



Forest Carbon Partnership Facility

Financial Matters – Proposed Additional Approval of Contracts

Participants Committee Meeting (FCPF PC4)

Washington, DC - October 28, 2009

Current FCPF Budget Process (I)

- Budgets approved annually by PC as per Charter Section 11.1(o)
 - Key items and larger programs identified in budget presentation for specific approval by PC
- Estimated expenses reviewed each year by the PC prior to the next year's budget approval
- Actual expenditures reviewed each year in the Annual Report

Current FCPF Budget Process (II)

- Annual audits conducted pursuant to the Charter
- All contracting and expenditures follow World Bank consulting and procurement policies, including thresholds for prior review/approval by procurement specialists

PC3 Proposal

- *A proposal was made at PC3 meeting of June 2009 that the PC consider adding a process whereby contracts above \$50,000 are sent for prior approval of the PC Bureau.*
- *A clarification was proposed that this change may apply to particular contract areas, e.g., technical cooperation, knowledge sharing and capacity building activities.*
- *Other PC members suggested that this may add an unnecessary layer or bottleneck to the process.*

Options for Discussion & Decision

The FMT suggests the following options for PC decision:

Option 1 – no change in current budget procedures

Option 2 – prior review and approval by the PC Bureau of any new contracts above a \$50,000 threshold [for technical cooperation, knowledge sharing or capacity building activities]*

Option 3- prior review and approval by the PC Bureau of any individual contract above a \$100,000 threshold [for technical cooperation, knowledge sharing or capacity building activities]*

* FMT advises that such contracts should not include the hiring of individual staff and/or consultants for the usual work of the FMT

Current Status of Contracts

- In reality, most contracts to date or expected are below \$50,000
- Four contracts to date are above \$50,000 – totaling \$361,396 and about 6% of total commitments
 - One contract for the hotel for PC3 in Montreux (went through World Bank general services hotel procurement approval, including competitive bids)
 - Two contracts for IP Capacity Building grants program in Latin America (COONAPIP, IPACC)
 - One contract over \$150,000 agreed with World Agroforestry Centre (ICRAF/ASB Program) to develop training modules for analysis of opportunity costs and to train trainers – leveraging 50% in co-financing from WBI Carbon Finance Assist

Pros and Cons of Prior Approvals

Pros:

- More active participation of Bureau and PC members in budget process
- Greater transparency in budgeting

Cons:

- Potential delays or slowed process
- Additional layer of approval on top of existing WB procurement and contracting policies; extra FMT administrative staff time

Given the strong interest to have more active PC guidance in other technical areas such as R-PP review, the FMT recommendation is Option 1.



THANK YOU!

MERCI!

GRACIAS!