in alleviating extreme poverty and combating the effects of earthquakes, flooding, and other natural disasters in countries like Bangladesh and Nepal. The AsDF is among the largest financiers of infrastructure and other priority sectors in Afghanistan and Pakistan. By improving livelihoods and supporting economic development in these two countries, AsDF’s investments help reduce the lure of extremist groups and support critical U.S. development and national security priorities. AsDF’s efforts to improve economic conditions and connect markets across Asia effectively increase export opportunities for American businesses.

Thirty-two countries have donated to the AsDF. Japan is by far the largest donor, with 52 percent of total contributions, followed by the United States, with 11 percent. Because financing is provided on concessional terms, donors need to replenish AsDF resources every four years. The current replenishment – AsDF-11, covering the years 2013-2016 – was negotiated in April 2012, with the United States committing $359.6 million to the AsDF over four years.
In 2015, AsDB Governors approved a historic reform to merge the AsDF’s concessional lending resources into the ordinary capital of the AsDB, resulting in a boost in concessional and non-concessional lending capacity of about 40 percent over the next decade. As a result, AsDF-12 will only require fresh funding from donors for grants to the poorest countries in Asia and the overall replenishment amount is expected to decrease. However, to achieve the full increase in concessional lending capacity from the merger and maintain grant support for Asia’s poorest and most fragile countries that are at greatest risk of debt distress, such as Afghanistan and small Pacific Island states, the United States must still fulfill unmet commitments to the AsDF.

**How AsDF Promotes U.S. Interests**

AsDF assistance helps achieve key U.S. national security and foreign policy objectives in Asia, a region of increasing strategic importance. Regional trade projects expand markets for American exports, while investments in sectors such as energy and transportation infrastructure provide a critically important stabilizing role in Afghanistan, Pakistan, and Tajikistan, among other countries. AsDF’s reengagement in Burma is supporting the country’s democratic transition, while projects in the Pacific Islands helps the small island nations better prepare for and respond to natural disasters.

U.S. contributions have a multiplier effect, as contributions are pooled with those of 31 other donor countries and then leveraged to provide assistance to lower income borrower countries. For AsDF-11, each dollar the United States contributes is matched with $9 in contributions from other donors and internal resources.

**Meeting AsDF Commitments**

The outstanding $297 million in unmet commitments to the AsDF have significant adverse impacts on the AsDF and on U.S. leadership in the institution. Without fully funding commitments, the United States risks losing the ability to provide guidance to shape the direction of AsDF policies and activities at the very time that new institutions, like the Asian Infrastructure Investment Bank, are poised to launch activities. Unmet commitments are inconsistent with the U.S. strategic interest in ensuring that sufficient concessional finance is available to strategically important countries like Afghanistan and Pakistan. The only other donor with unmet commitments to the AsDF is Spain (with a far smaller shortfall than the United States). U.S. unmet commitments also have a negative multiplier effect because, in some cases, other donors block the AsDF from using funds that they have contributed until the United States meets its commitments. For the current replenishment, three donors have withheld a total of $115 million of their contributions from being used by the AsDF because of the inability of the United States to meet commitments.

**Achieving and Measuring Results**

Over the past four years, the AsDF has achieved the following notable results:

- Connected over 500,000 households with electricity;
- Improved water supplies or built new water connections for 1 million households;
- Improved or developed sanitation systems for roughly 300,000 homes;
- Provided better educational facilities for nearly 20 million students;
• Trained 1.6 million new teachers to improve teaching quality and meet competency standards;
• Provided microfinance loans to over two million entrepreneurs; and
• Constructed or rehabilitated 15,625 miles of roads.

The AsDB Group reports on results through its annual Development Effectiveness Review (DEfR) and Performance Scorecard, which compiles project-level outputs for both AsDF and AsDB projects. In particular, the DEfR measures whether projects across the AsDB Group are effective, completed on time and according to benchmarks, and sustainable after the conclusion of AsDB Group involvement. These standards are used by AsDB Group staff to compile lessons learned for future projects.

Results in recent years have shown continued progress on the AsDF’s development effectiveness. During 2012-2014, 68 percent of completed AsDF projects that were validated by the AsDB’s Independent Evaluation Department (IED) were rated successful. Technical Assistance projects were among the most successful, with success rates near 90 percent. From 2012-2014, the IED rated 55 percent of AsDF projects as both successful and sustainable. The metric allows AsDB Group staff to measure factors, including policy and regulatory environments and administrative capacity, that impact the ultimate success of projects after AsDB Group involvement ends. Improvements in project success rates reflect increased efforts to strengthen project readiness, including establishing the feasibility of design, clarifying implementation arrangements, applying social and environmental safeguards, and establishing procurement plans up front.

At the recommendation of the United States and other donors, the AsDB Group is making important operational changes in an effort to become even more effective and efficient. For example, the AsDB Group is allocating more resources for project preparation and supervision, and has decentralized more activities by shifting staff from AsDB Group headquarters in Manila to resident missions, which has been shown to improve project performance.

**Project Examples**

**Mongolia.** In 2014, AsDF completed a program that provided a $12 million grant to a food and nutrition social welfare project. The grant improved the existing social welfare system and assisted the Mongolian government in designing and implementing emergency measures that reduced the impact of the 2008 food price crisis on the poorest populations and undertook measures to address social welfare issues. The project improved the most vulnerable households’ access to food, reduced the number of undernourished Mongolians by 120,000, and contributed to improved child nutrition by encouraging more consumption of fruits and vegetables. An assessment of the program also found that it freed up income to allow more citizens to send their children to school.

**Tajikistan.** In 2005, AsDF provided $51.7 million to Tajikistan for the border road rehabilitation project, which was completed in 2013. The highway is an important artery that connects Tajikistan and Afghanistan with the rest of Central Asia. The project upgraded 43 miles of highway and 38 miles of rural access roads. Work included strengthening road
foundations, resurfacing, improving drainage systems and bridges, and shoring up retaining walls against landslides. The AsDF also helped Tajikistan introduce a maintenance outsourcing scheme under which service payments to private companies are tied to their performance and timing of delivery. More than 260,000 people living along the roads have benefited from the upgrading, with some villagers reporting up to a 30 percent increase in their income. Traffic on the highway has tripled, including an eight-fold increase in freight traffic since 2006, including from Afghanistan. The time to drive from Dushanbe to the Kyrgyz border decreased from 13 hours in 2007 to less than eight hours, while road accidents decreased by 80 percent. As a result, the cost of operating a vehicle on the road decreased by $45 for a car and $194 for a heavy truck.
African Development Bank Group

The African Development Bank Group comprises the African Development Bank (AfDB) and the African Development Fund (AfDF). Treasury is seeking funding for U.S. commitments to the AfDB and the AfDF.

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Treasury requests $32.4 million for the sixth of eight installments for the AfDB’s Sixth General Capital Increase (GCI-6).

Program Description

The AfDB provides public sector financing at market-linked rates to 17 member countries, and provides loans, equity investments, lines of credit, and guarantees to the private sector in all 54 African member countries.

The AfDB had about $6.7 billion in lending approvals in 2014, two-thirds of which was to sovereigns and one-third to private sector projects. Sixty percent of AfDB financing is in infrastructure (including energy, transportation, communication, and water and sanitation) and 27 percent is in finance, with the remaining balance in the social sector, agriculture and rural development, and governance. Despite regional and global challenges, the AfDB contributed to Africa’s average GDP growth rate of 3.9 percent in 2014, compared to the global average of 3.4 percent.

The AfDB is financed by capital contributions from shareholders and borrowing from international capital markets, as well as retained earnings. In 2010, AfDB shareholders committed to provide the AfDB with new capital through the GCI-6 to ensure that the AfDB had the resources necessary to assist countries in the region hardest hit by the financial crisis (as well as those hit by food and fuel crises) and to continue expanding its support to the private sector in Africa.

During the GCI-6 negotiations, the United States championed a number of key institutional reforms that have enhanced the AfDB’s effectiveness, including strengthened financial management, increased transparency and disclosure, and robust results reporting. The United States is the largest non-regional shareholder at the AfDB, with 6.5 percent of total shareholding, and the second-largest shareholder overall, after Nigeria.
How AfDB Promotes U.S. Interests

Through its support for growth in Africa’s middle-income countries, the AfDB is helping solidify nascent democracies in North Africa and create stable societies that can govern effectively and meet the needs of their people, which are key U.S. national security priorities. Recognizing that the private sector is the engine for Africa’s growth, the AfDB is doing more to leverage and support private investment and is helping to develop financial and capital markets to better serve the needs of African and global businesses. By promoting private sector growth and improving the quality of the regulatory environment, the AfDB helps create new markets for U.S. businesses. The AfDB is currently upgrading its procurement policy to ensure value for money while maintaining high fiduciary standards, reforms that present enhanced opportunities for U.S. businesses. Finally, U.S. investments in the AfDB have a significant leveraging effect. Every $1 of U.S. paid-in and callable capital leverages $20 in lending by the AfDB because of burden-sharing with other shareholders and the AfDB's ability to borrow in international capital markets.

