Message from the Secretary of the Treasury

Dear Member:

On behalf of President Biden, it is my pleasure to submit the Congressional Budget Justification for the Department of the Treasury's International Programs for Fiscal Year 2023. The Administration requests $4.375 billion for Treasury International Programs. This includes $1.906 billion for the multilateral development banks (MDBs), $2.3 billion for multilateral climate change and environment funds, $20 million for International Monetary Fund facilities and trust funds, $43 million for food security, $38 million for Treasury's Office of Technical Assistance, and $67 million for debt relief and restructuring.

Treasury International Programs, particularly through the international financial institutions (IFIs), support important national security priorities. They are vital to supporting financial stability, sustainable and inclusive economic growth, clean energy transition, climate change mitigation and adaptation, food security, health security and pandemic preparedness, and poverty alleviation in developing countries. Developing countries have been struggling to recover from the impacts of the COVID-19 pandemic, are the most vulnerable to the impacts of climate change, and many are now facing economic, energy security, and food security shocks emanating from Russia's invasion of Ukraine.

The MDBs are making critical investments in high-quality, sustainable infrastructure, clean energy, and food security, while also building greater resilience to economic, climate, and health shocks. Along with the International Monetary Fund (IMF), the MDBs have played leading roles in helping countries enhance social and economic inclusion and to respond to and recover from the COVID-19 pandemic. The IMF's new Resilience and Sustainability Trust will support countries undertaking structural transformations to bolster pandemic preparedness and access to sustainable energy sources. U.S. contributions to the IFIs and multilateral funds also provide for an unparalleled financial catalytic impact. U.S. contributions are multiplied by contributions from other donors (at a ratio of at least five to one), resources the IFIs generate themselves, and funding from capital markets. Projects financed by the MDBs and multilateral funds also mobilize significant private sector investment and funding from other official sector financiers.

The proposed contributions to climate change and environmental funds are essential for facilitating the global transition to global net-zero greenhouse gas emissions (GHGs) over time. These funds are critical to help developing countries reduce their GHGs and to enhance global energy security by supporting countries to diversify their energy sources and reduce their dependence on fossil fuel imports. These funds are also essential in assisting the most vulnerable countries to adapt to the impacts of climate change.

By supporting significant investments in infrastructure and in addressing climate change, Treasury International Programs will deliver on the goals of the Build Back Better World (B3W) initiative to drive investment in high-quality infrastructure. These programs are also necessary to advance the Biden-Harris Administration's vision of a foreign policy for the American middle class: they support global financial stability and economic growth, which are important for domestic job creation and economic dynamism, including by supporting increased exports of U.S. goods and services.

The United States is either the largest or a leading shareholder and contributor to the IFIs, which enables the United States to assert unmatched influence and leadership on a range of global economic and security issues. Fulfillment of this request is a powerful means to sustain U.S. global leadership.

Sincerely,

Janet L. Yellen

Janet L. Yellen

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FY 2023 Executive Summary

The Administration's FY 2023 Budget requests $4.375 billion for the Treasury Department's International Programs. This request is a critical component of the Biden-Harris Administration's approach for restoring American global standing and leadership through our allies and multilateral institutions, including the international financial institutions (IFIs), and will help the United States confront many of the global challenges that we face. These challenges include confronting the existential threat of climate change, continued response to the COVID-19 pandemic, and fully restoring global economic growth and pre-pandemic progress in reducing poverty. It is particularly imperative that we scale up our efforts to support low-carbon, sustainable, inclusive, and resilient economic development for the wellbeing and economic security of Americans and people around the world. The Russian invasion of Ukraine further reinforces the need for a strong U.S.-supported development finance system. The large number of refugees and spillover impacts of the war on energy markets, food prices, trade, and remittances will require a robust and well-resourced response.

