



# Forest Carbon Partnership Facility

## 4a. Status of the FY15 Readiness Fund Budget & FY16 Budget Proposal

Nineteenth Participants Committee Meeting (PC19)

Arlington VA, USA May 17-19, 2015

# 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 FY15 Budget

- Fund Contributions
- FY09-15 Readiness Fund History
- Estimated FY15 Expenditures
- Additional Activities Approved in FY15
- Sources and Uses

## III. The FY16 Budget Proposal

- FY16 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 FY16 starting July 1, 2015
- Per the Charter, budgets are approved annually
- FY15 Readiness Fund budget was approved in July 2014. FY16 Carbon Fund budget (excluding Shared Costs) was approved at CF 12 recently in Paris.
- The FY16 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
- 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)
- Implementation of the Methodological Framework
- Development of program cost assessment tools

# 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 guidance on agreements and key technical issues
- Implementation of M&E framework and arrangements for the 2015 Evaluation

# 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 FY15 Budget

### Topics

- Fund Contributions
- FY09-FY15 Readiness Fund History
- Estimated FY15 Expenditures & Shared Costs
- Additional Activities Approved in FY15
- Sources and Uses

## II. Status of the FY15 Budget – Fund Contributions

### FCPF Readiness Fund

Donor Contributions as of March 31, 2015 (in \$ thousands)

Participant Name	Total	Outstanding*	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	5,122	1,070		1,364		2,688			
Finland	23,176	3,210			5,261	5,749			8,956
France	10,340					5,136		592	4,612
Germany	76,768		23,786	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	113,062	44,136		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>368,818</b>	<b>48,416</b>	<b>23,786</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. Status of the FY15 Budget – FY09-FY15 Readiness Fund History

Readiness Fund History by Activity (\$000s)	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Estimate	FY16 Proposed Budget
Readiness Trust Fund Administration	471	362	366	356	404	397	399	331
FCPF Secretariat	988	1,321	1,685	2,056	1,690	1,515	1,288	1,229
REDD Methodology Support	828	1,266	1,921	999	1,841	1,796	972	975
Country Advisory Services	801	793	545	1,073	1,750	2,342	1,512	1,445
Country Implementation Support	409	1,660	1,904	1,701	3,213	3,730	2,692	3,215
IP and CSO Capacity Building Program				267	1,089	751	540	3,530
<b>Total Readiness Fund (including Carbon Fund Shared Costs)</b>	<b>3,497</b>	<b>5,402</b>	<b>6,421</b>	<b>6,452</b>	<b>9,987</b>	<b>10,532</b>	<b>7,403</b>	<b>10,725</b>
Less: Carbon Fund Shared Costs	-	-	-	(1,069)	(1,236)	(1,159)	(791)	771
<b>Total Readiness Fund</b>	<b>3,497</b>	<b>5,402</b>	<b>6,421</b>	<b>5,383</b>	<b>8,752</b>	<b>9,373</b>	<b>6,612</b>	<b>9,954</b>

## II. Status of the FY15 Budget – Estimated Expenditures (1)

- Final FY15 expenditures will be reflected in Annual Report prepared for next Participants Assembly (PA)
- With FY15 books not closing until June 30, 2015, estimated expenditures are tentative
- Estimates show spending below overall FY15 budget
- Total underspend estimated at around \$4 million
- Breakdown of underspend and explanations follows

## II. Status of the FY15 Budget – Estimated Expenditures (2)

FY15 Readiness Fund (\$000s)	FY15 Budget	FY15 Estimate	Underspend	Burn Rates
Readiness Trust Fund Administration	410	399	11	97%
FCPF Secretariat	1,719	1,288	431	75%
REDD Methodology Support	1,257	972	285	77%
Country Advisory Services	2,050	1,512	539	74%
<b>Sub-total</b>	<b>5,436</b>	<b>4,170</b>	<b>1,266</b>	<b>77%</b>
Country Implementation Support	3,880	2,692	1,188	69%
<b>Sub-total</b>	<b>9,316</b>	<b>6,862</b>	<b>2,454</b>	<b>74%</b>
IP and CSO Capacity Building Program	2,065	540	1,525	26%
<b>Total Readiness Fund (including Carbon Fund Shared Costs)</b>	<b>11,381</b>	<b>7,403</b>	<b>3,978</b>	<b>65%</b>

## II. Status of the FY15 Budget – Estimated Expenditures (3)

- Trust Fund Administration: very small underspend of \$11k
- FCPF Secretariat Costs: underspend of \$431k, mainly due to lower Translation costs (fewer R-Packages) and Communications costs (no video project)
- REDD Methodology Support: an overall underspend contributed to by underspends on TAP work, and additional activities, especially Implementation of the Methodological Framework and REDD+ Cost Assessment Tool



