



Forest Carbon Partnership Facility

2a: Readiness Fund: Update on Funding Availability and criteria for additional funding requests

Twenty Fifth Participants Committee Meeting (PC25)

Washington DC, USA March 26-28, 2018

Introduction

- **Purpose:**

- To inform the PC that there is sufficient funding to meet all previous allocations, and to meet potential allocations at this meeting (Burkina Faso and Dominican Republic)
- To confirm to the PC that all available funding has been almost wholly allocated
- To get agreement from the PC on the proposal regarding grants with a March 2018 signing deadline
- To propose no further calls for requests for additional funding
- Look at treatment of funds remaining at termination of Readiness Fund

- **Main messages:**

- Available funding is almost wholly allocated
- Not possible with current funding to provide additional financing to all REDD Countries, nor feasible in current timeframe

What's in the presentation?

- **Funding status of Readiness Fund, Long Term Sources and Uses**
- **Allocations for Consideration at this PC Meeting**
- **Criteria for additional funding requests**
- **Status of Grants due to be signed by 30 September 2017 and 31 March 2018**
- **Additional Information**
- **FMT Proposals**
- **Future Requests for Additional Funding?**
- **Options for Funds Remaining at Termination of Readiness Fund**
- **Next steps**

FCPF Readiness Fund

Donor Contributions (\$ 000s)

FCPF Readiness Fund

Donor Contributions as of February 28, 2018 (in \$ thousands)

Participant Name	Total	Outstanding*	FY18	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	5,273	1,221					1,364		2,688			
Finland	23,196					3,230		5,261	5,749			8,956
France	10,340								5,136		592	4,612
Germany	106,382		29,616			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	114,194	12,779	30,119	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	399,736	14,000	59,735	2,370		27,014	54,004	30,009	31,538	94,880	32,290	53,895

Additional € 150 million contribution from Germany
 € 125 million to the Carbon Fund
 € 25 million to the Readiness Fund

Long Term Sources and Uses: Sources

Summary of Long Term Sources and Uses of Readiness Funding (in \$ million, as of February 28, 2018)

Description	Totals (\$m)	
Sources of funds		
Committed Funding	399.7	
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)	(2.1)	
Investment income to date	24.7	
Total Available Funding	422.4	

Long Term Sources and Uses: Uses

Summary of Long Term Sources and Uses of Readiness Funding (in \$ million, as of February 28, 2018)		
Description	Totals (\$m)	
Uses of funds		
Grant Allocations		
To REDD Countries		
Signed grants to REDD Countries (commitments)	240.4	
Allocations to REDD Countries (not yet signed)	68.6	
Total Allocation to REDD Countries		309.0
To IP/CSOs		
Initial Allocation to IP/CSO Capacity Building Program (commitments)	3.0	
Additional Allocation to IP/CSO Capacity Building Program (March 2017)	5.0	
Total Allocation to IP/CSO Capacity Building Program		8.0
Total Grant Allocations		317.0
Administrative, Operations, and Country Support costs over lifetime of fund		
FY09-17 Actual costs	60.8	
FY18-21 Projected costs	29.0	
Reserve for Delivery Partner capacity for dispute resolution	1.0	
Total Administrative, Operations, and Country Support costs over lifetime of fund		90.8
Total Uses of Funds		407.8
Estimated Reserve: Total Available Funding less Total Uses		14.6

Observations from Long Term Sources and Uses

- All previous allocations are included in the Total Grant Allocations figure of \$317 million
- There is sufficient funding for all previous allocations, including all those previously waitlisted in September 2017 and all previous virtual allocations
- Estimated reserve available of \$14.6 million

Allocations for Consideration at this PC Meeting

Country	Amount Requested (\$m)	Delivery Partner
Burkina Faso	3.1	WB
Dominican Republic	2.2	WB
Total	5.3	

Estimated reserve of \$14.6 million sufficient to cover allocations for consideration at this meeting of \$5.3 million, with an unallocated reserve remaining of just over \$9 million

Criteria for additional funding requests

- **Significant progress:** the PC recognizes significant achievement of progress, as determined based on the Delivery Partner's mid-term grant monitoring report.
- At least **50%** of the Readiness Preparation Grant (up to \$3.8 million) has already been **committed** at the time of the request for additional funding
- Additional funding to be used to support activities consistent with the endorsed R-PP, to be agreed with the relevant Delivery Partner, taking into account countries' needs
- Proposal submitted in accordance with process
- Availability of resources in the Readiness Fund

