



Forest Carbon Partnership Facility

9. FY15 Readiness Fund Budget Proposal

Seventeenth Participants Committee Meeting
(PC17)

Lima, Peru, July 2-4, 2014

Outline

I. The Budget Process of the FCPF

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

II. Status of the FY14 Budget

- Fund Contributions
- FY09-14 Readiness Fund History
- Estimated FY14 Expenditures
- Additional Activities Approved in FY14

III. The FY15 Budget Proposal

- FY15 Proposed Overall Budget
- Decisions 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 FY15 starting July 1, 2014
- Per the Charter, budgets are approved annually
- FY14 Readiness and Carbon Fund budgets were approved in June 2013. FY15 Carbon Fund budget (excluding Shared Costs) was approved at CF10 in Bonn in June 2014.
- The FY15 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, piloting forest governance grievance redress mechanisms, and linking local REDD initiatives to national REDD+ strategies) with individual REDD Country Participants

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

REDD Methodology Support

- TAP review of R-PPs and R-Packages
- TAP review of Carbon Fund related themes (e.g., Methodology and Pricing)
- TAP participation in FCPF meetings
- Close liaison with UN-REDD and international REDD+ programs
- Analysis on key REDD+ topics, lessons learned, and knowledge management (e.g., MRV, Reference Levels, Registries)

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 in meetings
- FCPF website and general communications, knowledge management 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
- Preparation of the FCPF Annual Report
- Accounting, resource management, contracting and contributions management
- Legal services
- Development and implementation 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. Status of the FY14 Budget

Topics

- Fund Contributions
- FY09-FY14 Readiness Fund History
- Estimated FY14 Expenditures
- Additional Activities Approved in FY14

II. Status of the FY14 Budget – Fund Contributions

Contributions to the FCPF Readiness Fund as of June 1, 2014 (US\$m)								
	FY09	FY10	FY11	FY12	FY13	FY14	FY15-17	Totals*
Australia	9.6		8.0	6.3				23.9
Canada			41.4					41.4
Denmark		5.8						5.8
European Commission				2.7		1.4	1.4	5.4
Finland	9.0			5.7	5.3			20.0
France	4.6	0.6		5.1				10.3
Germany			26.0		13.1	13.9		52.9
Italy			5.0					5.0
Japan	5.0	5.0		4.0				14.0
Netherlands	5.0			7.6	7.6			20.3
Norway	5.0	16.4	8.8			38.7	62.5	131.4
Spain	7.0							7.0
Switzerland	8.2							8.2
United Kingdom			5.8					5.8
United States of America	0.5	4.5			4.0			9.0
Committed Funding	53.9	32.3	94.9	31.5	30.0	54.0	63.9	360.5

* Amounts may vary due to exchange rate fluctuations

II. Status of the FY14 Budget – FY09-FY14 Readiness Fund History

Readiness Fund History by Activity (\$000s)	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Budget
Readiness Trust Fund Administration	471	362	366	356	404	447
FCPF Secretariat	988	1,321	1,685	2,056	1,690	1,407
REDD Methodology Support	828	1,266	1,921	999	1,841	2,255
Country Advisory Services	801	793	545	1,073	1,750	2,206
Country Implementation Support	409	1,660	1,904	1,701	3,213	4,023
IP and CSO Capacity Building Program				267	1,089	1,571
Total Readiness Fund (including Carbon Fund Shared Costs)	3,497	5,402	6,421	6,452	9,987	11,909
Less: Carbon Fund Shared Costs	-	-	-	(1,069)	(1,236)	(1,282)
Total Readiness Fund	3,497	5,402	6,421	5,383	8,752	10,627

II. Status of the FY14 Budget – Estimated Expenditures (1)

- Final FY14 expenditures will be reflected in Annual Report prepared for next Participants Assembly (PA)
- With FY14 books closing at end of June, estimated expenditures are tentative
- Estimates show spending below overall FY14 budget
- Total underspend estimated at around \$1.3 million
- Breakdown of underspend and explanations follows