Meeting AfDB Commitments

Failure to meet commitments to the AfDB GCI would result in further dilution of U.S. shareholding and could risk our single-country seat on the Executive Board, where the United States is the only shareholder to have its own seat. This would significantly weaken U.S. credibility and influence at the AfDB and across Africa, at a time when the AfDB has just elected a new president and is undertaking many critical reforms on which the United States is a leading voice. These priorities include enhancing AfDB efforts to promote private sector growth in Africa (opening doors for U.S. businesses), strengthening the AfDB’s approach to fragile and conflict affected states, and working to achieve gender equality. Failure to meet commitments would also impair the AfDB’s ability to advance key U.S. strategic priorities, such as increasing access to energy and stabilizing North Africa’s nascent democracies. The U.S. commitment to Africa would also be called into question, particularly given high expectations for U.S. leadership on the continent following our recent high-level outreach to Africa’s leaders, private sector, and citizens.

Achieving and Measuring Results

The AfDB Group updated its Results Measurement Framework (RMF) in 2013 to improve its tracking of development goals and rate the number of projects that meet expectations. The RMF tracks roughly 100 performance indicators, organized in four interconnected levels: 1) development progress in Africa; 2) the AfDB Group’s contribution to development in Africa; 3) the AfDB Group’s operational performance; and 4) the AfDB Group’s organizational efficiency.

For example, from 2012-2014, AfDB assistance produced the following results:

- $1.7 billion in additional government revenues from AfDB projects and investments;
- 1.4 million women who benefitted from private sector projects and microfinance;
- 1.2 million jobs created; and
- $368 million in turnover from AfDB investments in small- and medium-sized businesses.
The RMF also tracks performance on cross-cutting issues, such as gender and the environment. The results show that in 2014, 89 percent of new AfDB projects had a design that considered the project’s possible effects on gender equality, an improvement from 86 percent in 2013, and 78 percent of completed AfDB projects had satisfactory gender equality outcomes, an improvement from 67 percent in 2012. In 2014, 75 percent of new AfDB projects had a design that considered potential environmental impacts on the project and the project’s potential environmental benefits, an improvement from 70 percent in 2013. Additionally, the RMF tracks progress on the AfDB Group’s implementation of both its new Integrated Safeguards System. In 2014, about 72 percent of AfDB projects were assessed as having satisfactory social and environmental risk mitigation measures, an improvement from 60 percent in 2012.

To build on the RMF, the AfDB Group recently began producing Country Development Effectiveness Reviews for specific countries and sectors, which will eventually cover AfDB Group activities in all 54 member countries and each sector in which it works. The first such reports provide comprehensive reviews of the AfDB Group’s activities in Ethiopia, Rwanda, Senegal, Tunisia, and Zambia, as well as in the sectors of energy, governance, fragile states, and regional integration.

This focus on results has contributed to improvements in the AfDB Group’s performance and effectiveness. In 2014, 94 percent of completed AfDB projects were rated as satisfactory and 82 percent were assessed as delivering sustainable outcomes.

Finally, the AfDB Group introduced “MapAfrica” in 2014, a new geocoding tool that maps the AfDB Group’s entire ongoing portfolio. This map allows the AfDB Group to improve the geographic allocation of its resources and provide stakeholders and citizens with a better understanding of the AfDB Group’s activities and impact on local development.

**Project Examples**

**Morocco.** The AfDB’s $306 million Financial Sector Development Support Program improved access to finance and financial services in Morocco, particularly for rural poor women and small businesses lacking access to conventional credit. By completion of the project’s second phase in 2013, the proportion of microcredits granted to women in Morocco had risen from 49 percent to 64 percent, helping to support rural income-generating activities in agriculture and handicrafts. Additionally, the AfDB helped the Moroccan government design housing loan facilities for disadvantaged populations that increased the provision of housing credits by 30 percent. The project also modernized Morocco’s system for providing guarantees to the private sector, including the design of a new guarantee product that has benefited more than 500 small businesses. Overall banking rates in Morocco increased by 10 percent during the course of the project. The AfDB provided technical assistance to strengthen governance of Morocco’s financial sector, particularly supervision of the insurance sector, and to promote reforms to deepen Morocco’s capital markets.

**Egypt.** In December 2014, the AfDB completed a $362 million thermal power project to increase the availability of a reliable and affordable power supply to support Egypt’s economic growth and socioeconomic development. With total power generation capacity of 1,300 megawatts, the power plants increased Egypt’s national power grid capacity by 4 percent,
addressed electricity shortages and power outages, and contributed to the government’s efforts to gradually replace the use of fossil fuels in the agricultural sector with electric water pumping. The project created 3,600 jobs for Egyptians, the majority of which were filled by low-income workers. Post-completion analysis found that the project yielded positive financial and economic impacts, with an economic rate of return of 17.5 percent due to the additional energy delivered to Egypt’s primary electricity consumers, including residential, industrial, commercial, and public buildings, health, and education facilities, public services, and agriculture.
African Development Fund

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Treasury requests $214.3 million for the AfDF, with $195 million to serve as the third of three payments to the thirteenth replenishment of the AfDF (AfDF-13), and the remaining $19.3 million to partially pay down unmet commitments to the AfDF.

**Program Description**

The AfDF provides grants and highly concessional loans to the poorest countries in Africa, of which nearly half are fragile or conflict-affected states. In 2015, the AfDF approved about $2.0 billion in financing to 36 countries. As the largest official financier of infrastructure in sub-Saharan Africa, nearly half of the AfDF’s 2014 commitments were to national and regional infrastructure projects, in sectors such as energy, transport, and water and sanitation. The remainder of AfDF’s funding is devoted to governance, agriculture and food security, and human capital development (e.g., health and education). The AfDF also sets aside special funding for fragile states and regional projects. In 2014, the AfDF increased its support to the West Africa region, which grew by an average of 6 percent in 2014 despite the persistence of conflicts and the heavy human and economic toll wrought by the Ebola outbreak. Indeed, AfDF was a first responder to the Ebola crisis in 2014.

The AfDF is financed by donor countries, including the United States. Because the AfDF provides grants and low-cost loans, it needs new donor resources every three years to continue operating. In September 2013, the United States joined other donors in raising $7.3 billion for AfDF-13. The United States is historically one of the largest donors to the AfDF, contributing the second-largest amount historically (behind Japan) and the third-largest amount in AfDF-13 (behind the United Kingdom and Germany). Voting power is based on total historic contributions. The United States has a 5.4 percent voting share, just behind Japan.

**How AfDF Promotes U.S. Interests**

The AfDF, which is solely dedicated to working with the poorest countries in Africa, supports U.S. economic and security interests by promoting inclusive growth in the region’s new frontier economies, deepening economic and regional integration, and working with post-conflict and fragile states to assist them in becoming productive and stable.

The AfDF served U.S. national security and global health interests by helping to stem the spread of Ebola, committing $223 million to Ebola-affected countries in 2014. In 2015, the AfDF provided additional support to the post-Ebola recovery efforts, including the establishment of a $32 million post-Ebola social investment fund, which received a $5 million grant from the U.S.
State Department. The social investment fund focuses on stimulating private sector growth through support to small- and medium-sized businesses in Guinea, Liberia, and Sierra Leone. The AfDF also buttresses our bilateral security objectives by addressing the underlying causes of instability in areas where security threats persist, such as the Sahel and Horn of Africa.

The AfDF also plays a central role in numerous U.S. initiatives in sub-Saharan Africa and is a key partner in Power Africa, President Obama’s innovative, private sector-focused initiative aimed at doubling electricity access in sub-Saharan Africa. The AfDB Group has committed $3 billion to this initiative over five years, a large share of which is from the AfDF. A number of Power Africa projects, in countries such as Ethiopia, Ghana, Kenya, Liberia, and Tanzania, have been financed through AfDF or are currently in the AfDF pipeline. As a major partner, the AfDF provides financing and guarantees for projects supporting power generation, transmission, and distribution across Africa, as well as technical assistance for governments to implement the power sector reforms needed to attract public and private investment. In September 2015, new AfDB President Akinwumi Adesina announced a major new strategic initiative called the New Deal for Energy in Africa, which will further expand the AfDF’s support to the sector in close collaboration with the United States and other partners.

