

# THE BRETTON WOODS COMMITTEE

APRIL 2024

## FY24 Appropriations: A Summary of US Congress Appropriations for the IFIs

The ongoing Congressional budget cycle has come to a significant plateau with the recent passage of the FY24 Appropriations bill. Congressional leaders sent the consolidated measure to President Biden's desk for his signature on March 23, 2024, only hours before a government shutdown would have gone into effect.

Important for the Bretton Woods Committee, the funding bill included major resources and policy provisions related to the international financial institutions (IFIs). This note provides a brief summary of these provisions.

Overall, the bill provided \$58.5 billion in spending for State and Foreign Operations. Of this, approximately four percent, or \$2.3 billion, went toward IFIs<sup>1</sup>. With a few exceptions, Congress generally met the Administration's request and the provided IFI funding exceeded FY23 levels<sup>2</sup>. Both the House and Senate proposed budget bills that kept non-defense appropriations at the same dollar total as 2023 levels, a stipulation agreed to in the 2023 debt limit deal. Broadly, this meant significant cuts made to accommodate strictly necessary increases in funding for certain programs.

### THE WORLD BANK GROUP

The International Development Association (IDA) is the World Bank Group's lending window for the world's 74 poorest and most vulnerable countries, 32 of which are classified as fragile and conflict-affected. IDA is the largest source of development finance for these countries, making highly concessional loans and providing substantial grant assistance as well. Many IDA borrowers and grant-recipients lack access to international capital markets or other viable financing options.

Given IDA's function, regular replenishments are necessary from donor countries. Donor countries typically convene on a three-year cycle to renew IDA pledges. In December 2021, the US pledged \$3.5 billion over three years towards the IDA-20 replenishment, and due to extraordinary public health needs stemming from the COVID19 pandemic, World Bank shareholders agreed to surge funding in FY23 and bring forward the IDA-20 cycle by one year, overlapping the IDA19 and IDA20 pledging cycles. US contributions to IDA went from \$1 billion in FY22 to \$1.43 bn in FY23, and the Administration asked Congress

1 Congressional Record, United States of America, Proceedings and Debates of the 118th Congress, Second Session, March 22, 2024, p. H2116. Available at: <https://www.congress.gov/118/crec/2024/03/22/170/51/CREC-2024-03-22-bk2.pdf>

2 For Analysis of the FY24 Request, see Whitney Debevoise and Brian Bombassaro, Explainer: The President's FY24 Budget Request and the International Financial Institutions, Bretton Woods Committee, 2023, available at: <https://www.brettonwoods.org/sites/default/files/documents/BudgetAnalysis.pdf>

to appropriate \$1.48 billion in FY24, of which about \$50 million was intended to reduce unmet prior year commitments. Congress instead authorized and appropriated \$1.38 billion, which was \$100 million below the Administration's request and \$50 million below the FY23 level. This funding decrease potentially worsens US arrears to the institution.

The International Bank for Reconstruction and Development (IBRD), the World Bank Group's lending window for middle income countries, received \$206 million in funds, matching FY23 levels. The Presidential Budget request included an additional \$26.8 million for loan guarantees that would have enabled \$2 billion in IBRD lending to support energy innovation and diversification in emerging markets.

## THE INTERNATIONAL MONETARY FUND

The legislation encompassed various provisions concerning the IMF. First, Congress extended authorization for the US to participate in the IMF's New Arrangements to Borrow (NAB) through the end of 2030. The NAB is a credit facility which acts as a backstop to the IMF's primary resource base of paid-in quota. As a condition of its approval, Congress asked the Biden Administration to produce a strategy for any further reductions in the NAB and expressed Congressional support for maintaining the IMF as a quota-based institution.

Congress also authorized the US Treasury to lend \$21 billion to the Poverty Reduction and Growth Trust (PRGT), though it declined to authorize any of those resources for use in the IMF's new Resilience and Sustainability Trust (RST). However, Congress also included a provision prohibiting the US Treasury from using any of the new resources authorized for the PRGT to go to the IMF's Resilience and Sustainability Trust (RST). The IMF created the RST in 2022 as a facility to provide longer-term financing for longer-term challenges, such as climate change and pandemic preparedness.

Finally, Congress placed into statute for the first time a restriction on voluntary Special Drawing Right (SDR) transactions. This provision bars the US Treasury from participating in voluntary SDR transactions with any country identified by the US State Department as having committed genocide within the past year, or consistently supported acts of international terrorism.

## REGIONAL MULTILATERAL DEVELOPMENT BANKS

The African Development Bank and Fund provide public sector financing, loans, equity investments, lines of credit, and guarantees to the private sector across the continent. While the AfDB was funded slightly below FY23 levels, it retained a large portion of its commitment from the US. After a dip in funding in FY23, the AfDF saw a 15% funding increase, though still lower than the COVID-related surge seen in FY22.

The Asian Development Fund (AsDF), a grant-only fund supporting the poorest and most vulnerable countries in Asia, saw a 100% increase in funding levels in FY24 as compared to FY23 primarily to make up for previously pledged, but unappropriated funding commitments.

## OTHER MULTILATERAL FUNDS

Following the major global surge in official development assistance in 2022, stemming in particular from assistance to Ukraine and for refugee hosting<sup>3</sup>, the US is not alone in facing constrained budgetary resources. As a result, US support for other multilateral funds were funded at FY23 levels, below the presidential request. The Clean Technology Fund (CTF) supports MDB efforts to scale up their engagement on clean energy, climate adaptation, and sustainable land use by providing scarce concessional resources blended with regular MDB finance. The institution received \$125 million in funding at FY23 levels, below the Presidential request of \$425 million.