## II. Status of the FY15 Budget – Estimated Expenditures (4)

- Country Advisory Services: An overall underspend of \$539k (spend rate of 74%), attributed mainly to delays in getting new staff on board and the South-South Exchange workshop
- Country Implementation Support: \$1.2 m underspend, 69% spend rate overall. Attributed to delays in getting the 11 new REDD Countries set up to receive support. 9 grants signed this FY. Grant disbursements total over \$28.6 million as of April 30, 2015, plus \$26.6 million to non-World Bank Delivery Partners.
- IP and CSO Capacity Building Program (CBP): \$1.5 m underspend, due to delays in setting up the grant mechanisms with the selected Regional Intermediaries

## II. Status of the FY15 Budget – Shared Costs

Estimated breakdown of the FY15 Shared Costs

Overall Budget shared between funds (\$000s)	FY15 Budget	FY15 Estimate
Readiness Fund	10,339	6,612
Carbon Fund	1,042	791
<b>Total</b>	<b>11,381</b>	<b>7,403</b>

Overall the Readiness Fund portion is 64% of the anticipated spend and the Carbon Fund portion is 76% of plan.

## II. Status of the FY15 Budget– Additional Activities

<b>Additional Activities</b>	<b>FY15 Budget</b>	<b>FY15 Estimates</b>
<b>Decision Support Tools: MRV/Reference Levels</b>	329	381
<b>Piloting Forest Governance and Grievance Redress Mechanisms</b>	90	61
<b>South-South Exchange on Managing REDD Funds at the National Level</b>	84	--
<b>Implementation of the Framework (follow on to Working Group on Pricing &amp; Methodology)</b>	142	127
<b>REDD+ Program Cost Assessment</b>	104	19
<b>TOTAL</b>	<b>749</b>	<b>588</b>

Across the Additional Activities the spend rate was 79%. A large portion of the \$161k underspend (\$84k) is due to the South-South Exchange event. The other underspend, in REDD+ Program Cost Assessment, is requested to be carried over in FY16.

## II. Status of the FY15 Budget— Sources and Uses as of March 31, 2015

Summary of Long Term Sources and Uses of Readiness Funding (in \$ million, as of March 31, 2015)		
Explanation	of which	Totals
<b>Committed Funding</b>		368.8
<b>Committed Uses for funds</b>		
Commitments (grants) to REDD+ Countries (47 @ \$3.8 million)	178.6	
Additional grant funding to Costa Rica, DRC, Ghana, Indonesia, and Liberia (for REDD+ Countries that demonstrate significant progress on readiness)	25	
Less grants to inactive REDD+ Countries who did not submit R-PPs by PC14 (2 @ \$3.8) <sup>1</sup>	(7.60)	
<b>Net Grant Commitments</b>		<b>196.0</b>
<b>Administrative, Operations, and Country Support of which:</b>		<b>85.0</b>
FY09-14 Actual costs	38.8	
FY15 Estimated costs	6.6	
FY16-21 Projected costs	37.6	
Reserve for Delivery Partner capacity for dispute resolution	2	
<b>Total Uses</b>		<b>281.0</b>
<b>Estimated Reserve: Committed funding less Total Uses</b>		<b>87.8</b>
<b>Proposed Commitments</b>	<b>Per country</b>	<b>Totals</b>
Additional grant commitments for those that demonstrate significant progress on readiness (\$5 million grant plus 0.3 million for support costs per country for 16 additional countries (total of 21 countries))	5.3	84.8
<b>Total potential additional uses</b>		<b>84.8</b>
<b>Total Surplus</b>		<b>3.0</b>

\$368.8 in  
Committed  
Funding

Additional  
Grants of up  
to \$5 m  
available to  
21 countries

1. Bolivia, Gabon

# III. FY16 Budget Proposal

## Topics

- FY16 Proposed Overall Budget
- Shared Costs
- Additional Activities
- Decisions for this Meeting

# III. FY16 Budget Proposal – Proposed Overall Budget

Overall Budget (\$000s)	FY15 Budget	FY15 Estimate	FY16 Proposed Budget
Readiness Trust Fund Administration	410	399	331
FCPF Secretariat	1,719	1,288	1,229
REDD Methodology Support	1,257	972	975
Country Advisory Services	2,050	1,512	1,445
<b>Sub-total</b>	<b>5,436</b>	<b>4,170</b>	<b>3,980</b>
Country Implementation Support	3,880	2,692	3,215
<b>Sub-total</b>	<b>9,316</b>	<b>6,862</b>	<b>7,195</b>
IP and CSO Program	2,065	540	3,530
<b>Total Readiness Fund (including Carbon Fund Shared Costs)</b>	<b>11,381</b>	<b>7,403</b>	<b>10,725</b>