The AfDF promotes good governance in Africa through projects to strengthen public financial management capacity and extractive industries transparency. The AfDF has a transparent performance-based allocation formula, largely because of strong U.S. leadership calling for this approach. The formula rewards governments that make progress on economic governance and sound policymaking, have strong institutions, and have a positive track record of managing AfDF assistance.

U.S. contributions to the AfDF provide significant returns because every dollar contributed leverages close to $12 in other donor contributions and internally-generated resources.

**Meeting AfDF Commitments**

U.S. unmet commitments to AfDF replenishments and the Multilateral Debt Relief Initiative (MDRI) currently amount to approximately $227 million and the United States is the only donor country with protracted unmet commitments. These unmet commitments decrease the financial capacity of the AfDF, reducing the amounts available to support the poorest African countries and to respond to pressing regional emergencies. Addressing unmet commitments would help restore U.S. leadership and help the AfDF deliver on its strategic priorities, such as promoting private sector growth in Africa, stabilizing regions recovering from conflict and fragility, and increasing access to energy.

Continued U.S. unmet commitments to the AfDF threaten to undermine U.S. leadership and credibility at a time when the AfDB Group has just elected a new president and is undertaking many critical reforms on which the United States is currently a leading voice. Additionally, the United States is looking to the AfDF as a key partner in helping to promote U.S. economic and national security interests in Africa. However, if the United States is unable to maintain a leadership role in the AfDF, emerging donors, who may not share our development priorities, are willing and eager to promote their interests.
A growing component of the U.S. unmet commitments to AfDF involve MDRI. Launched in 2006 at the urging of the United States, MDRI provides 100 percent cancellation of eligible debt to AfDF for countries that complete the conditions for debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative. MDRI has allowed scarce resources in low-income countries to be reallocated for poverty-reducing expenditures in areas such as health and education. To prevent a depletion of AfDF resources from debt relief, donors committed to compensate the AfDF for the cancelled debt on a dollar-for-dollar basis according to the payment schedules of the original loans.

Of the 23 donors participating in MDRI at the AfDF, the United States is one of only three countries that is behind on commitments. The unmet commitments are negatively impacting the AfDF’s ability to provide new concessional loans and grants to create jobs, build critical infrastructure, increase agricultural productivity, and provide energy in Africa’s poorest and most fragile countries. At 11.8 percent burden share, the U.S. share of the cost of MDRI under AfDF-13 is $55 million. In addition to these current commitments, the United States will carry over $29 million in MDRI unmet commitments from AfDF-12. By the end of FY 2017, the U.S. unmet commitments to the AfDF associated with MDRI could be as high as $84 million. However, the United States intends to apply credit that it earns for accelerating its core replenishment payments to AfDF, which could reduce total unmet commitments by as much as $13 million.

**Achieving and Measuring Results**

The AfDB Group updated its Results Measurement Framework (RMF) in 2013 to improve the tracking of development goals and better rate project performance. The RMF tracks roughly 100 performance indicators, measuring development progress in Africa; the AfDB Group’s contribution to development in Africa; the AfDB Group’s operational performance; and the AfDB Group’s organizational efficiency.

For example, from 2012-2014, AfDF assistance produced the following results:

- 11 million people with new or improved electricity connections;
- 4 million people with improved access to water and sanitation;
- 425 miles of cross-border roads constructed or rehabilitated;
- 16 countries with improved quality of budgetary and financial management; 13 countries with improved transparency, accountability, and corruption mitigation in the public sector; and 7 countries with improved business climate as a result of AfDF policy advice and assistance.

The RMF also tracks performance on cross-cutting issues, such as gender and the environment. The results show that in 2014, 71 percent of completed AfDF projects had satisfactory gender equality outcomes. In 2014, 80 percent of new AfDF projects had a design that considered potential environmental impacts on the project and the project’s potential environmental benefits.

This focus on results has contributed to improvements in the AfDB Group’s performance and effectiveness. In 2014, 94 percent of completed AfDF projects were rated as satisfactory, an improvement from 89 percent in 2013, and 77 percent were assessed as delivering sustainable outcomes.
Project Examples

Tanzania. Completed in 2014, the AfDF’s agricultural project provided Tanzania with $79 million in grants and loans to increase agricultural productivity and incomes of farming households in Tanzania’s rural areas. The project supported 780 trainers to provide technical capacity-building and introduce new farming technologies to 252,836 farmers organized into 11,375 “participatory farmers groups.” The project also established 780 village development committees and 86 savings and credit cooperatives. The project completed more than 1,400 micro infrastructure projects such as feeder roads and bridges, small irrigation schemes, water pumps, storage facilities, and market sheds. After completion of the project, a study found that crop productivity among participatory group members was nearly three times the regional average, and members experienced food shortages at one-fifth the average rate.

Kenya. In 2007, the AfDF provided Kenya with $186 million in loans to finance the improvement of a congested system of highways and roads between Nairobi’s central business district and populous rural towns. The project upgraded a 28-mile, eight-lane highway that has benefited more than 100,000 residents and businesses, reducing their commuting time from over three hours to 30 minutes, and improving connectivity and commercial opportunities. The project created jobs for more than 4,200 workers, technicians, and engineers and benefited thousands of small businesses along the corridor, the majority of which belong to women who sell food in roadside markets.
Treasury requests $23 million for the Global Agriculture and Food Security Program (GAFSP), a multi-donor trust fund called for by the Group of 20 (G-20) Leaders at the November 2009 Pittsburgh Summit. GAFSP is the multilateral component of the President’s Feed the Future initiative. In 2012, the United States pledged to contribute $1 for every $2 in new contributions by other donors up to $475 million during the pledge period. While U.S. leadership of GAFSP has been an important component of its success to date, the Administration continues to work with other donors to strive for a United States share of contributions of no more than one-third of total contributions.

**Program Description**

An estimated 780 million people in developing countries are hungry today, and the world will need to produce up to 60 percent more food by 2050 to feed a projected global population of 9 billion people. Of the world’s 1.3 billion people living on less than $1.25 a day, about 70 percent live in the rural areas of developing countries. Most are directly or indirectly dependent on agriculture for their livelihoods. Launched in 2010, GAFSP plays an important role in supporting efforts to tackle food insecurity in the world’s poorest countries by allowing multiple donors to pool their funds and finance the food security plans of developing countries at scale. GAFSP is unique in the multilateral architecture for global food security due to the combination of its exclusive focus on the world’s poorest countries, its competitive process for awarding funding, its ability to support public and private sector institutions, and its inclusive governance model.

GAFSP is housed at the World Bank, which serves as an implementing agency along with the other multilateral development banks (including the African Development Bank, Asian Development Bank, and Inter-American Development Bank), as well as UN agencies (including the International Fund for Agricultural Development, the World Food Programme, and the Food and Agriculture Organization). GAFSP operates through two windows:

- The Public Sector Window provides multi-year grant financing to support country-developed agriculture and food security investment plans. Grants are awarded on the basis of a transparent, competitive process involving independent technical experts. By supporting country-led efforts to invest in sustainable agriculture and food security, GAFSP is helping to increase incomes and reduce hunger in the world’s poorest countries. To date, GAFSP’s Public Sector Window has awarded $1,019 million in grant financing to 30 countries in Africa, Asia, and Latin America. Although many GAFSP projects are only in the early stages of implementation, the Public Sector Window is expected to reach a total of about 20 million smallholder farmers and their
families. At the end of 2014, Public Sector Window projects had already reached about 2.15 million beneficiaries, of whom approximately 705,000 were female.

- The Private Sector Window provides long- and short-term loans, credit guarantees, and equity to support private sector activities that improve agricultural development and food security. GAFSP’s Private Sector Window has approved $192.1 million of investments to date. These include investments in small- and medium-sized dairy and fruit processors and animal feed companies in sub-Saharan Africa and South Asia, and partnerships with local commercial banks in West and East Africa to offer warehouse receipt financing to smallholder farmers. On average, each dollar invested by the Private Sector Window has attracted six times that amount in additional private financing. Private Sector Window investments are expected to reach over 2.76 million farmers, most of them semi-commercial smallholders and subsistence farmers.

How GAFSP Promotes U.S. Interests

GAFSP promotes U.S. global development goals by supporting long-term, sustainable investments in agricultural productivity, which have been shown to be two to four times more effective at reducing poverty than investments in any other sector. In addition, GAFSP advances U.S. national security interests by supporting economic and political stability, inclusive growth, and poverty reduction in fragile states such as Yemen, Mali, and Niger. GAFSP is an important tool for leveraging U.S. leadership in food security so as to mobilize political will and actions from other donors and developing countries, all with the goal of reducing global hunger and malnutrition. GAFSP resources are targeted toward generating sustainable and inclusive economic growth in the world’s poorest countries.

