



Forest Carbon Partnership Facility

Readiness Fund:

Update on the

Sources and Uses of Funds

Sixth Meeting of the Participants Committee (PC6)

Georgetown, Guyana

June 28-July 1, 2010

Objectives

- Provide context and history of issue
- Reminder of funding situation and planned sources and uses in June 2009
- Outline current funding situation
- Provide an update on REDD Country grant status
- Explain funding possibilities and present recommendations of the FMT for possible PC Resolution

World Bank Trust Fund Policies: Commitment Authority

- What is commitment authority? An undertaking to commit expenditure at a later date, e.g., through signing a grant agreement
- Standard basis of commitment is cash
- Readiness Fund already operated on non-standard basis of signed unconditional Donor Participation Agreements
- FCPF therefore has additional flexibility beyond most other World Bank managed Trust Funds
- But unable to treat pledges as commitments under World Bank Trust Fund policies until Participation Agreement is signed
- In addition, no disbursements allowed in excess of cash on hand

History of Resolutions on Access to Funding (1)

- **October 2008 (Washington): Resolution PC 2008-2**
 - ‘REDD 1 and REDD 2a’ countries
 - 20 REDD Country Participants each are granted access to a grant of up to US\$3.6 million (Readiness Preparation Grant)
 - ‘REDD 2b’ countries
 - 5 REDD Country Participants each have access to a grant of US\$200,000 (R-PP Formulation Grant)
- **March 2009 (Panama): Resolution PC 2/2009/1**
 - ‘REDD 3’ countries
 - 12 REDD Country Participants selected into the FCPF with no committed funding for grants or for Country Implementation Support

History of Resolutions on Access to Funding (2)

- June 2009 (Montreux): Resolution PC3/ 2009/4
 - “The PC provides access until the sixth meeting of the PC, which is currently planned for June 2010, to a grant up to US\$3.6 million (Total Grant) for the first group of 20 countries selected into the FCPF (subject to the decision by the PC regarding such REDD Country Participant’s R-PP)”
 - “Thereafter all REDD Country Participants shall be equally eligible for the grant, taking into account regional balance”
 - On an exceptional basis “The PC may decide, on a case-by-case basis, to allocate a Total Grant to a REDD Country Participant which is not included in the first group of twenty countries” (e.g., Indonesia)

Sources (June 2010)

Sources	As at 15 June 2010	
	Readiness Fund Expected Contributions (\$m)	
Donor	June 2009	June 2010
Australia	9.6	9.6
Denmark		5.8
Finland	9.0	9.0
AFD (France)	5.0	5.2
Japan	10.0	10.0
Netherlands	20.3	20.3
Norway	30.0	30.2
Spain	7.0	7.0
Switzerland	8.2	8.2
UK*	5.7	5.2
USA	5.0	5.0
Committed Funding	109.8	115.5
Australia		7.8
Germany**	20.2	24.5
Japan		4.0
Committed Funding plus Pledges	130.0	151.8

* Available through the Strategic Climate Fund

** Pledge of €20m awaiting final government approval

Sources and Uses (June 2009)

Readiness Fund Sources and Uses (\$m)			June 2009
On basis of Committed Funding only			
	Unit	Target	Commitment
Number of Grants	1	37	20+5²
Sources			109.8
Uses			
Grants	3.6	133.2	73.0
Country Services and Fixed Operating Costs	1.4 ¹	51.8	38.8
Total Uses	5.0	185.0	111.8
Funding excess/(gap)			(2.0)

1. Preliminary estimate
2. For this "20+5" scenario, Country Services and Fixed Operating Costs include participation and meeting costs, coordination and some review of materials related to the final group of 12 countries

REDD Country Status (1)

REDD Country Participant Status		As at 15 June 2010	
Country	Informal R-PP Presentation	R-PP assessed	Grant Authorized by PC
FIRST 20 COUNTRIES (US\$3.6m Preparation grant)			
Bolivia			
Cameroon			
Colombia			
Costa Rica		June 2010	?
DRC		March 2010	✓
Ethiopia			
Gabon			
Ghana	October 2009	March 2010	✓
Guyana	March 2009	June 2009	✓
Kenya		June 2010	?
Lao PDR			
Liberia			
Madagascar	March 2010		
Mexico		March 2010	✓
Nepal		June 2010	?
Panama		June 2009	✓
Papua New Guinea			
Paraguay			
Peru	June 2010		
Vietnam			
SUB-TOTAL: 20		8	8

REDD Country Status (2)

REDD Country Participant Status		As at 15 June 2010	
Country	Informal R-PP Presentation	R-PP assessed	Grant Authorized by PC
NEXT 5 COUNTRIES (US\$200,000 Formulation grant)			
Argentina	March 2010	June 2010	?
Nicaragua			
Republic of Congo		June 2010	?
Uganda			
Vanuatu			
SUB-TOTAL:	5	2	2
ADDITIONAL 12 COUNTRIES (REDD Country Participants)			
Cambodia			
Central African Republic			
Chile		No signed Participation Agreement	
El Salvador			
Equatorial Guinea		No signed Participation Agreement	
Guatemala			
Honduras			
Indonesia		June 2009	✓
Mozambique			
Suriname	Oct 2009 & March 2010		
Tanzania	June 2010	bilaterally funded	
Thailand			
SUB-TOTAL:	12	1	1
TOTAL:	37	11	11

