



# Forest Carbon Partnership Facility

## 6b. FY13 Annual Budget of the Readiness Fund

Twelfth Participants Committee Meeting (PC12)  
Santa Marta, Colombia, June 27-29, 2012

# Outline of Today's Discussion

## I. The Budget Process of the FCPF

- Review of FCPF Budgeting
- Services to REDD Country Participants
- Secretariat and Trustee Functions
- Shared Costs

## II. Status of the FY12 Budget

- Fund Contributions
- FY09-12 Readiness Fund Budgets
- Additional Item Approved in FY12
- Estimated FY12 Expenditures

## III. The FY13 Budget Proposal

- FY13 Proposed Base Budget and Additional Items
- Shared Costs
- Decisions for this Meeting

# I. The Budget Process of the FCPF

## Topics

- Review of FCPF Budgeting
- Services to REDD Country Participants
- Secretariat and Trustee Functions
- Shared Costs

# I. The Budget Process of the FCPF – Review

- FCPF budgets – for both the Readiness Fund (RF) and Carbon Fund (CF) – are based on the World Bank fiscal year (July 1-June 30), with FY13 starting this July 1
- Per the Charter, budgets are approved annually
- FY12 Readiness Fund Budget was approved in June 2011. The first Carbon Fund Budget was also approved in June 2011
- The FY13 Budget of the Readiness Fund **is submitted and proposed for approval in this meeting of the PC**

# I. The Budget Process of the FCPF – Services to REDD Country Participants (1)

## Country Implementation Support

- Direct implementation support, including technical assistance, from Delivery Partners
- Grant supervision and country level review, related to environmental and social due diligence, procurement and financial management policies and procedures of the Delivery Partners and the Common Approach to Environmental and Social Safeguards
- As more countries sign Readiness Preparation Grants and as the other Delivery Partners sign agreements, this category of expenditures will increase

# I. The Budget Process of the FCPF – Services to REDD Country Participants (2)

## Country Advisory Services

- FCPF team coordination of, and feedback on R-PINs, R-PPs and R-Packages
- Guidance on FCPF social and environmental due diligence (SESA guidelines, etc.)
- Sharing cross-country experiences, developing and sharing guidance (e.g., social inclusion, role of private sector) with individual REDD Country Participants

# I. The Budget Process of the FCPF – Services to REDD Country Participants (3)

## REDD Methodology Support

- TAP review of R-PPs and R-Packages
- TAP review of Carbon Fund related themes (e.g., Methodology and Pricing, ER-PINs)
- TAP participation in FCPF meetings
- Close liaison with UN-REDD and international REDD+ programs
- Analysis on key REDD+ topics, lessons learned, and knowledge management (e.g., MRV, Reference Levels)
- Previously Indigenous Peoples capacity building program on REDD+ (\$200k per year, approved FY09-13)
- Contingency (\$200k per year, approved FY09-13)

# I. The Budget Process of the FCPF – Secretariat and Trustee Functions (1)

## The FCPF Secretariat

- Overall program management and activities related to maintaining partnerships among the many stakeholders of the FCPF
- Organization of Annual Meeting and 3 PC meetings per year
- Travel and expenses of REDD Country Participants in meetings
- Previously Supporting the participation of the Indigenous Peoples' Observers (now part of IP/CSO Program costs)
- FCPF website and general communications, translation services
- Previously Task Force on Multiple Delivery Partners and the Common Approach (will not continue in FY13 as such)



# I. The Budget Process of the FCPF – Secretariat and Trustee Functions (2)

## Readiness Fund Administration

Functions related to the World Bank role as Trustee of the Readiness Fund, including:

- Preparing budgets, business plans and financial projections, including long term sources and uses of funds
- Preparation of the FCPF Annual Report
- Accounting, resource management, contracting and contributions management
- Legal services
- Development of M&E framework

