



Forest Carbon Partnership Facility

2c. FY18 Budget Proposal

Twenty Third Participants Committee Meeting (PC23)

Washington DC, USA March 27-29, 2017

Outline

I. The Budget Process of the FCPF

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

II. Current Status of the Readiness Fund

- Fund Contributions
- FY17 Approved Budget
- Long Term Sources and Uses

III. The FY18 Budget Proposal

- FY18 Proposed Overall Budget
- Shared Costs
- Budgets by Expense Category
- Decision 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 FY18 starting July 1, 2017
- Per the Charter, budgets are approved annually
- FY17 Carbon Fund budget (excluding Shared Costs) was approved at CF 14 in June 2016. FY18 Carbon Fund budget will be considered at CF16 in June 2017. FY17 Readiness Fund budget was approved in May 2016.
- The FY18 Budget of the Readiness Fund (including Shared Costs) **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 (World Bank, IDB and UNDP)
- 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 join the FCPF and sign Readiness Preparation Grants and as the other Delivery Partners become more active, this category of expenditures has increased

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

Country Advisory Services

- FCPF team coordination of, and feedback on R-PPs, Mid Term Reviews 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) with individual REDD Country Participants

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

REDD Methodology Support

- TAP reviews of R-PPs and R-Packages
- Liaison with UN-REDD and international REDD+ programs
- Analysis on key REDD+ topics, lessons learned, and knowledge management (e.g., MRV, Reference Levels, Registries, and Gender)
- Implementation of the Methodological Framework
- Development of program cost assessment tools, decision support tools and technical training modules

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 PC meetings
- Travel and expenses of REDD Country Participants and Observers in meetings
- Second Evaluation of the FCPF
- FCPF website management and broadened general communications, expanded knowledge management and sharing activities
- Translation services

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
- Systematic portfolio monitoring
- Preparation of the FCPF Annual Report
- Accounting, resource management, contracting and contributions management
- Tracking and reporting of M&E framework

I. The Budget Process of the FCPF – Shared Costs

- ‘Shared Costs’ are costs of activities that cut across both the Readiness Fund and Carbon Fund
- ‘Shared Costs 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 borne by the 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)
- Approved as part of approval of Readiness Fund budget by the PC

II. Current Status of the Readiness Fund

Topics

- Fund Contributions
- FY17 Approved Budget
- Long Term Sources and Uses

II. Fund Contributions

FCPF Readiness Fund

Donor Contributions as of March 9, 2017 (in \$ thousands)

Participant Name	Total	Outstanding*	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Australia	23,892							6,330	7,997		9,565
Canada	41,360								41,360		
Denmark	5,800									5,800	
European Commission	5,112	1,060				1,364		2,688			
Finland	23,196				3,230		5,261	5,749			8,956
France	10,340							5,136		592	4,612
Germany	76,766				23,784	13,913	13,113		25,956		
Italy	5,000								5,000		
Japan	14,000							4,000		5,000	5,000
Netherlands	20,270						7,635	7,635			5,000
Norway	113,032	41,736	2,370			38,727			8,801	16,398	5,000
Spain	7,048										7,048
Switzerland	8,214										8,214
United Kingdom	5,766								5,766		
United States of America	9,000						4,000			4,500	500
Committed Funding	368,797	42,796	2,370		27,014	54,004	30,009	31,538	94,880	32,290	53,895

*Amounts may vary due to exchange rate fluctuations.

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II. FY17 Approved Budget

Overall Budget (\$000s)	FY17 Budget
Readiness Trust Fund Administration	165
FCPF Secretariat	1,893
REDD Methodology Support	1,386
Country Advisory Services	1,508
Sub-total	4,952
Country Implementation Support	3,645
Sub-total	8,596
IP and CSO Program (Program Admin, Other (travel, etc))	285
Total Readiness Fund (including Carbon Fund Shared Costs)	8,881

Overall Budget shared between funds (\$000s)	FY17 Proposal
Readiness Fund	7,734
Carbon Fund	1,147
Total	8,881

II. Long Term Sources and Uses

Summary of Long Term Sources and Uses of Readiness Funding (in \$ million, as of March 14, 2017)		
Description	Totals (\$m)	
Sources of funds		
Committed Funding	368.8	
Less 15% discount applied to outstanding contributions that are in a currency other than US dollars, the holding currency of the fund (World Bank policy)	(6.4)	
Investment income to date	17.5	
Total Available Funding		379.9
Uses of funds		
Grant Allocations		
Signed grants to REDD Countries (commitments)	199.0	
Allocations to REDD Countries (not yet signed)	54.5	
Allocations to IP/CSO Capacity Building Program	3.0	
Total Grant Allocations		256.5
Administrative, Operations, and Country Support costs over lifetime of fund		
FY09-16 Actual costs	53.7	
FY17-21 Projected costs	33.2	
Reserve for Delivery Partner capacity for dispute resolution	2.0	
Total Administrative, Operations, and Country Support costs over lifetime of fund		88.9
Total Uses of Funds		345.4
Estimated Reserve: Total Available Funding less Total Uses		34.5