Treasury's International Programs, particularly U.S. contributions to multilateral development banks (MDBs), provide important financing, policy and technical support for quality infrastructure investment, climate change adaptation and mitigation, public health, digital development, and gender equality, which are essential to delivering on the goals of the Build Back Better World (B3W) initiative. They also contribute to enhancing equity and fostering the inclusion of disadvantaged and marginalized people in developing countries that have not adequately shared the benefits of development.

The institutions and programs supported by this request are a cost-effective way for the United States to advance its geostrategic interests and to deliver results on the ground across a range of issues that are critical to the Biden-Harris Administration's objective to promote a foreign policy for the middle class. The International Monetary Fund (IMF) supports international macroeconomic and financial stability. The World Bank, the preeminent development institution, regional development banks, multilateral funds, and Treasury's bilateral technical assistance program support economic development, reducing global poverty and inequality, addressing climate change, as well as infrastructure investment, food security, and social and economic inclusion. Through its engagement with multilateral institutions and through bilateral technical assistance, Treasury helps developing countries attract and sustain private investment for clean and sustainable infrastructure that will increase prosperity. Further, these institutions and programs reflect and promote American values related to good governance, transparency, and sound debt management.

Supporting economic prosperity overseas also bolsters economic dynamism and prosperity at home by expanding markets for U.S. exports, which creates jobs for the U.S. middle class and protects the stability of the American economy. Treasury International Programs also safeguard and improve the wellbeing of the American people in other ways. For example, U.S. contributions to climate change and environment funds not only help protect the global climate, but they also reduce harmful chemicals in the air that Americans breathe and in the water they drink. They also sustain the availability of food and natural resources from overseas on which Americans depend.

Treasury International Programs play a critical role in achieving the President's historic climate finance pledge, and account for a significant portion of the over $11 billion included in the Budget for international climate change finance in FY 2023. The Administration is requesting $2.315 billion in appropriations for Treasury climate change and environmental funds and programs[1]. This includes $1.6 billion for the Green Climate Fund (GCF), as well as requests for the Climate Investment Funds (CIFs) Clean Technology Fund (CTF), the Global Environment Facility (GEF), and the Tropical Forest and Coral Reef Conservation Act (TFCCA). Including the proposed loan to the CTF[2], Treasury International Programs will support approximately $4.513 billion in international climate finance. These programs will accelerate progress toward meeting the goals of the Paris Agreement by assisting developing countries in reducing greenhouse gas emissions, adapting to climate change and building resilience, and investing in sustainable infrastructure. These programs will also invest in forest conservation and other nature-based solutions, which simultaneously support developing country climate change efforts and broader environmental goals.

Our contributions to the MDBs are also critical to support U.S. climate change goals as they are the among the largest and most efficient financiers of systemic change to address climate change. In 2019, the OECD estimates that multilateral development banks contributed over $42 billion or 53 percent of the total amount of climate finance investments that developed countries mobilized for developing countries. In addition, the MDBs are vital partners to help countries achieve the Sustainable Development Goals (SDGs), including investments in access to clean energy, education, health, clean water and sanitation, infrastructure, and decent work

The FY 2023 budget also seeks funding and necessary authorization to lend up to $21 billion to IMF facilities and trust funds, including to the IMF's concessional facility, the Poverty Reduction and Growth Trust (PRGT), and the new Resilience and Sustainability Trust (RST). The IMF is the premier international institution for promoting and sustaining global financial stability, which is critical for sustained growth and increasing living standards, both at home and overseas. The IMF's role is especially important as vulnerable countries grapple with the ongoing shock of COVID-19 and spillovers from Russia's further invasion of Ukraine. The PRGT provides highly concessional financing to the world's poorest countries to support macroeconomic stability and sustain their ability to expand health and social sector spending as they continue to recover from the COVID-19 pandemic. The proposed Resilience and Sustainability Trust (RST) will provide longer-term, concessional financing alongside full-fledged IMF programs to support countries undertaking structural reforms to boost resilience to pandemics and transition to more sustainable energy sources.

