

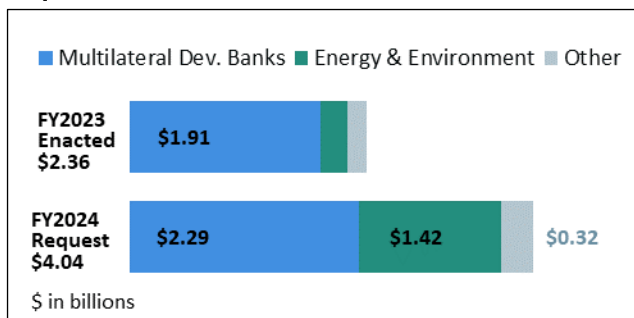


International Financial Institutions: FY2024 Budget Request

For FY2024, the Biden Administration is requesting \$4.04 billion for the international financial institutions (IFIs). These include the International Monetary Fund (IMF), the multilateral development banks (MDBs), and associated multilateral trust funds focused on climate change and food security. The FY2024 request for the IFIs is 70% more than the amount in FY2023 (\$2.36 billion, **Figure 1**), and accounts for about 6% of the total FY2024 Department of State, Foreign Operations, and Related Programs (SFOPS) budget request.

U.S. funding for the IFIs is administered by the Treasury Department, which is responsible for managing U.S. participation in these institutions. Congress authorizes and appropriates U.S. contributions to the IFIs. The Senate Committee on Foreign Relations and the House Committee on Financial Services are responsible for managing MDB authorization legislation. The SFOPS Subcommittees of the House and Senate Committees on Appropriations manage the relevant appropriations legislation. Over the past several decades, authorizations and appropriations for U.S. contributions to the IFIs have been included in annual SFOPS appropriations or larger omnibus appropriations acts.

Figure 1. Treasury’s International Programs Budget Request



Source: U.S. Treasury Department, *International Programs Congressional Justification for Appropriations, FY2024*.

Overview of the FY2024 Request

More than half of the Treasury international programs request—\$2.29 billion—is U.S. funding to the MDBs, which finance development projects in low- and middle-income countries. The second largest portion of the request is \$1.42 billion for multilateral energy and environmental trust funds, more than five times the amount enacted in FY2023 (\$275.2 million). Together, the MDBs and the trust funds focused on energy and the environment account for about 90% of the FY2024 request.

Multilateral Development Banks

Most of the MDBs provide two types of financial assistance: concessional financing, which provides grants and low-cost loans to the world’s poorest countries, and

non-concessional financing, which provides market-based loans to middle-income and some low-income countries. Nearly 80% of the budget request for the MDBs is for the concessional lending facilities. The FY2024 request includes annual installments towards multi-year pledges, including: \$1.48 billion to the **International Development Association (IDA)**, the World Bank’s concessional lending facility; \$224 million for the **African Development Fund**, the concessional lending facility of the African Development Bank; and \$107.2 million for the **Asian Development Fund**, the concessional lending arm of the Asian Development Bank.

The request also includes annual installments towards previously negotiated, multi-year capital increases of two MDB non-concessional lending facilities. Specifically, the Administration is requesting \$233.3 million for the **International Bank for Reconstruction and Development (IBRD)**, the World Bank’s non-concessional lending facility, and \$54.6 million for non-concessional lending by the **African Development Bank**. U.S. contributions to capital increases protect U.S. voting shares at these institutions.

Additionally, the budget request includes two new MDB funding initiatives. The first is \$75 million for a new capital increase at the **Inter-American Investment Corporation (ICC, also called IDB Invest)**. The ICC is part of the Inter-American Development Bank (IADB), which focuses on private sector development. The second is \$119.3 million for two **new programs at the Asian Development Bank**: (1) the Innovative Finance Facility for Climate in Asia and the Pacific and (2) the Energy Transition Mechanism Partnership Trust Fund.