# I. The Budget Process of the FCPF – Shared Costs

- ‘Shared Costs’ across both the Readiness Fund and Carbon Fund have included in practice the activities paid out of:
  - FCPF Secretariat and
  - REDD Methodology Support
- Shared 65% by the Readiness Fund 35% by the Carbon Fund (per Charter)
- Shared Costs only to be borne by Carbon Fund from July 1, 2011
- Overall cap of \$12 million that can be charged to the Carbon Fund for Shared Costs over the lifetime of the Fund (Approved by the PC through Resolution PC/8/2011/8)

## II. Status of the FY12 Budget

### Topics

- Fund Contributions
- FY09-FY12 Readiness Fund Budgets
- Additional Item Approved in FY12
- Estimated FY12 Expenditures

## II. Status of the FY12 Budget – Fund Contributions

Contributions to the FCPF Readiness Fund as of June 14, 2012 (US\$m)						
	FY09	FY10	FY11	FY12*	FY13-15*	Totals*
<b>Australia</b>	9.6		8.0	6.3		23.9
<b>Canada</b>			41.4			41.4
<b>Denmark</b>		5.8				5.8
<b>European Commission</b>				2.7	2.5	5.2
<b>Finland</b>	9.0			5.7		14.7
<b>France</b>	4.6	0.6		5.1		10.3
<b>Germany</b>			26.0		12.6	38.6
<b>Italy</b>			5.0			5.0
<b>Japan</b>	5.0	5.0		4.0		14.0
<b>Netherlands</b>	5.0			7.6	7.7	20.3
<b>Norway</b>	5.0	16.4	8.8			30.2
<b>Spain</b>	7.0					7.0
<b>Switzerland</b>	8.2					8.2
<b>United Kingdom</b>			5.8			5.8
<b>United States</b>	0.5	4.5				5.0
<b>Committed Funding</b>	<b>53.9</b>	<b>32.3</b>	<b>94.9</b>	<b>31.5</b>	<b>22.8</b>	<b>235.4</b>
<b>United States</b>					<b>4.0</b>	<b>4.0</b>
<b>Committed Funding plus Pledges</b>	<b>53.9</b>	<b>32.3</b>	<b>94.9</b>	<b>31.5</b>	<b>26.8</b>	<b>239.4</b>

\* Amounts may vary due to exchange rate fluctuations

## II. Status of the FY12 Budget – FY09-FY12 Readiness Fund Budgets

Historical Budgets by Activity	FY09 Revised Budget	FY09 Actual	FY10 Revised Budget	FY10 Actual	FY11 Revised Budget	FY11 Actual	FY12 Budget
Readiness Trust Fund Administration	306	471	484	362	472	366	421
FCPF Secretariat	1,335	988	1,443	1,321	1,762	1,685	1,682
REDD Methodology Support	1,665	827	1,665	1,266	1,489	1,920	1,056
Country Advisory Services	873	801	827	793	959	545	1,543
Country Implementation Support	1,194	409	1,734	1,660	2,025	1,904	2,493
<b>Total Readiness Fund Costs (excluding Carbon Fund Shared Costs)</b>	<b>5,373</b>	<b>3,496</b>	<b>6,153</b>	<b>5,402</b>	<b>6,707</b>	<b>6,420</b>	<b>7,195</b>
Carbon Fund Shared Costs	-	-	-	-	-	-	1,474
<b>Total Facility Operating Costs</b>	<b>5,373</b>	<b>3,496</b>	<b>6,153</b>	<b>5,402</b>	<b>6,707</b>	<b>6,420</b>	<b>8,669</b>

## II. Status of the FY12 Budget – Additional Item Approved in FY12

<b>Indigenous Peoples and CSO Capacity Building Program (from Resolution PC/10/2011/1 rev)</b>	<b>\$000s</b>
<b>Southern CSO Capacity Building Program</b>	<b>230</b>
Support through contracts/grants	200
Travel budget for FCPF meetings	30
Operational budget (travel & incidental)	-
<b>Forest-Dependent Indigenous Peoples and other Forest Dwellers Capacity Building Program</b>	<b>790</b>
Support through contracts/grants	300
Regional Dialogues on FCPF	400
Observers' travel budget for FCPF meetings	75
Operational budget (travel & incidental)	15
Global Dialogue on FCPF	-
<b>TOTAL</b>	<b>1,020</b>