Grants due to be signed by 30 September 2017

Country	Amount Allocated (\$m)	Date Allocated	Delivery Partner	Comments
Cambodia	5.0	9/28/2016	UNDP	signed
CAR	3.8	5/31/2013	WB	signed
Chile	5.0	11/6/2015	WB	signed
Cote d'Ivoire	5.0	9/22/2016	WB	signed
Guatemala	5.0	5/5/2016	IDB	to be executed by IDB so effectively signed
Kenya	3.6	10/3/2010	UNDP	Delivery Partner changed to UNDP. New deadline agreed of 31 March 2018.
Madagascar	5.0	9/28/2016	WB	signed
Mexico	5.0	4/19/2015	WB	signed
Nicaragua	5.0	9/28/2016	WB	signed
Paraguay	3.8	4/30/2015	UNDP	signed
Uganda	3.75	5/5/2016	WB	signed
Total	50.0			

Grants due to be signed by 31 March 2018

Country	Amount Allocated (\$m)	Delivery Partner	Comments
Bhutan	4.8	WB	signed
Cameroon	5.0	WB	Not signed. WB awaiting response from Minister of Economy
Columbia	4.9	WB	signed by World Bank
Honduras	2.3	UNDP	to be signed by 31 March 2018
Kenya	3.6	UNDP	Delivery Partner now UNDP. New deadline agreed of 31 March 2018. Should be signed by mid-April.
Lao PDR	4.6	WB	signed by World Bank
PNG	5.0	UNDP	signed
Peru	5.0	IDB	IDB are requesting an extension of the deadline by 90 days (to end of June 2018). Ready to be sent to IDB's Board for approval, but Government of Peru has requested more time to complete internal procedures
Sudan	5.0	WB	signed
Total	40.2		

Update Report

- FMT intends to provide an update report to PC by 31 May 2018 on the status of the country grants due to be signed by 31 March 2018 but not yet signed, with recommendations for those not signed at that time

Additional Information

- Term of fund currently to 31 December 2020
- All current allocations, including at this PC, likely to be almost wholly disbursed by 31 December 2020. FMT is managing the portfolio with this aim
- With these 2 additional funding requests, 35 of the 47 REDD countries in the Partnership will have been allocated additional funding, including all 19 of the Carbon Fund pipeline countries
- 2 countries not yet allocated the initial \$3.8 million grant (Bolivia and Tanzania)
- Future investment income – not possible to predict and not able to commit until credited to the fund

FMT Proposals for approval by PC

- Allocate funding as requested to both countries (Burkina Faso and Dominican Republic), provided they meet the criteria.
- Consider shorter deadline for signing grants e.g., 9 months instead of current 12 months, after which allocation is withdrawn
- PC agrees not to make any grant allocations with a March 2018 signing deadline null and void, until after the May 2018 update

Future requests for Additional Funding?

- Recall unallocated reserve remaining of just over \$9 million
- In order to ensure all funds are disbursed by December 2020, given time taken to sign grants and then to disburse, FMT recommends no further calls for requests for additional funding through Recipient-executed grants
- Instead the FMT proposes looking into options to use the remaining funds for additional Bank-executed work with countries with specific needs eg. MRV gaps, gender and private sector

Funds Remaining at Termination of Readiness Fund

- Any remaining funds at the termination of the Readiness Fund would normally be returned to donors on a pro-rata basis
- Those donors also in the FCPF Carbon Fund could simply transfer their pro-rata balances to the Carbon Fund if they wish
- FMT to look into legal options for those donors not in the Carbon Fund (representing less than 20% of contributions to the Readiness Fund) to also transfer their pro-rata balances to the Carbon Fund should they wish (minimum contribution in Carbon Fund is \$5 million)

Next steps

- Resolutions for 2 countries at this PC, with agreed signing deadline (9 months or 12 months?)
- FMT to provide update report on grant allocations with a March 2018 deadline by end of May 2018, with recommendations for those not signed at that time
- FMT to notify REDD Countries of decision regarding no further calls for submissions for additional funding through Recipient-executed grants
- FMT to look into Bank-executed options eg. MRV gaps, gender, private sector
- FMT to look into legal options for those donors not in the Carbon Fund to also transfer their pro-rata balances to the Carbon Fund should they wish