\$368.8 m
in
Available
Funding

Reserve of
\$34.5 m

III. FY18 Budget Proposal

Topics

- FY18 Proposed Overall Budget
- Shared Costs
- Decision for this Meeting

III. FY18 Budget Proposal – Proposed Overall Budget

Overall Budget (\$000s)	FY17 Budget	FY18 Proposal
Readiness Trust Fund Administration	165	224
FCPF Secretariat	1,893	2,263
REDD Methodology Support	1,386	1,117
Country Advisory Services	1,508	1,692
Sub-total	4,952	5,297
Country Implementation Support	3,645	5,135
Sub-total	8,596	10,432
IP and CSO Program (Program Admin, Other (travel, etc))	285	300
Total Readiness Fund (including Carbon Fund Shared Costs)	8,881	10,732

REDD Methodology Support and FCPF Secretariat costs are shown here at 100%. 35% of these costs are shared with the CF.

III. FY18 Budget Proposal – Shared Costs

Overall Budget shared between funds (\$000s)	FY17 Budget	FY18 Proposal
Readiness Fund	7,734	9,549
Carbon Fund	1,148	1,183
Total	8,882	10,732

- Overall budget approximately \$1.8 million more than the equivalent in FY17
- Increase is mainly due to the increase in Country Implementation Support by almost \$1.5 million. This increase reflects the increasing number of countries expected to be implementing initial Readiness preparation grants (\$3.8 million) and additional funding grants (\$5 million) and the related support required from Delivery Partners
- Part of the increase in the budget is also due to a more robust Knowledge, Learning and Communications component (within Secretariat) planned for FY18
- Breakdowns are explained in subsequent slides.

III. FY18 Budget Proposal – FCPF Secretariat

FCPF Secretariat (\$000s)	FY18 Proposal
Base budget	2,263
Total	2,263

- Secretariat budget to increase to \$2.3 million (from \$1.9 million)
- Mainly as a result of the increased Knowledge, Learning and Communications component, which responds to an extended scope of activities as per the new Communications and Knowledge Strategy 2017-2020 (FMT Note 2017-3)
- South-South Knowledge Exchanges (SSKE) and a Global Knowledge Exchange Forum
- revamp of the FCPF website
- increase production of visual and multi-media content for social media and other communication channels

III. FY18 Budget Proposal – REDD Methodology Support

REDD Methodology Support (\$000s)	FY18 Proposal
Base budget	646
Technical Learning and Decision Support	171
Gender Inclusion in Forests and Landscapes	300
Total	1,117

- Base budget includes RF TAPs and general methodology work
- These 2 activities are planned continuation of the FY17 activities
- The continued Gender Inclusion work is intended to strengthen both the REDD Countries' and the Facility's ability to report on gender aspects of Forest and Landscape programs. The FMT Note 2016-1 provides more detail.

REDD Methodology Support costs are shown here at 100%. 35% of these costs are shared with the CF.

III. FY18 Budget Proposal – Country Advisory Services

Country Advisory Services (\$000s)	FY18 Proposal
Base budget	1,692
Total	1,692

- Steady base budget mainly represents sustained FMT support to REDD Countries
- No additional activities planned for FY18
- 45 active REDD Countries, a continued FMT focus on country services is reflected in the base budget

III. FY18 Budget Proposal – Country Implementation Support

Country Implementation Support (\$000s)	FY18 Proposal
World Bank (35)	2,935
IDB (3)	1250
UNDP (7)	950
Total (45)	5,135

- Solely made up of the previously agreed allocations per country for Delivery Partner support i.e., \$650k for initial preparation grants and \$300k for additional funding grants
- reflects increasing number of countries expected to be implementing initial Readiness preparation grants (\$3.8 million) and additional funding grants (\$5 million)
- Includes \$2.2 million expected to be transferred to UNDP and IDB

III. FY18 Budget Proposal – Indigenous Peoples and CSO Program

Capacity Building Program (\$000s)	FY18 Proposal
IP and CSO Program (Program Admin, Other (travel, etc))	300

- Budget is for oversight of IP/CSO Capacity Building program and some meeting attendance for IP/CSOs only
- The IP/CSO grants are no longer included in the operating budget. They will be reported on with other recipient executed activities such as the Readiness Grants

III. FY18 Budget Proposal – Decision for this Meeting

Is PC approval provided for the proposed FY18 Readiness Fund budget of \$10.7 million?



THANK YOU!

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