## II. Status of the FY12 Budget – Estimated Expenditures

- Final FY12 expenditures will be reflected in Annual Report prepared in August-September
- With FY12 books closing in one week, estimated expenditures are tentative
- Estimates show spending below overall FY12 budget and in all expenditure categories
- Total underspend will be around \$3.2 million
- Breakdown of underspend and explanations

### III. Status of the FY12 Budget – Estimated Expenditures

Total Facility Operating Costs (\$000s)	FY12 Revised Budget	FY12 Estimate	Underspend	Burn Rates
Readiness Trust Fund Administration	421	356	65	85%
FCPF Secretariat	2,588	2,123	465	82%
REDD Methodology Support	1,624	968	656	60%
Country Advisory Services	1,543	1,166	377	76%
<b>Sub-total</b>	<b>6,176</b>	<b>4,613</b>	<b>1,563</b>	<b>75%</b>
Country Implementation Support	2,493	1,556	937	62%
<b>Sub-total</b>	<b>8,669</b>	<b>6,169</b>	<b>2,500</b>	<b>71%</b>
Additional IP and CSO Program	1,020	344	676	34%
<b>Total Facility Operating Costs</b>	<b>9,689</b>	<b>6,513</b>	<b>3,176</b>	<b>67%</b>

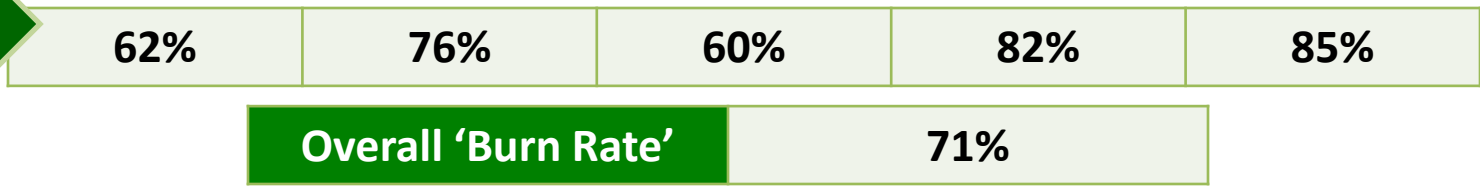
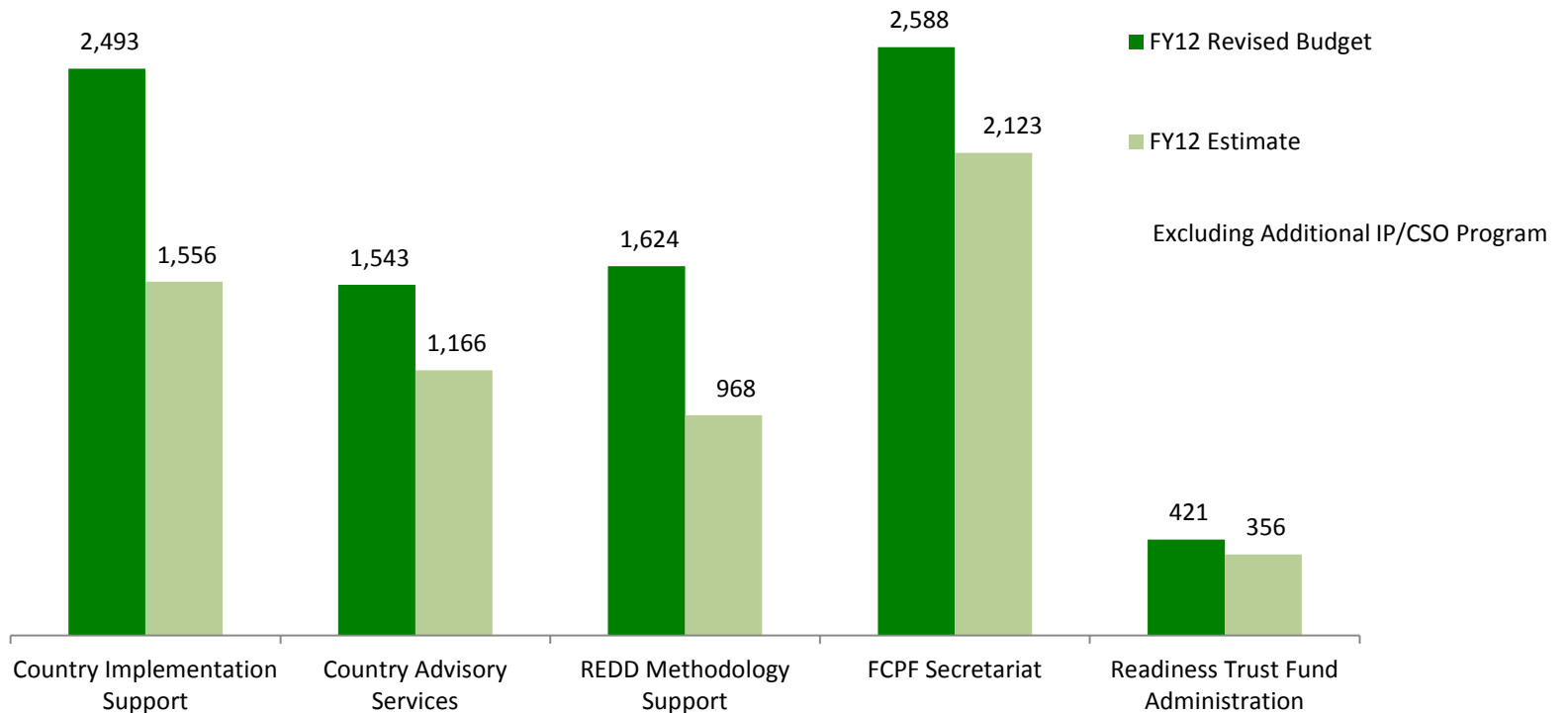