These contributions will strengthen the United States' ability to lead within the IFIs to promote more inclusive and sustainable development pathways, to increase the allocation of financing to

[1] Of this total, the $2.293 billion is considered to be climate finance. Because the Global Environment Facility (GEF) supports multiple environmental goals, only 85 percent of GEF funding ($127.67 million) is included in the climate finance totals.

[2] The Administration requests $550 million for the CTF in FY 2023, of which $520 million will subsidize a loan to the CTF. Based on current assumptions, the Administration estimates that this will support a loan of approximately $3.22 billion.

the world's poorest and most fragile countries, and to continue to deliver on key reforms aimed at improving governance, effectiveness, and financial discipline. Proposed contributions to the IFIs will also sustain their relevance to developing countries that are facing higher demands for lending and investment for COVID-19-recovery, energy transition, resilience to the changing climate and other priorities, including response to energy and food price increases and other spillover effects from Russia's further invasion of Ukraine. Absent a strong MDB system, developing countries will increasingly turn to other alternatives, including to non-transparent sources of development finance.

Treasury's Office of Technical Assistance provides finance ministries, central banks, and other government institutions specialized expertise, including through embedded advisors, to enhance domestic revenue mobilization, improve financial regulation, and combat financial crimes. In so doing, it helps create conditions for private sector led growth, including increased private sector investment in infrastructure, thereby supporting the B3W initiative. And Treasury debt relief and restructuring programs help developing countries to achieve fiscal sustainability and create fiscal space for investments in infrastructure, public health, pandemic recovery, and environmental protection and conservation.

Multilateral Development Banks

The FY 2023 Budget requests $1.906 billion for the MDBs. The MDBs play key roles in the effort to reduce poverty, increase economic growth, foster economic and social inclusion, develop high-quality infrastructure, and fight climate change. This advances U.S. foreign policy objectives of sustaining peace and stability, promoting security, and protecting the global environment. Specifically, the MDBs are key to achieving the Administration's B3W goals. They engage in policy dialogue; mobilize private finance; support the implementation of high technical, environmental, social and governance standards; promote innovation; and provide finance to low and middle income countries for low-carbon and resilient infrastructure development.

Annually, the MDBs invest approximately $35 billion in quality infrastructure and support developing countries in mobilizing billions more in private capital. Collectively, the MDBs are the largest contributors towards achieving the goal for developing countries to mobilize $100 billion goal for climate mitigation and adaptation in developing countries annually.[3] The MDBs have also played a leading role in the global response to the COVID-19 pandemic. Since the start of the pandemic, they have provided nearly $127 billion to address the health and economic impacts of the pandemic, and they continue to have a strong role in the financing and deployment of vaccines and efforts for pandemic preparedness and response.

The MDBs are among the most effective and efficient means through which the United States can support developing countries in reducing their greenhouse gas emissions, adapting to the impacts of climate change, and building resilience. The MDBs have also been strong partners in

[3] In 2019, the OECD estimates that multilateral institutions provided and mobilized over $42 billion or 53 percent of the total amount of investments attributed to developed countries for for developing countries for climate change mitigation and adaptation.

promoting a positive development agenda for disadvantaged, marginalized or vulnerable groups and lifting women's access to equal political, social and economic opportunities.

Financing through multilateral institutions brings significant advantages to the United States, and is an effective way to stretch limited development dollars. Specifically, U.S. taxpayer contributions to the MDBs catalyze contributions from other shareholders, MDBs' internally-generated resources, and funding from capital markets to significantly amplify the assistance levels the MDBs provide to developing countries. MDBs also offer a wide range of instruments, including grants, loans, guarantees and equity, insurance and knowledge products. This array of instruments can make it easier to help de-risk the private sector to come in on U.S. priorities for development in emerging markets. The increased support the Administration requests for the MDBs is critical for enabling the United States to reestablish its leadership on these issues.