Meeting GAFSP Commitments

The United States is the largest of 10 donors to GAFSP, having contributed $591.8 million since GAFSP’s inception. U.S. leadership has been crucial for mobilizing ongoing commitments from other donors including Canada, the United Kingdom, Spain, and the Bill & Melinda Gates Foundation. In FY 2015, Australia, the Bill & Melinda Gates Foundation, and Germany made contributions to GAFSP. During the course of FY 2016, significant financial commitments from new and existing GAFSP donors are expected.

Achieving and Measuring Results

To date, GAFSP’s Public and Private Sector Windows have allocated approximately $1.3 billion to address food insecurity around the world. GAFSP financing is delivering a range of benefits to smallholder farmers in low-income countries across Africa, Asia, and Latin America. Over $328 million in funding was disbursed as of the end of June 2015. The results of these investments include the following:

- GAFSP has reached about 2.15 million beneficiaries, representing 10 percent of its overall target of 20 million farmers;
- GAFSP has rehabilitated over 19,200 hectares of land with improved irrigation and drainage infrastructure; and
- Over 397,600 farmers have gained access to improved technologies, such as high yield seeds and processing equipment.
GAFSP has a monitoring and evaluation system that systematically tracks key output indicators, including measures of income gain, hunger, nutrition, and food security, across all GAFSP projects. GAFSP also employs impact evaluations for a subset of its projects to better understand the impact of GAFSP financing on food security, nutritional outcomes, and income at a household level. GAFSP partners are currently engaged in reviewing and updating key elements of the GAFSP monitoring and evaluation system, with the goal of ensuring that GAFSP is able to demonstrate to donors and recipient countries how GAFSP supports progress towards the Sustainable Development Goals, particularly those focusing on ending poverty and hunger. A first cohort of Public Sector Window projects will conclude in the coming year, which will allow GAFSP to share comprehensive reporting on the impacts on farmers and their families.

**Project Examples**

**Rwanda.** In 2010, GAFSP awarded $50 million to Rwanda to increase the productivity and commercialization of hillside agriculture in target areas. The project addresses key constraints to agricultural growth in Rwanda, which include insufficient investment in larger scale community-based infrastructure approaches, as well as deficits in extension services, rural finance, and marketing support. To date, improvements in farm productivity have increased the income of 26,792 beneficiary households by a factor of five, and improvements in soil fertility have enabled farmers to increase yields by a factor of three for soybeans and maize, a factor of four for beans, and a factor of 10 for potatoes. The project has already reached 124,494 beneficiaries (including 61,144 women), surpassing the end of project goal of 120,000.

**Nepal.** In 2011, GAFSP awarded $46.5 million to Nepal to enhance the food and nutritional security of vulnerable communities by increasing the productivity of crop and livestock agriculture, promoting diversified diets, and encouraging improved feeding and caring practices for pregnant and nursing women and children up to two years of age. The project also supports nutrition-sensitive agricultural activities, including the generation and adaptation of technology to increase yields of nutritious crops. To date, 169 trials of improved technologies have been conducted, and 54 tons of higher-yielding seeds have been produced. Farmer field schools in 34 villages have started to disseminate and adopt new technology, and refresher trainings have been conducted for technicians and farmers. Food recipe development is underway following completion of the nutrition analysis of locally available food. Overall, the project is expected to reach 112,000 beneficiaries, 70 percent of whom will be women.
Treasury International Programs

International Fund for Agricultural Development

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Treasury requests $30 million for the second of three installments to the International Fund for Agricultural Development’s (IFAD) tenth replenishment (IFAD-10).

**Program Description**

IFAD is a small multilateral fund, supported by 176 member countries and dedicated to alleviating rural poverty in developing countries. IFAD’s mission is to eliminate poverty, hunger, and malnutrition, and to raise farmers’ productivity and incomes to improve the quality of their lives. Most IFAD-supported projects are in remote rural areas where few donors operate.

In 2015, IFAD’s program of loans and grants was $1.352 billion, bringing the total program of loans and grants over the course of the 2013-2015 replenishment period to $3 billion.

IFAD’s resources need to be replenished every three years. The United States is a founding member of IFAD and its largest single contributor, with contributions to the IFAD-10 replenishment accounting for 8.8 percent of total contributions. IFAD-10, which runs from 2016 to 2018, will focus on continuing to invest in smallholder farmers and rural communities, while consolidating operational reforms that the United States successfully promoted during past replenishments. U.S. priorities for the IFAD-10 replenishment include increasing IFAD support for climate resilience and adaptation activities, bolstering results in reducing malnutrition, improving performance in fragile, conflict-affected states, refining IFAD’s approach to partnering with the private sector, and leveraging innovative financing tools to support smallholder agriculture. The United States will also focus on enhancing the sustainability of IFAD activities and the institution’s ability to scale up successful projects, which IFAD has thus far achieved by building the capacity of local stakeholders and mobilizing additional public and private development finance.

**How IFAD Promotes U.S. Interests**

IFAD supports the President’s Feed the Future initiative, which advances global food security and nutrition. Through its singular focus on rural development, IFAD contributes to key U.S. priorities, including advancing inclusive growth and poverty reduction. Funding for IFAD also advances U.S. national security interests by supporting economic and political stability in fragile states around the world.
Meeting IFAD Commitments

As the largest contributor to IFAD, other member states look to the United States to guide their own contributions. Given the relatively small size of IFAD, therefore, failure to fully fund the U.S. commitments would have an immediate, negative impact on the institution’s delivery capacity, particularly its ability to offer highly concessional or grant financing to low-income countries with higher rates of poverty and hunger.

Achieving and Measuring Results

External evaluations have consistently rated IFAD as providing good value for money.

In 2014:
- 114 million people received services from IFAD projects;
- 2.5 million farmers received training in crop production technologies and practices, and over one million farmers received training in livestock production;
- Rural finance projects helped 20.8 million beneficiaries open voluntary savings accounts, of which 55 percent were women, mobilizing a total of $4.3 billion in savings;
- Over one million beneficiaries received training in business and entrepreneurship, and over six million gained access to credit;
- IFAD projects constructed or rehabilitated nearly 10,800 miles of rural roads that helped connect smallholder farmers with markets; and
- On average, women represented 49 percent of direct beneficiaries.

IFAD management commits to delivering a specific set of results at the outset of each replenishment period and reports annually on achievements against its performance targets. The results framework incorporates a number of targets in the areas of: 1) global poverty reduction, food security, and investment outcomes; 2) outcomes delivered by IFAD-supported projects; 3) outputs delivered by IFAD-supported projects; 4) IFAD operational effectiveness; and 5) institutional effectiveness and efficiency. For example, one target for the IFAD-10 period is to improve the lives of between 110 and 130 million people.

The United States continues to promote IFAD’s investments in female farmers. Among the multilateral development banks, IFAD is one of the leaders in assessing the impact of its projects on a gender-specific basis and ensuring that women are direct beneficiaries.

IFAD has an Independent Office of Evaluation (IOE) that reports directly to the Executive Board. The IOE validates project completion reports and conducts corporate-level reviews on governance and operational effectiveness. The IOE also conducts thematic reviews, such as an upcoming report that will assess IFAD’s efforts to increase its development impact by opening local country offices. The IOE issues an annual report on results and impact in order to present a synthesis of the performance of IFAD-supported programs and to highlight key lessons and development challenges.

The 2015 IOE annual report highlighted improving trends as well as challenges. IFAD’s performance has improved in a number of areas, including in rural poverty impact and gender equality. These improvements are a result of ongoing efforts to bolster IFAD’s in-country
presence and strengthen project supervision. On average, IFAD activities are on-par with, or better than, the performance of other multilateral development banks in the agriculture sector. However, the IOE has highlighted the need to make IFAD results more sustainable even after project completion, and has underscored the need to bolster IFAD’s operational efficiency and environmental and natural resource management.

**Project Examples**

**Laos.** IFAD completed a $29 million project in 2013 to promote economic growth and livelihood improvements among the rural poor, including women and other vulnerable groups in the target area, such as unemployed rural youth and upland ethnic groups. The project helped to promote food security and diminish food scarcity during lean months. Following the project’s mid-term review, additional focus was placed on agricultural value chains and marketing services delivery, which paved the way for the evolution of a marketing strategy with ensured outlets and guaranteed prices. By the time of project completion, 33,761 households benefitted from the project, 29 percent more than the initial appraisal target, comprising about 192,438 people. The overall percentage of poorest and poor households decreased by 8.5 percent. The project also helped improve food security among beneficiaries: the percentage of households who had not experienced food scarcity went from 29 percent to 44 percent in one province, and from 70 percent to 87 percent in a second.