## II. Status of the FY12 Budget – Estimated Expenditures (1)

- Underspends in Trust Fund Administration and Secretariat Costs
- REDD Methodology Support: Major underspends on TAPs (approximately \$500k) and on grants through Indigenous Peoples Capacity Building Program (approximately \$100k)
- Country Advisory Services: Major underspends on Benefit Sharing (\$200k) and general FCPF team coordination of, and feedback, on R-PPs, etc. (\$100k)
- Country Implementation Support: Budget included \$575k for IDB. Remainder of underspend of \$350k is spread across World Bank regions
- Additional CSO/IP Program: Support through contracts/grants delayed (\$500k carried over to FY13). Global Dialogue and 1 Regional Dialogue held in FY12. Second Regional Dialogue budgeted in FY12 to be held in FY13 (\$200k carried over to FY13)

# II. Status of the FY12 Budget – Estimated Expenditures (2)

## FY12 Budget vs. Estimated Expenditure



## II. Status of the FY12 Budget – Indigenous Peoples Capacity Building Program

- In FY09, the PC approved \$1 million for the Indigenous Peoples Capacity Building program during FY09-13
- The program has committed more than \$600k in contracts with organizations of IPs and other Forest Dwellers
- Additional allocation for IP and CSO Program in October 2011 of \$5.5 million over 4 years, including \$1 million for FY12
- Need to switch to small grants system
- Carrying over \$500k of grants and \$200k for Regional Dialogue to FY13

# III. FY13 Budget Proposal

## Topics

- FY13 Proposed Base Budget and Additional Activities
- Shared Costs
- Decisions for this Meeting