Treasury's requests for the MDBs include:

International Bank for Reconstruction and Development (IBRD): an appropriation of $206.5 million towards the fourth of up to six installments to subscribe to the U.S. share of the paid-in portion of the IBRD general and selective capital increases. The FY 2023 Budget also requests a program limitation to allow the United States to subscribe to $1.421 billion in callable capital.

International Development Association (IDA): $1.430 billion in support of IDA programs over the nineteenth and twentieth replenishment periods[4], including towards the first installment to the twentieth replenishment (IDA-20). The Administration also requests authorization for the United States to subscribe to the IDA-20 replenishment in the amount of $3.5 billion. This request is included in the General Provisions found in the Department of State and Other International Programs chapter of the FY 2023 President's Budget Appendix.

African Development Bank (AfDB): an appropriation of $54.6 million for the third of eight installments to subscribe to the U.S. share of the paid-in portion of the seventh general capital increase. The FY 2023 Budget also requests a program limitation to allow the United States to subscribe to $856,174,624 in callable capital.

African Development Fund (AfDF): $171.3 million in support of AfDF programs over the fifteenth replenishment period (AfDF-15; AfDB FY 2020 – FY 2022), including towards a third installment to AfDF-15.

Asian Development Fund (AsDF): $43.6 million in support of AsDF programs over the twelfth replenishment period (AsDF-13; FY 2022 – FY 2025). The Administration also requests authorization to subscribe to the AsDF-13 replenishment in the amount of $174.44 million. This request is included in the General Provisions found in the Department of State and Other International Programs chapter of the FY 2023 President's Budget Appendix.

[4] As noted in the section on IDA, IDA donors and management decided to accelerate the IDA-20 replenishment period by one year. Consequently, this shortened the IDA-19 replenishment period by one year, covering World Bank Fiscal Years (WB FY) 2021 through 2022. The IDA-19 pay-in period remains FY 2021 – FY 2023. The IDA-20 replenishment period is WB FY 2023 – FY 2025.

International Monetary Fund – IMF Facilities and Trust Funds

The FY 2023 Budget requests a total of $20 million and the necessary authorization to enable the United States to lend up to $21 billion in resources from Treasury's Exchange Stabilization Fund (ESF) to the RST and to the PRGT, the IMF's concessional lending facility for low-income countries (LICs). The specific division of lending between the RST and PRGT is yet to be determined.

Climate Change and Environment

Green Climate Fund (GCF): The FY 2023 Budget requests $1.6 billion total for a contribution to the GCF. Established in 2010, the GCF seeks to foster climate-resilient development and zero-emission investment by funding activities across a variety of sectors, including transport; water and other infrastructure; energy generation and efficiency; and land use, including agriculture and forestry. It uses a range of financial instruments to support high impact projects and programs, mobilize private sector capital, and foster stronger policy environments that better address the challenges of a changing climate.

Clean Technology Fund (CTF): The FY 2023 Budget requests $550 million for a contribution to the CTF for the Accelerating Coal Transition (ACT) Investment program, which aims to support developing countries' transition away from coal. The ACT program complements the United States' bilateral efforts to promote a just energy transition in targeted countries. The Administration intends to use $520 million for the subsidy cost of a loan with an estimated value of approximately $3.22 billion. The Administration will use $30 million as a grant to support administrative costs of the loan.

Global Environment Facility (GEF): The FY 2023 Budget requests $150.2 million to support a first installment to the GEF's eighth replenishment (GEF-8). Established in 1991, the GEF is a multilateral trust fund that provides mainly grant-based funding to assist developing and transitional countries in addressing global environmental challenges in five focal areas: (1) biodiversity; (2) chemicals and waste; (3) climate change; (4) land degradation (primarily deforestation and desertification); and (5) international waters.

Food Security

International Fund for Agricultural Development (IFAD): The FY 2023 Budget requests $43 million to support including for the second of three installments towards the International Fund for Agricultural Development's twelfth replenishment (IFAD-12).