**Bangladesh.** IFAD completed a $25 million project in 2014 to reduce the level of poverty of small traders (especially women), primary producers, and women laborers in coastal regions. The targeted districts were among the poorest in Bangladesh. The project focused on improving the facilities and terms of access for men and women to rural markets, increasing employment for poor women, increasing production and sale of products for the market, and moving poor producers up the value chain. It did this by supporting beneficiaries through the provision of new infrastructure, rural microfinance, marketing systems, and agro-technologies. By the time of project completion, the project had reached over 125,000 direct beneficiaries in 89,000 households, and contributed to the lifting of 38,000 households out of poverty.
Infrastructure

Global Infrastructure Facility

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Treasury requests $20 million to join the World Bank’s Global Infrastructure Facility (GIF) as a Funding Partner.

**Program Description**

The regional multilateral development banks estimate that long-term financing requirements for infrastructure in emerging markets will reach between $1.8 - 2.3 trillion per year by 2020, far exceeding available public resources and leading to an annual infrastructure financing gap of as much as $1 trillion per year. Infrastructure is vital to spur economic growth, jobs, and the delivery of basic services such as health, education, and energy. Indeed, the International Monetary Fund estimates that a 1 percent increase in quality infrastructure boosts a country’s economic output by nearly 0.5 percent in the short term and 1.5 percent within four years.

Established by the World Bank in 2015, the goal of the GIF is to catalyze private investment in public infrastructure projects by addressing constraints arising from countries’ legal and regulatory regimes, project design and implementation, and project financing structures. In doing so, the GIF will seek to develop and promote best practices for infrastructure investment, particularly with regard to social and environmental standards.

The GIF is supported by “Funding Partners” who are sovereign donors and multilateral institutions that provide a minimum of $10 million over the initial three-year pilot phase. Current Funding Partners are the World Bank ($10 million), China ($20 million), Canada ($16 million), Australia ($15 million), Japan ($15 million), and Singapore ($10 million). A U.S. contribution will allow the GIF to consider more projects, or ones that are larger and have a greater development impact.

During a three-year pilot phase, the GIF will focus on “upstream” activities that are necessary before a specific project can proceed. These upstream activities include technical assistance in creating a regulatory and policy environment that is conducive to attracting private capital, project preparation, financial structuring, and credit enhancement. Once this first phase has been launched, the GIF will seek support from donors for a second phase of “downstream” activities. These will primarily consist of co-financing or credit enhancement support for the early-stages of projects where the risk is highest and traditional finance is harder to obtain.

GIF resources are expected to be recovered through reimbursements or fees that will be collected when an infrastructure project receives its financing through private investments.

The GIF is currently reviewing its initial slate of potential projects. It plans to support at least
four significant and three to six smaller infrastructure projects across a range of countries and sectors during the first phase. To ensure a consistent focus, GIF will consolidate pockets of infrastructure expertise spread across the World Bank Group.

**How GIF Promotes U.S. Interests**

As the global focus on infrastructure investment continues to grow, the United States must maintain its leadership in multilateral infrastructure initiatives to ensure infrastructure projects around the world are supportive of U.S. national interests, such as good governance, transparency, and social and environmental protection. Joining the GIF as a Funding Partner would gain a seat for the United States on the Governing Council. It would also allow the United States to significantly influence GIF activities by shaping strategies and policies, helping to develop the process for selecting technical implementing partners, and selecting projects and financing. U.S. investment in the GIF would allow for regular engagement with other emerging donors, ensuring that support for the UN Sustainable Development Goals is achieved. Finally, as a Funding Partner, the United States could urge the GIF to work with U.S. partners, such as the Overseas Private Investment Corporation, which helps support U.S. investment abroad and selects projects that support U.S. national security interests.

**Achieving and Measuring Results**

The GIF will measure results based on the number of infrastructure projects it helps bring to financial close. Since the GIF’s activities will be tailored to each infrastructure project, each will have its own individual metrics of success. The GIF will report its activities and progress to the Funding Partners on a regular basis, at least annually.
Treasury International Programs

Environmental Trust Funds

Global Environment Facility

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Treasury requests $146.6 million for the Global Environment Facility (GEF). This amount includes $136.6 million for the third of four installments of the sixth replenishment of the GEF (GEF-6), which will run from FY 2015-2018, and $10 million for earlier GEF-6 commitments. The United States pledged $546 million to GEF-6 as part of a $4.43 billion replenishment that concluded in April 2014.

Program Description

Funding for the GEF supports environmental projects that advance U.S. interests abroad, such as pollution reduction that prevents toxic chemicals from making their way into the air, water, and U.S. food supply. With almost 4,000 projects approved since 1991, the GEF has strengthened management of 33 major river basins and one-third of the world’s large marine ecosystems. GEF projects have increased food security, protected wildlife habitats, and enriched the livelihoods of millions of people worldwide.

The GEF is being asked to do more than ever, including implementing the Minamata Convention on Mercury and projects supporting the President’s Executive Order on Combating Wildlife Trafficking. Seeking to achieve greater impacts and recognizing that many crucial environmental challenges are not confined to particular countries or sectors, the GEF has introduced three “integrated approach programs.” These programs address environmental problems that cross sectors and international borders, specifically the environmental degradation caused by global commodity supply chains, inefficient city planning, and food insecurity in Africa.

How the GEF Promotes U.S. Interests

The GEF benefits the U.S. economy and environment by addressing many external environmental problems that affect American health, safety, and prosperity. For example, the GEF has supported efforts to conserve important fish stocks through habitat protection outside U.S. waters. These efforts contribute to more sustainable global fisheries, which are critically important to the U.S. food supply chain (the United States imports approximately 94 percent of its seafood) and to U.S. companies. Similarly, the GEF’s sustainable forest management projects support our domestic logging industry, and the jobs it creates, by curbing illegal logging abroad.

In some cases, U.S. companies and workers benefit directly from GEF activities. Given the wealth of technical expertise in the environment and energy sectors in the United States, many
American companies have been involved in GEF projects overseas. For example, a GEF grant of $5 million for a disaster risk reduction and climate adaptation project in the Caribbean involved procurement of sea level monitoring equipment and supplies from a small business in Tallahassee, Florida. U.S. companies from 23 states and the District of Columbia have received contracts to participate in GEF-backed projects.

**Meeting GEF Commitments**

This request includes $10 million to catch up on GEF-6 commitments, consistent with the multi-year payment plan. The United States applied $77 million of our FY 2015 appropriations to fulfill the GEF-5 commitment and generate a $36 million encashment credit, resulting in a payment of only $60 million (or 44 percent) of the first GEF-6 installment of $136.6 million. The $10 million will help put GEF-6 payments back on track and will help position the United States to capture a $32 million encashment credit in FY 2018. Keeping current on GEF-6 commitments will have a strong positive impact on other donors and will maintain U.S. influence to promote policy changes at the GEF. The United States has $135 million in unmet commitments from GEF-2 and $45 million in earlier commitments from GEF-6.

U.S. annual contributions have a direct impact on how many projects can be approved by the GEF Council each year. Failing to make a contribution in FY 2017 may stall many projects.

**Achieving and Measuring Results**

In FY 2015, the GEF Council approved a total of $1.1 billion for 130 projects covering biodiversity, climate change mitigation, chemicals and waste, land degradation, international waters, and sustainable forest management. These projects are expected to achieve the following results:

- Protection and planning of 70 million hectares of productive landscapes and seascapes to promote both conservation and development;
- Investments in multi-country collaborations to improve management of six shared freshwater systems;
- Safe disposal of 2,700 metric tons of pesticides and reduction of more than 360 metric tons of mercury emissions;
- Reduction of 460.6 million metric tons of carbon dioxide pollution; and
- Stabilization of nine percent of globally over-exploited fisheries and encouragement of more sustainable levels of fishing.

The GEF is effective at setting goals, learning from experience and measuring impact and success. Every four years, the GEF’s Independent Evaluation Office produces a comprehensive public evaluation of the previous period. These evaluations feed into the development of the qualitative and quantitative programming objectives for each programming area, which the GEF strives to meet over the four-year replenishment period.

**Project Examples**

**Biodiversity and Forest Conservation in the Congo.** In 2011, the GEF funded an $8 million regional project across the Congo River Basin to remove barriers to sustainable finance for the
region’s protected area system, home to the African elephant, African buffalo, okapi, bongo, bonobo and gorilla. The project funded trainings and seminars to build local knowledge and capacity, set up innovative financial systems to generate revenue for the local people, and helped governments put in place regulatory and legal systems to promote protected area financing. Through these activities, the project protected various endemic species (including those mentioned above), reduced illegal logging, discouraged erosion-causing land conversion, and mitigated environmental changes through enhanced protection of the region’s vast carbon sinks.