The Global Environmental Facility (GEF) primarily provides grant-based funding to assist developing and transitional countries in addressing global environmental challenges. The institution received \$150 million in funding, matching FY23 levels and approximately eleven percent below the President's Request of \$168 million.

Committed to alleviating rural poverty, hunger, and malnutrition, as well as increasing rural incomes and productivity, the International Fund for Agricultural Development (IFAD) was also funded at FY23 levels of \$43 million, slightly more than half the presidential request of \$81 million.

Finally, the Global Agriculture and Food Security Program (GAFSP) continues to be funded at FY23 levels after an increase in funding from FY22 to FY23.

## OTHER TREASURY ASSISTANCE

Providing highly experienced technical advisors who work side-by-side with host country counterparts, the US Treasury's Office of Technical Assistance was awarded the same FY24 funding level as FY23 at \$38 million. The presidential request for the Office of Technical Assistance was \$45 million for FY24.

Although experiencing a dip from FY23, the presidential request was met for FY24 in appropriations funding for the Tropical Forest and Coral Reef Conservation Act (TFCCA) debt treatments. This program, also called "debt-for-nature swaps" enables developing countries with certain concessional debt owed to the US to redirect payments to support conservation of their domestic tropical forests and coral reefs.

Treasury International Assistance programs to support Treasury responsiveness to IFI needs outside the budget cycle were funded at the presidentially requested level.

Finally, the Common Framework for Debt Treatments, an initiative led by the G20 and the Paris Club that was designed to ensure that all G20 members offer poor bilateral borrowers with comparable debt relief in response to the COVID-19 pandemic, was funded at half of FY23 levels and below the presidential request of \$52 million.

As reflected below, both the Biden Administration and the US Congress persist in demonstrating robust backing for US policy and financial leadership within international financial institutions. Although the FY24 budget cycle has concluded, further developments are anticipated, particularly in the form of a supplemental funding bill aimed at aiding Ukraine, Israel, and other prioritized areas within international financial institutions.

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<sup>3</sup> Organization for Economic Cooperation and Development, Official Development Assistance, 2022, *available at*: <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/official-development-assistance.htm>

## IFI Funding levels FY22-FY24

	FY22 Enacted (millions)	FY23 Enacted (millions)	FY24 Enacted (millions)	% Change FY23 to FY24
<b>Total Treasury International Affairs</b>	<b>1,954.3</b>	<b>2,344.4</b>	<b>2,382.7</b>	<b>1.63</b>
<b>International Monetary Fund (IMF)</b>	--	--	N/A	N/A
IMF Quota Subscription ( <i>no budget impact</i> )	--	--	N/A	N/A
IMF NAB Reduction Authorization ( <i>no budget impact</i> )	--	--	N/A	N/A
<b>World Bank Group</b>	<b>1,207.9</b>	<b>1,636.7</b>	<b>1,586.7</b>	<b>-3.05</b>
IDA Replenishment	1,001.4	1,430.2	1,380.2	-3.50
IBRD	206.5	206.5	206.5	0.00
IBRD Capital Increase	206.5	206.5	206.5	0.00
IBRD Loan Guarantees	--	--	0.0	N/A
<b>Regional MDB Accounts</b>	<b>319.2</b>	<b>269.5</b>	<b>338.8</b>	<b>25.71</b>
African Development Bank Capital Increase	54.6	54.6	54.6	0.00
African Development Fund Replenishment	211.3	171.3	197.0	15.00
ADB (IF-CAP)	0.0	0.0	0.0	0.00
Asian Development Fund Replenishment	53.3	43.6	87.2	100.00
EBRD Capital Increase	0.0	0.0	0.0	0.00
IDB Invest: Capital Increase	0.0	0.0	0.0	0.00
IADB	0.0	0.0	0.0	0.00
<b>Multilateral Energy &amp; Environment</b>	<b>274.2</b>	<b>275.2</b>	<b>275.2</b>	<b>0.00</b>
Clean Technology Fund	125.0	125.0	125.0	0.00
Global Environment Facility (GEF) Replenishment	149.2	150.2	150.2	0.00
<b>Global Food Security: IFAD Replenishment</b>	<b>48.0</b>	<b>53.0</b>	<b>53.0</b>	<b>0.00</b>
IFAD Replenishment	43.0	43.0	43.0	0.00
Global Agriculture and Food Security Program	5.0	10.0	10.0	0.00
<b>Debt restructurings</b>	<b>67.0</b>	<b>72.0</b>	<b>41.0</b>	<b>-43.06</b>
Common Framework for Debt (and Paris Club for FY24)	52.0	52.0	26.0	-50.00
Offsets, rescissions	--	--	0.0	N/A
Debt-for-Nature swaps	15.0	20.0	15.0	-25.00
<b>Quality Infrastructure: Global Infrastructure Facility</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>
<b>Treasury International Assistance Programs</b>	<b>0.0</b>	<b>0.0</b>	<b>50.0</b>	<b>N/A</b>
<b>Treasury Office of Technical Assistance</b>	<b>38.0</b>	<b>38.0</b>	<b>38.0</b>	<b>0.00</b>

4 U.S. Department of the Treasury, FY 2024: International Programs Congressional Budget Justification and Annual Performance Report and Plan, *available at*: <https://home.treasury.gov/system/files/266/Treasury-International-Programs-FY-2024-CBJ.pdf>. Further Consolidated Appropriations Act, H.R. 2882, 118th Congress, 2024, *available at*: <https://www.congress.gov/bill/118th-congress/house-bill/2882/text>