Technical Assistance – Office of Technical Assistance

The FY 2023 Budget requests $38 million for Treasury's Office of Technical Assistance (OTA). Funding will help ensure that OTA is able to respond quickly and sustainably to growing demand for technical assistance in areas that are priorities for the United States. Such areas include: supporting our national security agenda by combating terrorist financing and financial crimes, helping countries fund and sustain their own development through improved domestic resource mobilization and debt management, and creating the conditions for private sector-led economic growth. This consists of improving the climate for private sector investment in infrastructure projects in developing and transitional countries.

Debt Restructuring and Relief

The FY 2023 Budget requests $67 million for bilateral debt restructuring and relief programs. This funding would support the following initiatives:

G20 Common Framework for Debt Treatments beyond the Debt Service Sustainability Initiative (the Common Framework), and Paris Club debt restructuring: The FY 2023 Budget requests $52 million for the United States' participation in debt restructuring and relief programs through the Paris Club and G20. Since the COVID-19 pandemic, the United States has been participating in a G20 initiative that includes China – the Common Framework, which helps low-income countries restructure their debts through a multilateral framework. Given the rising debt burdens of many low-income countries, U.S. participation in the Common Framework and the Paris Club proactively work toward longer-term sustainability for low-income countries and avoid prolonged and costly debt crises.

Tropical Forest and Coral Reef Conservation Act (TFCCA): The FY 2023 Budget requests $15 million for the TFCCA, which enables eligible developing countries with certain concessional debt owed to the United States to redirect some of those payments to support conservation of their tropical forests and/or coral reefs. Protecting biodiversity and combating climate change are central to U.S. national economic and security interests. Conservation of tropical forests and coral reefs is critical to mitigating the impact of climate change, providing clean water, and supporting sustainable jobs in developing countries.

Summary Tables

Table 1: Summary of Previous Appropriations and FY 2023 Request
Treasury International Programs
FY 2021 – FY 2023
(in $ thousands)

	FY 2021 Enacted	FY 2022 Full-year CR	FY 2022 Enacted[1]	FY 2023 Request	FY 2021 Enacted to FY 2023		FY 2022 Enacted to FY 2023	
					$ Change	% Change	$ Change	% Change
Multilateral Development Banks (MDBs)	**1,481,244**	**1,481,244**	**1,527,172**	**1,906,315**	**425,071**	***28.7%***	**379,143**	***24.8%***
International Bank for Reconstruction and Development (IBRD)	206,500	206,500	206,500	206,500	0	*0.0%*	0	*0.0%*
International Development Association (IDA) [2]	1,001,400	1,001,400	1,001,400	1,430,256	428,856	*42.8%*	428,856	*42.8%*
African Development Fund (AfDF)	171,300	171,300	211,300	171,300	0	*0.0%*	-40,000	*-18.9%*
African Development Bank (AfDB)	54,649	54,649	54,649	54,649	0	*0.0%*	0	*0.0%*
Asian Development Fund (AsDF)	47,395	47,395	53,323	43,610	-3,785	*-8.0%*	-9,713	*-18.2%*
International Monetary Fund (IMF) Facilities and Trust Funds	**0**	**0**	**102,000**	**20,000**	**20,000**	***n.a.***	**-82,000**	***-80.4%***
Climate Change and Environment	**139,575**	**139,575**	**274,288**	**2,300,200**	**2,160,625**	***1548.0%***	**2,025,912**	***738.6%***
Green Climate Fund (GCF)	0	0	0	1,600,000	1,600,000	*n.a.*	1,600,000	*n.a.*
Climate Investment Funds (CIFs) - Clean Technology Fund (CTF)	0	0	125,000	550,000	550,000	*n.a.*	425,000	*340.0%*
Global Environment Facility (GEF)	139,575	139,575	149,288	150,200	10,625	*7.6%*	912	*0.6%*
Food Security	**32,500**	**32,500**	**48,000**	**43,000**	**10,500**	***32.3%***	**-5,000**	***-10.4%***
International Fund for Agricultural Development (IFAD)	32,500	32,500	43,000	43,000	10,500	*32.3%*	0	*0.0%*
Global Agriculture and Food Security Program (GAFSP)	0	0	5,000	0	0	*n.a.*	-5,000	*-100.0%*
Office of Technical Assistance (OTA)	**33,000**	**33,000**	**38,000**	**38,000**	**5,000**	***15.2%***	**0**	***0.0%***
Debt Restructuring[3]	**204,000**	**204,000**	**67,000**	**67,000**	**-137,000**	***-67.2%***	**0**	***0.0%***
G-20 Debt Service Sustainability Initiative, Common Framework on Debt Treatments, and Paris Club	0	0	52,000	52,000	52,000	*n.a.*	0	*n.a.*
Heavily Indebted Poor Countries Initiative (HIPC), Bilateral Debt Relief: Somalia and Sudan	189,000	189,000	0	0	-189,000	*-100.0%*	0	*n.a.*
Tropical Forest and Coral Reef Conservation Act (TFCCA)	15,000	15,000	15,000	15,000	0	*0.0%*	0	*0.0%*
TOTAL	**1,890,319**	**1,890,319**	**2,056,460**	**4,374,515**	**2,484,196**	***131.4%***	**2,318,055**	***112.7%***