**Snow Leopard Conservation.** In 2012, the GEF completed a $2.5 million project in Kazakhstan to demonstrate approaches to sustainable and replicable conservation of the snow leopard. The project expanded the protected area network in Kazakhstan, raised awareness of and support for biodiversity conservation among all stakeholders, and increased opportunities for alternative livelihoods for locals living in and around protected areas. Of critical importance was expanding capacity to respond to forest fires, a significant threat to a snow leopard habitat in Kazakhstan. The project constructed fire detection towers in areas that are more prone to fires, usually near communities; improved the local fire detection and control capacity; and established and trained community-based rapid response fire brigades. Best practices and lessons learned from this project were disseminated and replicated in other countries.

**Chemicals Management.** In 2012, the GEF implemented a project in the Philippines to improve the health of people in small scale gold mining communities by reducing mercury emissions. Mercury can cause permanent damage to fetuses, resulting in miscarriages, chronic diseases, and developmental problems. Mercury emissions from gold mining can also travel long distances around the globe, contaminating the world’s fisheries and the U.S. food supply. Building on the Philippine government’s national plan, the project reduced mercury use in gold mining through the demonstration and replication of mercury reduction and elimination projects. Additionally, the GEF project provided trainings to local and national stakeholders on mercury-free gold mining techniques and technologies.
Green Climate Fund

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Treasury is requesting $250 million for the Green Climate Fund (GCF) in FY 2017 as part of a combined Treasury Department and State Department request of $750 million in FY 2017. In 2014, the United States made a multi-year pledge of $3 billion to the initial resource mobilization of the GCF.

Program Description

The GCF is a multilateral trust fund designed to foster resilient, low-emission development in developing countries. The GCF uses a range of financial instruments to support projects across all sectors, including transport, water and other infrastructure, energy generation and efficiency, agriculture, and forestry. The GCF also helps countries mobilize private sector capital and strengthen policy environments. Key features of the GCF include:

- **A dedicated Private Sector Facility (PSF).** The GCF will dedicate a significant portion of its resources to private sector projects and mobilizing private finance. As an initial step, the GCF has allocated up to $700 million to competitively-selected funding proposals that will target two strategic objectives: 1) supporting micro-, small- and medium-sized enterprises in developing countries that provide innovative products and services, and 2) supporting innovative financial structures that mobilize capital from institutional investors.

- **Broad donor base.** As a core institution in the global effort to increase resilience and reduce emissions, the GCF is supported by a broad donor base, with $10.2 billion pledged by 46 governments, including nine developing countries, ranging from Mexico to Mongolia, and four cities and provinces. The GCF will develop policies to accept contributions from foundations and the private sector.

- **Global reach.** The GCF will work through a large network of public and private partners—including multilateral development banks, private sector entities, non-governmental organizations, and government agencies—to help it reach communities in developing countries worldwide. The GCF’s partners or Implementing Entities are required to pass a comprehensive and rigorous accreditation process to ensure that their financial management, fiduciary standards, and environment and social safeguards meet GCF requirements.

- **Transparency.** The GCF is one of the most transparent organizations of its kind. The vast majority of Board documents, including project proposals, are publicly available on the GCF website, and over two hundred civil society and business organizations are accredited to view Board meetings live. Recordings of all Board meetings are put in the public domain after the proceedings. The Board includes active observers from both the private sector and civil society.
• **Efficient setup.** The GCF is an independent fund based in South Korea with the World Bank serving as its interim trustee, and is designed to work through a network of existing institutions. As such, it can maintain a relatively lean Secretariat and keep overhead costs low.

**How the GCF Promotes U.S. Interests**

Supporting the GCF advances U.S. interests in four key areas:

• **Supporting national security.** Climate change is a threat multiplier that can exacerbate existing threats to international security, such as competition for natural resources, disease, and civil strife. Many of the world’s poorest countries are vulnerable to conflict and among the most vulnerable to climate change. By enabling these countries to build resilience and adapt to changing weather patterns, sea level rise, and extreme events, the GCF will help counter security threats that otherwise could require more costly, reactive interventions. The GCF’s resilience investments will also help safeguard billions of dollars of U.S. development support in other sectors, especially health, food security, and infrastructure.

• **Leveraging global action on climate change and clean growth.** Many emerging markets are already among the largest emitters of greenhouse gases (GHGs), and their emissions are growing quickly. Enabling them to transition to cleaner energy sources and increased resource efficiency is essential for the success of our collective effort to keep GHG emissions below dangerous levels under the recent Paris Agreement on climate change. The GCF will help support the implementation of the recently adopted Paris Agreement, in which all countries commit to putting forward successive and ambitious, nationally determined climate targets and reporting on their progress towards them using a rigorous, standardized process of review.

• **Developing new markets and reducing risk of economic shocks.** Fast-growing developing economies are engines of global economic growth, and key trade and investment partners of the United States. By helping countries to secure needed electricity and increase resource efficiency, the GCF will help to develop markets that are ripe for U.S. export and investment. By improving resilience to extreme weather events in more vulnerable economies, the GCF will contribute to reducing risks of economic shocks that can create humanitarian crises.

• **Supporting U.S. firms.** In addition to opening new markets for U.S. exports and investment, the GCF can directly support U.S. companies that are well-placed to participate in the particular sectors in which it invests. For example, of the top 30 markets for U.S. renewable energy exports—as determined by the Commerce Department—more than half are eligible for GCF investments. As has occurred in other multilateral environment funds, the GCF is beginning to directly finance some projects that have U.S. sponsors or use U.S. equipment and services.
Meeting GCF Commitment

The Treasury Department and the State Department request a total of $750 million for the GCF in FY 2017. It is important for the United States to meet its pledge to the GCF for three key reasons:

- **U.S. leadership.** The United States currently has a GCF Board seat and is well-positioned to help make the GCF an effective, well-governed institution with strong fiduciary standards and environmental and social safeguards. Failure to meet our funding pledge would impede U.S. efforts to significantly shape the direction of the new institution.

- **Financing the GCF pipeline.** As of late 2015, the GCF had received funding proposals totaling $1.6 billion, and demand for GCF resources continues to grow. A lack of support from the United States would mean that the GCF would be less likely to prioritize and fund the types of projects that are U.S. priorities.

- **Mobilizing other contributors.** U.S. leadership in the GCF is critical to securing resources from other contributors. In 2016, the GCF aims to develop policies to accept contributions from foundations and the private sector, and U.S. leadership is key to garnering their support.

Achieving and Measuring Results

The GCF results management framework includes three core indicators—emissions reductions, beneficiaries of resilience investments, and additional finance mobilized—plus additional sector-specific indicators. The GCF will continuously improve its performance by learning from regular results reporting as well as evaluations undertaken by its Independent Evaluation Unit, which reports directly to the GCF Board.

The GCF has committed $168 million to its first eight projects and programs. Although that is only a small fraction of what the GCF is likely to commit in 2016, the expected results from these projects demonstrate what the GCF is designed to do in the future. The first eight projects are expected to:

- Reduce cumulative emissions by 6.7 million metric tons of carbon dioxide (CO2) equivalent in aggregate;
- Improve resilience of over 3.5 million individuals who are direct and indirect beneficiaries; and

Project Examples

**East Africa.** In Rwanda, Kenya, and Ethiopia, more than 59 million people lack access to clean, reliable, and affordable electricity. The GCF worked with Acumen Fund—a U.S.-based impact investor—to establish a private equity fund that will invest in early-stage small- and medium-sized enterprises (SMEs) in East Africa’s off-grid solar sector. The GCF is providing an anchor $20 million equity investment in the fund that has a $100 million target size. The equity fund aims to invest in SMEs that collectively will provide clean energy to 15 million
people, at least half of whom live on less than $2.50 per day, and reduce emissions by 1.5 million metric tons of CO₂ equivalent.

**Latin America and the Caribbean.** Increasing energy efficiency is one of the most effective options for reducing emissions and boosting productivity, but a lack of available financing has stunted energy efficiency efforts in Latin America and the Caribbean. Led by the Inter-American Development Bank, an energy efficiency green bond program will issue bonds backed by energy efficiency lending portfolios to attract a new source of finance for efficiency projects. Phase I will support projects in Mexico; Phase II will expand the program to Colombia, the Dominican Republic, and Jamaica. The GCF approved $20 million in financing for Phase I and a $2 million technical assistance grant to develop Phase II. The GCF may allocate up to $215 million in partial credit guarantees and loans to support future phases of this innovative financial structure.