# III. FY13 Budget Proposal – Proposed Overall Budget

Facility Operating Costs Budget (\$000s)	FY12 Revised Budget	FY12 Estimate	FY13 Proposed Budget
Readiness Trust Fund Administration	421	356	443
FCPF Secretariat	2,588	2,123	1,456
REDD Methodology Support	1,624	968	1,885
Country Advisory Services	1,543	1,166	1,922
<b>Sub-total</b>	<b>6,176</b>	<b>4,613</b>	<b>5,706</b>
Country Implementation Support	2,493	1,556	5,943
<b>Sub-total</b>	<b>8,669</b>	<b>6,169</b>	<b>11,649</b>
IP and CSO Program	1,020	344	2,590
<b>Total Facility Operating Costs</b>	<b>9,689</b>	<b>6,513</b>	<b>14,239</b>

- Large overall increase explained in subsequent slides

# III. FY13 Budget Proposal – FCPF Secretariat

<b>FCPF Secretariat (\$000s)</b>	<b>FY12 Revised Budget</b>	<b>FY12 Estimate</b>	<b>FY13 Proposed Budget</b>
<b>Base budget</b>	1,455	1,262	1,456
<b>Additional Activities:</b>			
<b>Multiple Delivery Partners</b>	390	221	-
<b>Global IP Consultation</b>	377	444	-
<b>Strengthened Communications</b>	220	76	in base
<b>Expanded translation of documents</b>	146	120	in base
<b>Total</b>	<b>2,588</b>	<b>2,123</b>	<b>1,456</b>

- Base comparators are reasonable

# III. FY13 Budget Proposal – REDD Methodology Support

REDD Methodology Support (\$000s)	FY12 Revised Budget	FY12 Estimate	FY13 Proposed Budget
<b>Base budget</b>	1,569	942	1,338
<b>Additional Activities:</b>			
<b>Reference Levels</b>	55	26	-
<b>MRV/Reference Levels</b>	-	-	309
<b>Private Sector Engagement in REDD+</b>	-	-	150
<b>Registries for REDD+</b>	-	-	88
<b>Total</b>	<b>1,624</b>	<b>968</b>	<b>1,885</b>

- Base budget now includes CF Working Group on Methodology and Pricing, CF TAPs but with a reduced budget for the RF TAPs
- Note additional activities

# III. FY13 Budget Proposal – Country Advisory Services

Country Advisory Services (\$000s)	FY12 Revised Budget	FY12 Estimate	FY13 Proposed Budget
Base budget	967	835	845
<b>Additional Activities:</b>			
Benefit-sharing options	391	177	-
Community Based MRV	185	154	-
Capacity Building for Social Inclusion	-	-	501
Linking Local Initiatives to Strategy	-	-	253
Piloting Forest Governance and Grievance Redress Mechanisms	-	-	217
Legal Readiness for REDD+	-	-	106
<b>Total</b>	<b>1,543</b>	<b>1,166</b>	<b>1,922</b>

- Base comparators are reasonable
- Note additional activities



### III. FY13 Budget Proposal – Country Implementation Support

<b>Country Implementation Support (\$000s)</b>	<b>FY12 Revised Budget</b>	<b>FY13 Proposed Budget</b>
<b>World Bank (25)</b>	1,918	2,343
<b>IDB (3)</b>	575	1,200
<b>UNDP (6)</b>	-	2,400
<b>Total (34)</b>	<b>2,493</b>	<b>5,943</b>

- Increased per country budget for enhancing preparation support, direct engagement, and monitoring by Delivery Partners
- \$400k per country to be paid in advance to Delivery Partners other than the World Bank

# III. FY13 Budget Proposal – Indigenous Peoples and CSO Program

<b>Indigenous Peoples/CSO Program (\$000s)</b>	<b>FY12 Revised Budget</b>	<b>FY13 Proposed Budget</b>
<b>Support through contracts/grants</b>	500	1,200
<b>Support through contracts/grants heldover</b>		500
<b>Regional and Global Dialogues</b>	400	540
<b>Regional Dialogue heldover from FY12</b>		200
<b>Other (travel etc)</b>	120	150
<b>Total</b>	<b>1,020</b>	<b>2,590</b>