1. These are the levels included in the Consolidated Appropriations Act, 2022.
2. In FY 2022, the Department of the Treasury also made a $300,000,000 grant to IDA, funded with American Rescue Plan Act resources, to support COVID-response activities during the IDA-19 replenishment period.
3. In FY 2021, Congress also appropriated, on an emergency basis, $120 million to Treasury's debt restructuring account for clearing Sudan's arrears with the IMF.

Table 2: Unmet Commitments at International Financial Institutions
(in $ thousands)

Institution	FY 2017 Enacted	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Enacted[1]	FY 2022 Estimate[2]	FY 2023 Projected
IDA Pledges	620,534	485,264	485,264	485,264	426,574	337,318	337,318
IDA MDRI	643,845	822,665	1,006,855	1,236,345	1,503,865	1,801,195	2,115,145
AfDF Pledges	178,682	156,167	156,167	156,167	154,191	114,191	114,191
AfDF MDRI	112,067	134,377	157,904	172,014	196,711	225,879	242,765
AsDF	284,739	283,943	283,943	283,904	283,904	274,191	274,191
GEF	134,967	134,963	131,951	110,843	102,391	89,666	89,666
IFAD	3,833	3,833	3,833	3,833	3,833	3,833	3,833
MIF/ IDB Lab	25,710	25,710	25,710	25,710	25,710	25,710	25,710
MIGA	6,867	6,867	6,867	6,867	6,867	6,867	6,867
TOTAL	**2,011,244**	**2,053,789**	**2,258,493**	**2,480,946**	**2,704,045**	**2,878,849**	**3,209,685**
Total MDRI	**755,912**	**957,042**	**1,164,759**	**1,408,359**	**1,700,576**	**2,027,074**	**2,357,910**
Total ex-MDRI	**1,255,332**	**1,096,746**	**1,093,734**	**1,072,587**	**1,003,469**	**851,775**	**851,775**

1 The FY 2021 column reflects the levels at which unmet commitments stood after enactment of appropriations legislation and includes any early encashment credits/discounts received. It includes a payment to GEF for unmet commitments and credits/discounts received at IDA, the AfDF, and the GEF.

2. FY 2022 column reflects amounts appropriated by Congress in the Consolidated Appropriations Act, 2022. The decline in unmet commitments for IDA pledges of $89.25 million is due to the $300 million grant provided to IDA with resources from the American Rescue Plan Act.