**Malawi.** Communities and farmers throughout Malawi are highly vulnerable to the impacts of climate change, particularly droughts. Implemented by the United Nations Development Programme (UNDP), a GCF project will invest in early-warning systems and boost the capacity of Malawi’s meteorological service to integrate climate data into its forecasts and to disseminate this information to vulnerable farmers and communities. The project aims to increase the incomes and resilience of more than three million Malawians and increase productivity in the agriculture and fisheries sectors. The GCF is providing a $12.3 million grant, supplemented with $3.8 million from UNDP and the Government of Malawi.
Central America and Caribbean Catastrophe Risk Insurance Program

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Treasury requests $12.5 million for a contribution to the Central America and Caribbean Catastrophe Risk Insurance Program multi-donor trust fund set up at the World Bank to support the expansion of sovereign catastrophe risk insurance coverage to Central America under the CCRIF Segregated Portfolio Company.

**Program Description**

This contribution will support the provision of affordable insurance against natural disasters to as many as six Central American countries and the Dominican Republic, by expanding coverage under the CCRIF model. Established in 2007, CCRIF was designed as a regional mechanism to limit the financial impact of natural disasters on Caribbean governments. It is now expanding to provide insurance coverage to Central American countries as well.

CCRIF is the world’s first multi-country risk pooling facility. It offers participating governments parametric insurance products, providing fast-disbursing liquidity in case they are affected by tropical cyclones, earthquakes, or excess rainfall of a certain magnitude. Rather than conducting an extensive on-the-ground assessment of individual losses, CCRIF provides insurance coverage – called “parametric” insurance – in which payouts are made based on a pre-agreed trigger, such as wind speed, or the amount of loss calculated in a pre-agreed model. This approach allows CCRIF to settle insurance claims very quickly and provide quick cash payouts to help recipient governments manage the immediate aftermath of a disaster. This enables a more effective post-disaster response and reduces long-term economic damages.

By joining together, participating governments are able to purchase insurance at more affordable rates than if they approached the market individually.

Donor support for the CCRIF Central American expansion is provided through a multi-donor trust fund housed at the World Bank. Donor funds are necessary initially to provide capital to make payouts as needed, purchase reinsurance, provide technical assistance, and cover necessary start-up costs until sufficient capital is amassed from premium payments. Over the longer term, participating country premiums will build capital, and the facility is expected to become self-sustaining.

**How the CCRIF Promotes U.S. Interests**

Countries in Central America are highly vulnerable to natural disasters. Shocks to these countries, when combined with other factors, can result in security challenges for the region and for the United States, including the displacement of people and mass migrations. The use of parametric insurance can be a sustainable and cost-effective way to increase resilience in
vulnerable developing countries. In addition, by better understanding potential losses associated with natural disasters, governments can also plan better and institute policies that reduce risks over the longer term.

The CCRIF expansion to Central America is also part of the broader U.S. Government effort to address the root causes of poverty and insecurity that are underpinning increased migration from the region to the United States. The funding for the CCRIF expansion will contribute to the continued implementation in FY 2017 of a comprehensive whole-of-government strategy that aims to strengthen security, improve governance, and broaden economic prosperity in Central America. In response to the milestones outlined in this strategy, Central American governments have committed their own resources toward the implementation of related programs and reforms, including under the Plan of the Alliance for Prosperity in the Northern Triangle. The CCRIF expansion will provide a critical fiscal buffer for these governments that will help mitigate the disruptive impact of natural disasters on their ability to advance the strategy’s objectives.

Results and Accountability

CCRIF will report on a semi-annual basis to the World Bank on the use of grant proceeds and project performance. CCRIF will also provide its unaudited quarterly financial statements and externally audited annual financial statements to the World Bank.

Since its inception, CCRIF has made a total of 13 payouts to eight member governments, amounting to approximately $38 million. For the 2014-2015 policy years, CCRIF issued 36 annual policies to 15 Caribbean countries and made four payouts totaling $3.4 million, to three countries on excess rainfall policies. To ensure transparency and accountability, CCRIF conducts regular reporting against its strategic objectives, soliciting internal auditing services from independent auditors. It is also subject to ex-post assessment and evaluation by the World Bank.

Project Example

Anguilla. On October 13, 2014, Tropical Cyclone Gonzalo became a Category 1 hurricane and hit Anguilla. Under Anguilla’s excess rainfall policy and consistent with CCRIF’s policy of providing payouts within two weeks of a qualifying event, CCRIF provided a payout of $493,465 to Anguilla two weeks later.
Treasury is seeking $33.5 million for its Office of Technical Assistance (OTA), an increase of $10 million over the FY 2016 enacted level. The request supports a commitment made by Secretary Lew at the Financing for Development conference in 2015 to double OTA’s assistance and significantly increase U.S. Government support for Domestic Resource Mobilization (DRM) by 2020, helping countries to better raise and manage their own financial resources. This significant and critical investment will enable OTA to respond more quickly to the growing demand for financial technical assistance in support of U.S. foreign policy, economic development, and national security priorities.

**Program Description**

Now in its 25th year, OTA enjoys a reputation of providing timely, expert, well-targeted, sound, and cost-effective technical assistance to developing and transitional countries. OTA operates in five core areas: helping countries build efficient revenue collection, well-planned and executed budgets, judicious debt management, sound banking systems, and strong controls to combat money laundering and other economic crimes. This work is critical for meeting broader strategic goals, such as private sector-led economic growth, reduction in corruption, increased accountability and transparency, and reduced dependence on foreign assistance.

OTA is a small, cost-effective program that leverages a cadre of highly experienced technical advisors who work side-by-side with host country counterparts in central banks, finance ministries and financial enforcement authorities. Projects are centered on providing countries with the knowledge and skills required to move toward financial self-sufficiency and security — including the capability to generate and better manage their own government finances and safeguard their financial system from abuse. OTA supports host-country designed, and mutually approved, objectives that help to safeguard scarce public resources, deliver critical services, and achieve other sustainable and tangible outcomes.

Since 2009, with the exception of one year, OTA’s direct appropriation has generally fluctuated between $23 and $27 million per year. However, during this time, the demand for OTA assistance around the world has significantly increased. As a result, OTA is increasingly obliged to turn down promising requests or prematurely curtail existing projects.
OTA would use the increased budget resources in FY 2017 to initiate and expand engagements in support of DRM and to strengthen public financial management in those areas where OTA’s expertise would have the most impact, including:

- Mobilizing domestic resources through improved tax administration and sustainable debt management;
- Improving the quality and accountability of public spending through better and more transparent budget systems; and
- Strengthening financial sector oversight and combating corruption and illicit finance flows.

In addition, OTA would increase its investment in two economic development priorities that are part and parcel to the goal of mobilizing and putting to good use financial resources: financial inclusion and infrastructure finance. Both areas are Treasury and U.S. Government priorities where OTA has comparative advantages as an assistance provider and where there is strong and growing demand for high-quality technical assistance from countries in sub-Saharan Africa, Asia, Latin America, and the Middle East/North Africa.

**How OTA Promotes U.S. Interests**

Treasury’s technical assistance program is one of the most cost-effective investments in promoting international stability, U.S. national security, the development of foreign markets for U.S. exports, and, in turn, U.S. job creation. Unless developing countries can exercise the core functions of government, including raising and marshaling their own revenues and setting the stage for a vibrant market economy, they will remain dependent on foreign assistance, including from the United States. A capable country contributes to a growing international market and international stability, both of which benefit the United States.

OTA performs an important role in national security by helping countries combat financial crimes, money laundering, and terrorist financing, while enabling them to better fulfill their international commitments. OTA also performs an important public diplomacy and leadership role as the program works on a direct ministry-to-ministry basis, building goodwill and cross-border ties. OTA is an important investment that complements other U.S. foreign assistance, making such assistance more effective. For example, an OTA project that improves the regulatory and supervisory environment for mobile money complements other projects that focus on improved mobile money platforms and financial inclusion.

**Achieving and Measuring Results**

OTA implements a well-crafted system to monitor and evaluate program performance, from project initiation, through execution, to post-project evaluation. For each project, OTA and the relevant foreign ministry or central bank identify the high-level aims of the engagement, which are reflected in signed terms of reference. The terms of reference are complemented by a detailed work plan specifying the activities, deliverables, and timelines for achieving those goals, as well as the outcomes that will provide evidence that the goals have been met. In addition, OTA advisors provide monthly reports and trip reports to Treasury leadership and other stakeholders on the execution of the work plan, including progress against project objectives.
These reports are validated through ongoing dialogue with advisors coupled with on-site project reviews conducted by OTA management. In addition, post-project reports evaluate the results of completed technical assistance, and are used as a basis to improve the planning and execution of future projects.

Each year OTA evaluates the level of “traction,” or the degree to which changes in partner governments’ behavior occur as a result of OTA assistance (e.g., the number of foreign officials who are taking an active role in pursuing change, or interim deliverables that are on time or ahead of schedule). OTA also evaluates “impact,” or the extent to which the objectives are actually achieved for each technical assistance project. Levels of traction and impact are measured by OTA advisors and headquarters staff according to specific indicators that are relevant to each of the five OTA core areas. For example, an evaluation of a revenue administration project may consider the extent to which the engagement improved the capacity of the partner country to audit tax returns, including in specialized sectors such as financial services. In the budget area, the evaluation may measure the extent to which the project helped to enhance transparency, accountability, and control over financial resources through the implementation of a new budget classification system.

