



# Forest Carbon Partnership Facility

## 4b. FY19 Budget Proposal

Twenty Fifth Participants Committee Meeting (PC25)

Washington DC, USA March 26-28, 2018

# Outline

## I. The Budget Process of the FCPF

- Review of FCPF Budgeting Process
- Cost Categories

## II. Current Status of the Readiness Fund

- Fund Contributions
- FY18 Approved Budget
- Long Term Sources and Uses

## III. The FY19 Budget Proposal

- FY19 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 Process
- Cost Categories

# 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 FY19 starting July 1, 2018
- Per the Charter, budgets are approved annually
- FY19 Carbon Fund budget will be considered at CF 18 in June 2018 (date TBC).
- The FY19 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, UNDP and IDB)
- 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
- With more countries having signed Readiness Preparation Grants and UNDP and IDB being active as Delivery Partners, this category of expenditures comprises a substantial portion of the total budget

# 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
- Staff within the FMT with responsibility for specific country programs (previously termed ‘country focal points’) were transferred from the FMT to the Environment Global Practice within the World Bank in April 2017. For consistency their time spent providing support to these country programs will continue to be charged to this expense category.

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

## REDD Methodology Support

- Technical Advisory Panel reviews of R-PPs and R-Packages
- Liaison with UN-REDD and international REDD+ programs (eg. FIP, GCF)
- 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, other technical training and support tools such as the REDD+ Decision Support Tool

# 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
- Stronger and more systematic portfolio monitoring, with an aim to better identify and respond to barriers to country progress at the portfolio level
- 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
- FY18 Approved Budget
- Long Term Sources and Uses

## II. Fund Contributions

### 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
<b>Committed Funding</b>	<b>399,736</b>	<b>14,000</b>	<b>59,735</b>	<b>2,370</b>		<b>27,014</b>	<b>54,004</b>	<b>30,009</b>	<b>31,538</b>	<b>94,880</b>	<b>32,290</b>	<b>53,895</b>

\* Amounts may vary due to exchange rate fluctuations

## II. FY18 Approved Budget

<b>Overall Budget (\$000s)</b>	<b>FY18 Budget</b>
Readiness Trust Fund Administration	224
FCPF Secretariat	2,263
REDD Methodology Support	1,117
Country Advisory Services	1,692
<b>Sub-total</b>	<b>5,297</b>
Country Implementation Support	5,135
<b>Sub-total</b>	<b>10,432</b>
IP and CSO Program (Program Admin, Other (travel, etc))	300
<b>Total Readiness Fund (including Carbon Fund Shared Costs)</b>	<b>10,732</b>

<b>Overall Budget shared between funds (\$000s)</b>	<b>FY18 Budget</b>
Readiness Fund	9,549
Carbon Fund	1,183
<b>Total</b>	<b>10,732</b>

## II. Long Term Sources and Uses

Summary of Long Term Sources and Uses of Readiness Funding (in \$ million, as of February 28, 2018)	
Description	Totals (\$m)
<b>Sources of funds</b>	
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
<b>Total Available Funding</b>	<b>422.4</b>
<b>Uses of funds</b>	
<b>Grant Allocations</b>	
<b>To REDD Countries</b>	
Signed grants to REDD Countries (commitments)	240.4
Allocations to REDD Countries (not yet signed)	68.6
<b>Total Allocation to REDD Countries</b>	<b>309.0</b>
<b>To IP/CSOs</b>	
Initial Allocation to IP/CSO Capacity Building Program (commitments)	3.0
Additional Allocation to IP/CSO Capacity Building Program (March 2017)	5.0
<b>Total Allocation to IP/CSO Capacity Building Program</b>	<b>8.0</b>
<b>Total Grant Allocations</b>	<b>317.0</b>
<b>Administrative, Operations, and Country Support costs over lifetime of fund</b>	
FY09-17 Actual costs	60.8
FY18-21 Projected costs	29.0
Reserve for Delivery Partner capacity for dispute resolution	1.0
<b>Total Administrative, Operations, and Country Support costs over lifetime of fund</b>	<b>90.8</b>
<b>Total Uses of Funds</b>	<b>407.8</b>
<b>Estimated Reserve: Total Available Funding less Total Uses</b>	<b>14.6</b>