- Note amounts heldover from FY12

## III. FY13 Budget Proposal – Proposed Additional Activities

Proposed Additional Activities (\$000s)	FY13 Proposed Budget
MRV/Reference Levels	309
Capacity Building for Social Inclusion	501
Linking Local Initiatives to Strategy	253
Piloting Forest Governance and Grievance Redress Mechanisms	217
Legal Readiness for REDD+	106
Private Sector Engagement in REDD+	150
Registries for REDD+	88
<b>Total</b>	<b>1,624</b>

- See FMT Note 2012-9 re activities to be supported through the Readiness Fund
- Based on Country Needs Assessment

# III. FY13 Budget Proposal – Shared Costs - Recap

- ‘Shared Costs’ across both the Readiness Fund and Carbon Fund have included in practice the activities paid out of:
  - FCPF Secretariat and
  - REDD Methodology Support
- Shared 65% by the Readiness Fund 35% by the Carbon Fund (per Charter)
- Shared Costs only to be borne by Carbon Fund from 1 July 2011
- Overall cap of \$12 million that can be charged to the Carbon Fund for Shared Costs over the lifetime of the Fund (Approved by the PC through Resolution PC/8/2011/8)

# III. FY13 Budget Proposal – Shared Costs - Considerations

- REDD Methodology Support previously included the \$1 million allocation over FY09-FY13 for the Indigenous Peoples Capacity Building Program (so treated as part of Shared Costs)
- In FY12 an additional activity of Global Indigenous Peoples Outreach for \$377k was approved and this was included in FCPF Secretariat Costs (so treated as part of Shared Costs)
- In FY12 budget discussion the PC explicitly agreed not to exclude any large items (such as further work on Multiple Delivery Partners, the global consultation and/or other ‘global activities’) from the Shared Costs to be charged to the Carbon Fund in FY12
- Additional IP/CSO Program approved in October 2011 in Berlin (\$1m for FY12, \$5.5m over 4 years)
- In October the PC was not explicit about whether the additional IP/CSO Program should be treated as Shared Costs

# III. FY13 Budget Proposal – Shared Costs

## Treatment of Shared Costs in FY13 and beyond

- Should the IP/CSO Program be treated as Shared Costs?
- IP/CSO Program budget for FY13 is \$2,590k, so CF share of this alone in FY13 would be \$906k (35%)
- Overall the CF share of the additional \$5.5 million would be more than \$1.9 million and (based on current projections) would take the CF to their limit of \$12 million of Shared Costs over the lifetime of the Fund
- Effectively this means that any future increases in FCPF Secretariat Costs or REDD Methodology Costs would be fully charged to the Readiness Fund
- Should the additional activities included in the FY13 budget for REDD Methodology Support (MRV/RL, private sector, registries) be shared with the CF (Total \$547k so CF share \$191k)?
- FMT recommendation is that IP/CSO costs are wholly charged to the Readiness Fund (i.e. not shared with the CF) but that all other additional activities within the two cost categories (FCPF Secretariat and REDD Methodology) are shared 65/35 with the CF

### III. FY13 Budget Proposal – Shared Costs

Overall Budget with IP/CSO Program NOT shared with CF (\$000s)	FY12 Revised Budget	FY12 Estimate	FY13 Proposed Budget
Readiness Fund	8,215	5,431	13,070
Carbon Fund	1,474	1,082	1,169
<b>Total</b>	<b>9,689</b>	<b>6,513</b>	<b>14,239</b>

Overall Budget with IP/CSO Program shared with CF (\$000s)	FY12 Revised Budget	FY12 Estimate	FY13 Proposed Budget
Readiness Fund	7,858	5,311	12,163
Carbon Fund	1,831	1,202	2,076
<b>Total</b>	<b>9,689</b>	<b>6,513</b>	<b>14,239</b>

## III. FY13 Budget Proposal – Decisions for this Meeting

1. Does the PC wish to exclude any large items (such as the IP/CSO Program or other additional activities) from the Shared Costs charged to the Carbon Fund in FY13?
2. Are there any additional activities included in the FY13 budget that the PC does not wish to approve?
3. Is PC approval provided for the proposed FY13 Readiness Trust Fund budget?





THANK YOU!

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