Finally, OTA uses a customer survey instrument to collect information directly from country counterparts who have first-hand knowledge of OTA engagements. OTA monitoring and evaluation have consequences: projects showing results receive continued investment of OTA resources, while poorly performing projects, such as those where OTA’s counterparts lack political will to implement reform, are terminated and the resources reallocated to other projects.

Project Examples

Crisis Response in Ukraine. Shortly after the fall of the Yanukovych Administration in early 2014, the interim Ukrainian government requested Treasury technical assistance as part of the U.S. government’s rapid response. Over the ensuing months, OTA initiated a range of projects to stabilize the banking sector and strengthen government finances. One of the greatest risks during the transition was Ukraine’s shaky financial sector. OTA expertise was sought to help manage problem bank resolution and to create a more sustainable public debt portfolio. Through intense, intermittent engagements with senior management of the National Bank of Ukraine (NBU), Deposit Guarantee Fund (DGF), and Ministry of Finance (MoF) in the areas of banking supervision, government fiscal operations, and debt and liability management, OTA advisors were a key component of the broader U.S. strategy to support the Ukrainian government. While the Government of Ukraine still faces many financial challenges, OTA’s initial response was important in helping to limit the negative impact of Ukraine’s financial crisis. The response also laid the groundwork for a robust, ongoing Treasury technical assistance engagement aimed at implementing fiscal and financial sector reforms under International Monetary Fund (IMF) and World Bank programs, promoting economic growth, and fighting corruption. OTA has initiated additional engagements in Ukraine in the areas of infrastructure finance and development, Treasury cash management, and tax administration. OTA’s work in Ukraine is coordinated closely with the World Bank, the IMF, the European Bank for Reconstruction and Development, and USAID. Along with these and other U.S. and international stakeholders, OTA will continue to be an important part of the efforts to stabilize the Ukrainian economy and implement
economic reforms with the goal of building a foundation for sustainable post-crisis economic growth.

**Zambia Strengthens Coordination on Corruption Investigations.** Improved cooperation brokered by OTA between the Zambia Revenue Authority’s (ZRA) internal affairs and internal audit units resulted in the identification by these units of the loss of significant fees that should have been paid to the government from transport operators. In 2014, the Zambian government’s internal audit unit (similar to the Government Accountability Office in the United States) compared records of the ZRA and of the road safety agency regarding tax certificates for minibus operators. A number of discrepancies were found, including issuance of certificates by unauthorized employees, and the loss of up to $166,000 in fees that were not turned over to the ZRA. The internal audit unit referred the findings to the internal affairs unit, following both working-level cooperation and a formal written agreement, resulting in the suspension of seven employees. While the amount of money at stake in this specific case is relatively small, the demonstration effect of a strengthened internal audit unit should pay far greater dividends in terms of deterring corrupt activities.

**Guatemala Prosecutes Complex Money Laundering Case.** In 2014, a three judge panel ruled that a criminal organization operating through a shell import/export company had laundered more than $48 million in Guatemala. The ringleader and seven other currency exchange operators located on the border with Mexico were sentenced to six to ten years in prison for money laundering. OTA had helped to strengthen the financial intelligence, analytic, and investigative capabilities of the Guatemalan Financial Intelligence Unit (FIU), all of which contributed to the development of this case. OTA had also worked closely with the Public Ministry to help prosecutors understand and manage financial crimes cases, including how to utilize information from the FIU and other sources, and how to present financial crimes cases in court. OTA had also facilitated interagency coordination among the FIU, Public Ministry, and U.S. and Mexican law enforcement counterparts, to fully develop the case.
Annex 1: FY 2017 Appropriations Language and Authorization Request

Below is a summary of proposed appropriations language and authorizations request. Brackets indicate proposed deletions from the Consolidated Appropriations Act, 2016. Italics indicate insertions.

**FY 2017 Appropriations Language**

**CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION**
For payment to the International Development Association by the Secretary of the Treasury [$1,197,128,000] $1,384,072,000, to remain available until expended.

**CONTRIBUTION TO THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**
For payment to the International Bank for Reconstruction and Development by the Secretary of the Treasury for the United States share of the paid-in portion of the increases in capital stock, [$186,957,000] $5,963,421, to remain available until expended.

**CONTRIBUTION TO THE INTER-AMERICAN DEVELOPMENT BANK**
For payment to the Inter-American Development Bank by the Secretary of the Treasury for the United States share of the paid-in portion of the increase in capital stock, [$102,020,448] $21,939,727, to remain available until expended.

**CONTRIBUTION TO THE NORTH AMERICAN DEVELOPMENT BANK**
For payment to the North American Development Bank by the Secretary of the Treasury for the United States share of the paid-in portion of the increase in capital stock, [$10,000,000] $45,000,000, to remain available until expended.

**LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS**
The Secretary of the Treasury may subscribe without fiscal year limitation to the callable capital portion of the United States share of such capital stock in an amount not to exceed $255,000,000.

**CONTRIBUTION TO THE ASIAN DEVELOPMENT FUND**
For payment to the Asian Development Bank’s Asian Development Fund by the Secretary of the Treasury, [$104,977,000] $99,233,000, to remain available until expended.

**CONTRIBUTION TO THE AFRICAN DEVELOPMENT BANK**
For payment to the African Development Bank by the Secretary of the Treasury for the United States share of the paid-in portion of the increase in capital stock, [$34,118,027] $32,418,000, to remain available until expended.
LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS
The United States Governor of the African Development Bank may subscribe without fiscal year limitation to the callable capital portion of the United States share of such capital stock in an amount not to exceed $507,860,808.

CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND
For payment to the African Development Fund by the Secretary of the Treasury [$175,668,000] $214,332,000, to remain available until expended.

GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAM
For payment to the Global Agriculture and Food Security Program by the Secretary of the Treasury [$43,000,000] $23,000,000, to remain available until expended.

CONTRIBUTION TO THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
For payment to the International Fund for Agricultural Development by the Secretary of the Treasury [$31,930,000] $30,000,000, to remain available until expended.

CONTRIBUTION TO THE GLOBAL INFRASTRUCTURE FACILITY
For payment to the International Bank for Reconstruction and Development as trustee for the Global Infrastructure Facility by the Secretary of the Treasury, $20,000,000, to remain available until expended.

GLOBAL ENVIRONMENT FACILITY
For payment to the International Bank for Reconstruction and Development as trustee for the Global Environment Facility by the Secretary of the Treasury, [$168,263,000] $146,563,000, to remain available until expended.

GREEN CLIMATE FUND
For payment to the International Bank for Reconstruction and Development as trustee for the Green Climate Fund by the Secretary of the Treasury, $250,000,000, to remain available until expended.

CONTRIBUTION FOR CENTRAL AMERICA AND CARIBBEAN CATASTROPHE RISK INSURANCE PROGRAM
For payment to the International Bank for Reconstruction and Development as trustee for the Central America and Caribbean Catastrophe Risk Insurance Program multi-donor trust fund by the Secretary of the Treasury, for the support of catastrophe risk insurance and related technical assistance for CCRIF Segregated Portfolio Company participating countries, $12,500,000, to remain available until expended.
INTERNATIONAL AFFAIRS TECHNICAL ASSISTANCE
For necessary expenses to carry out the provisions of section 129 of the Foreign Assistance Act of 1961, [$23,500,000] $33,500,000, to remain available until September 30, [2018] 2019, which shall be available notwithstanding any other provisions of law.

FY 2017 Authorization Request

NORTH AMERICAN DEVELOPMENT BANK GENERAL CAPITAL INCREASE
NORTH AMERICAN DEVELOPMENT BANK
SEC. 547. First Capital Increase.
(a) Subscription Authorized.—
(1) The Secretary of the Treasury may subscribe on behalf of the United States to 150,000 additional shares of the capital stock of the Bank.
(2) Any subscription by the United States to the capital stock of the Bank shall be effective only to such extent and in such amounts as are provided in advance in appropriations Acts.
(b) Limitations on Authorization of Appropriations.—
(1) In order to pay for the increase in the United States subscription to the Bank under subsection (a), there are authorized to be appropriated, without fiscal year limitation, $1,500,000,000 for payment by the Secretary of the Treasury.
(2) Of the amount authorized to be appropriated under paragraph (1)—
(A) $225,000,000 shall be for paid in shares of the Bank; and
(B) $1,275,000,000 shall be for callable shares of the Bank.".