\$422.4 m  
in  
Available  
Funding

\$317 m  
allocated  
as grants

Current  
reserve of  
\$14.6 m

# III. FY19 Budget Proposal

## Topics

- FY19 Proposed Overall Budget
- Shared Costs
- Decision for this Meeting

# III. FY19 Budget Proposal – Proposed Overall Budget

<b>Overall Budget (\$000s)</b>	<b>FY18 Budget</b>	<b>FY19 Proposal</b>
<b>Readiness Trust Fund Administration</b>	224	348
<b>FCPF Secretariat</b>	2,263	2,184
<b>REDD Methodology Support</b>	1,117	739
<b>Country Advisory Services</b>	1,692	1,434
<b>Sub-total</b>	<b>5,297</b>	<b>4,706</b>
<b>Country Implementation Support</b>	5,135	3,195
<b>Sub-total</b>	<b>10,432</b>	<b>7,900</b>
<b>IP and CSO Program (Program Admin, Other (travel, etc))</b>	300	300
<b>Total Readiness Fund (including Carbon Fund Shared Costs)</b>	<b>10,732</b>	<b>8,200</b>

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



### III. FY19 Budget Proposal – Shared Costs

Overall Budget shared between funds (\$000s)	FY18 Budget	FY19 Proposal
Readiness Fund	9,549	7,177
Carbon Fund	1,183	1,023
<b>Total</b>	<b>10,732</b>	<b>8,200</b>

- Overall budget approximately \$2.5 million less than the equivalent in FY18
- Decrease mainly due to the decrease in Country Implementation Support by about \$2 million. This decrease reflects the fact that most of the up-front implementation support resources already transferred to UNDP and IDB (World Bank spread more evenly)
- Breakdowns are explained in subsequent slides

# III. FY19 Budget Proposal – FCPF Trust Fund Administration

<b>FCPF Trust Fund Administration (\$000s)</b>	<b>FY18 Budget</b>	<b>FY19 Proposal</b>
<b>Base budget</b>	224	348
<b>Total</b>	<b>224</b>	<b>348</b>

- Slightly higher than the FY18 budget
- Due primarily to increased human resources dedicated to even stronger portfolio management component to improve the ability to identify and respond to barriers to country progress
- Aim of ensuring full disbursement of all grants by 31 December 2020, the closing date of the Readiness Fund.

# III. FY19 Budget Proposal – FCPF Secretariat

FCPF Secretariat (\$000s)	FY18 Budget	FY19 Proposal
Base budget	2,263	2,184
Total	2,263	2,184

- Secretariat budget remains steady at about \$2.2 million
- Knowledge, Learning and Communications component, which continues to respond to an extended scope of activities as per the Communications and Knowledge Strategy 2017-2020 (FMT Note 2017-3)
- South-South Knowledge Exchanges (SSKE) and a Global Knowledge Exchange Forum
- Revamp of FCPF website
- Increase production of visual and multi-media content for social media and other communication channels

# III. FY19 Budget Proposal – REDD Methodology Support

<b>REDD Methodology Support (\$000s)</b>	<b>FY18 Budget</b>	<b>FY19 Proposal</b>
<b>Base budget</b>	646	330
<b>Technical Learning and Decision Support</b>	171	in base
<b>Gender Inclusion in Forests and Landscapes</b>	300	409
<b>Total</b>	<b>1,117</b>	<b>739</b>

- Base budget includes RF TAPs and general methodology work
- The continued Gender Inclusion work will continue 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. FY19 Budget Proposal – Country Advisory Services

<b>Country Advisory Services (\$000s)</b>	<b>FY18 Budget</b>	<b>FY19 Proposal</b>
<b>Base budget</b>	1,692	1,434
<b>Total</b>	<b>1,692</b>	<b>1,434</b>

- Continued country support to the 46 active REDD Countries
- Slight decrease from the FY18 budget, as a number of countries shift focus from the readiness phase to the results-based phase (the Carbon Fund).
- No additional activities planned for FY19

### III. FY19 Budget Proposal – Country Implementation Support

Country Implementation Support (\$000s)	FY18 Budget	FY19 Proposal
World Bank (36)	2,595	2,895
IDB (3)	1250	0
UNDP (7)	1290	300
<b>Total (46)</b>	<b>5,135</b>	<b>3,195</b>

- 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
- Decrease reflects the fact that most of the up-front implementation support resources already transferred to UNDP and IDB (World Bank spread more evenly)
- Includes \$0.3 million expected to be transferred to UNDP for Suriname

# III. FY19 Budget Proposal – Indigenous Peoples and CSO Program

Capacity Building Program (\$000s)	FY18 Budget	FY19 Proposal
IP and CSO Program (Program Admin, Other (travel, etc))	300	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. FY19 Budget Proposal – Decision for this Meeting**

**Is PC approval provided for the proposed FY19 Readiness Fund budget of \$8.2 million?**

**(Do we need a contact group or should we present the standard budget resolution for approval in the Resolution session in Plenary?)**





THANK YOU!

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