REDD Country Status (3)

- **FIRST 20 COUNTRIES (REDD 1 and REDD 2a)**
 - 5 countries: Preparation Grant authorized
 - 3 countries: Preparation Grant authorization in process
 - 12 countries: all still eligible for R-PP Formulation Grant, after PC6 equally eligible for a Preparation Grant as all other REDD Country Participants
- **NEXT 5 COUNTRIES (REDD 2b)**
 - 2 countries: Preparation Grant authorization in process
 - 3 countries: all still eligible for R-PP Formulation Grant, after PC6 equally eligible for a Preparation Grant as all other REDD Country Participants
- **ADDITIONAL 12 COUNTRIES (REDD 3)**
 - 1 country: Preparation Grant authorized (Indonesia)
 - 1 country: bilaterally funded (Tanzania)
 - 10 countries: after PC6 equally eligible for a Preparation Grant as all other REDD Country Participants

Possible Sources and Uses (June 2010)

Committed Funding Only

Readiness Fund Sources and Uses (US\$m)							June 2010
On basis of Committed Funding only							
	US\$k per country	Committed ¹		Possible Post PC6 Scenario ¹		Possible Option: R-PP Formulation Grants for all ²	
		No	US\$m	No	US\$m	No	US\$m
Sources			115.5		115.5		115.5
Uses							
Long-term Fixed Facility Costs (FY09 to FY20)							
FCPF Secretariat and Readiness Fund Administration			15.4		15.4		15.4
Available for Grants and Country Services			100.1		100.1		100.1
Grants and Country Services							
Full Support through Readiness Package							
Preparation Grants (US\$3.6m)	3,600	6	21.6	11	39.6	19	68.4
Associated Country Services ³	811	6	4.9	11	8.9	19	15.4
Early Support through R-PP Formulation							
Formulation Grants (US\$200k)	200	20	4.0	15	3.0	17	3.4
Associated Country Services ³	586	20	11.7	15	8.8	17	10.0
Total Grants and Country Services		26	42.2	26	60.3	36	97.2
Funding excess/(gap)			57.9		39.8		2.9

1. 26 REDD Countries = first 25 plus Indonesia

2. 36 REDD Countries = all 37 but excluding Tanzania (bilaterally funded)

3. Country Services are comprised of an average per country share of REDD Methodology Support and Country Advisory Services, plus direct Country Implementation Support

Possible Sources and Uses (June 2010)

Committed Funding plus Pledges

Readiness Fund Sources and Uses (US\$m)							June 2010
On basis of Committed Funding and Pledges							
	US\$ k per country	Committed ¹		Possible Post PC6 Scenario ¹		Possible Option: R-PP Formulation Grants for all ²	
		No	US\$m	No	US\$m	No	US\$m
Sources			151.8		151.8		151.8
Uses							
Long-term Fixed Facility Costs (FY09 to FY20)							
FCPF Secretariat and Readiness Fund Administration			15.4		15.4		15.4
Available for Grants and Country Services			136.4		136.4		136.4
Grants and Country Services							
Full Support through Readiness Package							
Preparation Grants (US\$3.6m)	3,600	6	21.6	11	39.6	29	104.4
Associated Country Services ³	811	6	4.9	11	8.9	29	23.5
Early Support through R-PP Formulation							
Formulation Grants (US\$200k)	200	20	4.0	15	3.0	7	1.4
Associated Country Services ³	586	20	11.7	15	8.8	7	4.1
Total Grants and Country Services		26	42.2	26	60.3	36	133.4
Funding excess/(gap)			94.2		76.1		3.0

1. 26 REDD Countries = first 25 plus Indonesia

2. 36 REDD Countries = all 37 but excluding Tanzania (bilaterally funded)

3. Country Services are comprised of an average per country share of REDD Methodology Support and Country Advisory Services, plus direct Country Implementation Support

Funding Possibilities

- Sufficient **committed** funding for the PC to
 - i) allocate Preparation Grants of up to \$3.6 million for all 5 R-PPs being assessed at this PC,AND
 - ii) allocate R-PP Formulation Grants of \$200,000 to all REDD Country Participants (including the final 12 REDD Countries),AND
 - iii) allocate another 8 Preparation Grants of up to \$3.6 million at future PCs (making 19 Preparation Grants in total)
- **Assuming pledges are realized**, sufficient funding for the PC to allocate an additional 10 Preparation Grants of up to \$3.6 million at future PCs (making 29 Preparation Grants in total)
- If additional funding is received (to reach \$185 million or beyond), FMT would present more options to the PC on uses of funds (e.g., increase Preparation Grant size or allow more REDD countries into the Readiness Fund)

FMT Recommendations

- Allocate R-PP Formulation Grants of \$200,000 to all 37 REDD Country Participants that do not yet have access to such funding through the FCPF or another donor, provided the grant agreement is signed by a defined date, say 31 December 2011, and provided an appropriate delivery partner can be arranged
- As previously agreed, in future the PC allocates Preparation Grants of up to \$3.6 million (in accordance with the usual criteria and subject to sufficient committed funding) on the basis of equal eligibility (competitive process) amongst the 37 REDD Countries, taking into account regional balance



THANK YOU!

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