Energy and Environmental Trust Funds

U.S. funding for multilateral climate change and environmental initiatives has varied over time, and the Administration is requesting \$1.42 billion for FY2024, up from \$275 million enacted in FY2023. Specifically, the Administration is requesting

- \$800 million for the **Green Climate Fund (GCF)**, which is established within the framework of the United Nations Framework Convention on Climate Change (UNFCCC) to assist developing countries in adaptation and mitigation practices to counter climate change (the State Department budget request includes an additional \$800 million for the GCF);
- \$425 million for the **Clean Technology Fund (CTF)**, which provides concessional resources to be combined with MDB resources to support clean energy, climate adaptation, and sustainable land use;
- \$168.2 million for the **Global Environment Facility**, which provides mostly grants to developing countries to

address biodiversity, land degradation, chemical waste, and other environmental issues; and

- \$27 million for **Resilient Development Trust Funds**, MDB-managed trust funds focused on building resilience to natural disasters and extreme weather.

Other Funding Requests

In addition to the MDBs, energy, and the environment, the FY2024 budget request includes funding for a variety of international economic programs. Specifically, the request includes

- \$122 million for **multilateral food security programs**, including the International Fund for Agricultural Development (IFAD), a MDB focused on agricultural development, and the Global Agriculture and Food Security Program (GAFSP), a multilateral financing platform focused on food and nutrition security.
- \$52 million for U.S. participation in **multilateral debt initiatives**, primarily through the Common Framework on Debt Treatments (Common Framework) and the Paris Club, a group of governments (excluding China) that negotiate debt relief for developing countries.
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- \$50 million that the Treasury Department could use flexibly to support initiatives at the IFIs and other international organizations to meet “new and emergent priority needs.”
- \$40 million for a first-time contribution by the United States to the **Global Infrastructure Facility (GIF)**, a global collaboration platform to address support infrastructure development projects. (The Obama Administration requested funding for the GIF in FY2017 but no appropriations were made).
- \$45 million for Treasury’s **Office of Technical Assistance (OTA)**, a small office that provides technical assistance to developing countries in a variety of economic and financial policy areas.

Authorization Requests

For FY2024, the Administration is not requesting any appropriations for the International Monetary Fund (IMF), but is seeking two authorization requests.

- **Authorization to use previously appropriated funds:** The Biden Administration is requesting authorization to use FY2023 appropriations of \$20 million to extend loans from Treasury’s Exchange Stabilization Fund (ESF) to IMF funds focused on developing countries. The specific IMF funds include the IMF’s Poverty and Growth Trust Fund (PRGT), which provides concessional lending to low-income countries, and the IMF’s Resilience and Sustainability Trust (RST), which provides long-term financing to low- and middle-income countries to address long-term challenges (such as climate change and pandemic preparedness). This authorization request was included in Treasury’s FY2023 budget request but was not included in the final appropriations legislation.

- **Extension of U.S. participation in IMF supplemental fund:** The Administration is requesting a five year-extension of U.S. participation in the New Arrangements to Borrow (NAB). The \$480 billion NAB is a borrowing arrangement between 38 IMF members, including the United States. The NAB supplements core IMF resources. The NAB is currently authorized through 2025.

The Administration is also seeking authorization to exempt bonds issued by IDA from regulations by the Securities and Exchange Commission (SEC), similar to the exemption that IBRD bonds are granted. The Administration requested this authorization in its FY2022 and FY2023 budget proposals, and legislation that would allow these exemptions was also introduced in February 2023 (H.R. 1161), as well as in the 117th Congress (H.R. 8484).

FY 2024 Supplemental Request

In August 2023, the Administration requested an additional \$2.25 billion for the World Bank as part of a larger supplemental budget request to Congress. The request includes \$1.25 billion for the IBRD to leverage \$25 billion in lending at below non-concessional rates. The Administration argues that this additional funding for the IBRD would allow the World Bank to respond more effectively to global challenges and provide a “credible alternative to PRC [People’s Republic of China] financing.” The remaining \$1 billion would be for IDA to support low-income countries facing a number of crises, including food insecurity and destabilizing fragility and conflict.

The FY2024 supplemental request also includes authorization language to allow the U.S. government to lend up to \$21 billion to the PRGT and RST.

Potential Policy Questions for Congress

- The FY2024 budget request for the IFIs is 70% higher than the amount enacted in FY2023. Why is U.S. support of the IFIs a good use of U.S. taxpayer funds?
- How does the Administration evaluate the effectiveness of multilateral environmental funds and determine the appropriate level of U.S. commitments to these funds?
- Both the World Bank and the IMF are trying to increase financing to combat climate change. How should these organizations consider climate change in the context of economic development and macroeconomic stability?
- Why does the Treasury Department require a new fund to meet “new and emergent” needs at the IFIs?

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