II. Status of the FY14 Budget – Estimated Expenditures (2)

FY14 Readiness Fund (\$000s)	FY14 Budget	FY14 Estimate	Under/(over) spend	Burn Rates
Readiness Trust Fund Administration	447	418	29	94%
FCPF Secretariat	1,407	1,419	(12)	101%
REDD Methodology Support	2,255	1,970	285	87%
Country Advisory Services	2,206	2,333	(127)	106%
Sub-total	6,315	6,140	175	97%
Country Implementation Support	4,023	3,678	345	91%
Sub-total	10,338	9,818	520	95%
IP and CSO Capacity Building Program	1,571	745	826	47%
Total Readiness Fund (including Carbon Fund Shared Costs)	11,909	10,563	1,346	89%

II. Status of the FY14 Budget – Estimated Expenditures (3)

- Trust Fund Administration: Marginal underspend
- FCPF Secretariat Costs: small overspend, mainly due to the high cost of the Geneva PC
- REDD Methodology Support: an overall underspend contributed to by underspends on additional activities, especially MRV/Reference Levels and Private Sector Engagement (budgets effectively carried over to FY15). Otherwise marginally overspent on base budget with overspends on the Methodological Framework Working Group (Methodological Framework finalized in December 2013) and the TAP (11 new R-PPs for review)

II. Status of the FY14 Budget – Estimated Expenditures (4)

- Country Advisory Services: An overall overspend of \$127k (6%), attributed mainly to social inclusion workshops, increased support from FMT to countries on SESA/ESMF, as well as bringing new countries on board
- Country Implementation Support: \$345k underspend, 91% spend rate overall. 11 grants signed since previous PC. Disbursements over \$17 million
- IP and CSO Capacity Building Program (CBP): \$826k underspend, due to delays in setting up the grant mechanisms with the selected Regional Intermediaries

II. Status of the FY14 Budget– Additional Activities

Proposed Additional Activities	FY14 Budget	FY14 Estimates
MRV/Reference Levels (now includes registries work in FY15)	560	263
Private Sector Engagement in REDD+	234	86
Registries for REDD+	196	35
Capacity Building for Social Inclusion	559	711
Linking Local Initiatives to Strategy	171	151
Piloting Forest Governance and Grievance Redress Mechanisms	66	33
South - South Exchange on Managing REDD Funds at the National Level	97	13
TOTAL	1,883	1,292

A near \$600k underspend across the approved additional activities is generally due to the FMT focus on delivery of disbursements and signature of grants*.

*See FMT Note re Status of FY14 Budget for more details

III. FY15 Budget Proposal

Topics

- FY15 Proposed Overall Budget
- Shared Costs
- Additional Activities
- Decisions for this Meeting

III. FY15 Budget Proposal – Proposed Overall Budget

Overall Budget (\$000s)	FY14 Budget	FY14 Estimate	FY15 Proposed Budget
Readiness Trust Fund Administration	447	418	410
FCPF Secretariat	1,407	1,419	1,719
REDD Methodology Support	2,255	1,970	1,257
Country Advisory Services	2,206	2,333	2,050
Sub-total	6,315	6,140	5,436
Country Implementation Support	4,023	3,678	3,880
Sub-total	10,338	9,818	9,316
IP and CSO Program	1,571	745	2,065
Total Operating Costs	11,909	10,563	11,381

- Breakdowns explained in subsequent slides

III. FY15 Budget Proposal – Shared Costs

Overall Budget shared between funds (\$000s)	FY14 Budget	FY14 Estimate	FY15 Proposed Budget
Readiness Fund	10,627	9,377	10,339
Carbon Fund	1,282	1,186	1,042
Total	11,909	10,563	11,381

III. FY15 Budget Proposal – FCPF Secretariat

FCPF Secretariat (\$000s)	FY14 Budget	FY14 Estimate	FY15 Proposed Budget
Base budget	1,407	1,419	1,719
Additional Activities:			
Strengthened Communications	in base	in base	in base
Expanded translation of documents	in base	in base	in base
Total	1,407	1,419	1,719