- **Breakdowns explained in subsequent slides**

# III. FY16 Budget Proposal – Shared Costs

<b>Overall Budget shared between funds (\$000s)</b>	<b>FY15 Budget</b>	<b>FY15 Estimate</b>	<b>FY16 Proposed Budget</b>
<b>Readiness Fund</b>	10,339	6,612	9,954
<b>Carbon Fund</b>	1,042	791	771
<b>Total</b>	<b>11,381</b>	<b>7,403</b>	<b>10,725</b>

# III. FY16 Budget Proposal – FCPF Secretariat

FCPF Secretariat (\$000s)	FY15 Budget	FY15 Estimate	FY16 Proposed Budget
Base budget	1,719	1,288	1,229
<b>Additional Activities:</b>			
Strengthened Communications	in base	in base	in base
Expanded translation of documents	in base	in base	in base
<b>Total</b>	<b>1,719</b>	<b>1,288</b>	<b>1,229</b>

- Due to the timing of PC17 (July 2014), FY15 bore the cost of 3 rather than 2 PC meetings. This is not anticipated in FY16, and as such, is reflected in the lower Secretariat budget.
- This decreased plan for meeting costs is however somewhat offset by planned higher communications spending as the FMT staffs up in that area



# III. FY16 Budget Proposal – REDD Methodology Support

REDD Methodology Support (\$000s)	FY15 Budget	FY15 Estimate	FY16 Proposed Budget
Base budget	682	445	250
<b>Additional Activities:</b>			
Implementation of the Methodological Framework	142	127	303
MRV/Reference Levels	329	381	293
REDD+ Program Cost Assessment & Financing	104	19	129
<b>Total</b>	<b>1,257</b>	<b>972</b>	<b>975</b>

- 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 planned continuation of all 3 of the FY15 activities

### III. FY16 Budget Proposal – Country Advisory Services

Country Advisory Services (\$000s)	FY15 Budget	FY15 Estimates	FY16 Proposed Budget
Base budget	1,876	1,451	1,445
<b>Additional Activities:</b>			
Piloting Forest Governance and Grievance Redress Mechanisms	90	61	-
South - South Exchange on National REDD Funds	84	-	-
<b>Total</b>	<b>2,050</b>	<b>1,512</b>	<b>1,445</b>

- Steady base budget mainly represents sustained FMT support to REDD Countries
- No additional activities planned for FY16
- Though an overall decrease, a continued FMT focus on country services is reflected in the base budget, in line with FY15 estimated spend

### III. FY16 Budget Proposal – Country Implementation Support

Country Implementation Support (\$000s)	FY15 Budget	FY15 Estimates	FY16 Proposed Budget
World Bank	3,450	2,262	3,215
IDB			
UNDP	430	430	-
<b>Total</b>	<b>3,880</b>	<b>2,692</b>	<b>3,215</b>

- Continued support to all FCPF Countries account for steady Country Implementation Support budget.
- Funds already transferred to IDB in FY13 and UNDP in FY15

# III. FY16 Budget Proposal – Indigenous Peoples and CSO Program

Indigenous Peoples/CSO Program (\$000s)	FY15 Budget	FY15 Estimates	FY16 Proposed Budget
Support through contracts/grants	1,637	424	3,047
Program Administration	278	79	251
Other (travel etc)	150	37	231
<b>Total</b>	<b>2,065</b>	<b>540</b>	<b>3,530</b>

- \$3.0 m budget for contracts/grants is made up of original budget for FY15 plus the original remaining budget for FY16
- The original life of the program was to be until the end of FY15. Due to the delays, the PC agreed to the FMT proposal to apportion the remaining allocations across additional years, therefore extending the program to FY17\*
- The FY16 plan assumes all grant funds will be transferred to the Regional Intermediaries in FY16

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

### III. FY16 Budget Proposal – Proposed Additional Activities

<b>Additional Activities (\$000s)</b>	<b>FY16 Proposed Budget</b>
MRV/Reference Levels	293
Implementation of the Methodological Framework	303
REDD+ Program Cost Assessment & Financing	129
<b>TOTAL</b>	<b>725</b>

\*See FMT Note 2015-1 for more details on FY16 Budget

### III. FY16 Budget Proposal – Decision for this Meeting

Is PC approval provided for the proposed FY16 Readiness Fund budget of \$10.7 million, including both the additional activities and the Shared costs for both the Readiness Fund and the Carbon Fund?



THANK YOU!

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