- Due to the timing of the meeting, some PC17 costs will be charged in FY15. Otherwise translation costs, website management and overall program management costs are increasing

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

III. FY15 Budget Proposal – REDD Methodology Support

REDD Methodology Support (\$000s)	FY14 Budget	FY14 Estimates	FY15 Proposed Budget
Base budget	951	1,067	682
Additional Activities:			
Methodology & Pricing	314	519	142
MRV/Reference Levels	560	263	329
Private Sector Engagement in REDD+	234	86	
Registries for REDD+	196	35	w MRV/RLs
New REDD+ Program Cost Assessment			104
Total	2,255	1,970	1,257

- Base budget includes RF TAPs and general methodology work
- Costs of Carbon Fund TAPs for CF ER Programs will be charged to Carbon Fund
- Note additional activities and carry over of some of the FY14 budget
- Private Sector Engagement: There is no clear work plan for FY15. Should country demand arise the FMT will request appropriate budget at PC18

III. FY15 Budget Proposal – Country Advisory Services

Country Advisory Services (\$000s)	FY14 Budget	FY14 Estimates	FY15 Proposed Budget
Base budget	1,314	1,470	1,876
Additional Activities:			
Capacity Building for Social Inclusion	557	711	-
Linking Local Initiatives to Strategy	171	105	
Piloting Forest Governance and Grievance Redress Mechanisms	66	34	90
South - South Exchange on National REDD Funds	98	13	84
Total	2,206	2,333	2,050

- Increasing base budget mainly represents increasing support from FMT to REDD Countries, including the new group of 8 (and potentially 3 additional) new countries.
- Note additional activities: there are only those that continue from FY14 to finalize the planned activities
- Though an overall decrease, an increased FMT focus on country services is reflected in the base budget, up ~25% from FY14 estimated spend

III. FY15 Budget Proposal – Country Implementation Support

Country Implementation Support (\$000s)	FY14 Budget	FY14 Estimates	FY15 Proposed Budget
World Bank (33)	2,353	2,009	3,450
IDB (3)			
UNDP (4)	1,670	1,670	430
Total (40)	4,023	3,679	3,880

- At least 8 new additional countries for FCPF WB account for increased Country Implementation Support budget. Potential for 3 more new countries in this meeting.
- Funds already transferred to IDB in FY13
- Additional funds to be transferred to UNDP in FY15 (\$430k for Panama)

III. FY15 Budget Proposal – Indigenous Peoples and CSO Program

Indigenous Peoples/CSO Program (\$000s)	FY14 Budget	FY14 Estimates	FY15 Proposed Budget
Support through contracts/grants	1,200	510	1,637
Program Administration	221	219	278
Other (travel etc)	150	16	150
Total	1,571	745	2,065

- \$1.6 m budget for contracts/grants is made up of original budgeted for FY15 plus the original remaining budget for FY14
- The original life of the program was to be until the end of FY15. Due to the delays, the FMT proposes apportioning the remaining allocations across additional years, therefore extending the program to FY17*

*The original approved envelope of \$5.5 million remains the same.

III. FY15 Budget Proposal – Proposed Additional Activities

Proposed Additional Activities	FY15 Proposed Budget
MRV/Reference Levels (now includes registries work in FY15)	329
Piloting Forest Governance and Grievance Redress Mechanisms	90
South - South Exchange on Managing REDD Funds at the National Level	84
Implementation of the Framework (follow on to Working Group on Pricing & Methodology)	142
New REDD+ Program Cost Assessment	104
TOTAL	749

- See FMT Note re FY15 Budget

III. FY15 Budget Proposal – Decision for this Meeting

Is PC approval provided for the proposed FY15 Readiness Fund budget of \$11.4 million, including Shared costs for both the Readiness Fund and the Carbon Fund?



THANK YOU!

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