

**FOREST CARBON PARTNERSHIP FACILITY (FCPF)**

**PARTICIPANTS COMMITTEE MEETING**

**October 21-22, 2008**

**Resolution PC 2008-3**

**Budget for the Readiness Fund for FY09  
Grant Allocations for the REDD Country Participants**

Whereas:

Section 11.1(o) of the Charter Establishing the FCPF (the "Charter") provides that the Participants Committee shall approve the Annual Budget of the Readiness Fund and the Shared Costs

NOW THEREFORE IT IS HEREBY RESOLVED THAT:

The Annual Budget and the Grant Allocation for REDD Country Participants attached to this Resolution are approved.

**Attachment I  
Annual Budget for FY09**

**FCPF Readiness Trust Fund**

**FCPF FY09 Annual Budget (US\$ Thousands)**

<b>Approved 'Scenario 1' with 20 REDD Country Participants and about \$100M in Pledged Resources</b>	<b>FY09</b>
<b><i>Projected Income</i></b>	
<b>Readiness Fund Expected Cash Inflows</b>	<b>\$57,035</b>
<b><i>Provisioning for Grant Commitments*</i></b>	<b>(\$21,063)</b>
<b><i>Provisioning for FY10 Expenses**</i></b>	<b>(4,309)</b>
<b>Total</b>	<b>\$31,663</b>
<b><i>Projected Expenses</i></b>	
<b><i>Services to REDD Countries</i></b>	
<b>REDD Country Participant Grants</b>	<b>\$27,200</b>
<b>Country Implementation Support</b>	<b>\$1,194</b>
<b>Country Advisory Services</b>	<b>\$873</b>
<b>REDD Methodology Support***</b>	<b>\$822</b>
<b>Total</b>	<b>\$30,090</b>
<b>FCPF Secretariat***</b>	<b>\$868</b>
<b>Readiness Trust Fund Administration</b>	<b>\$306</b>
<b>Capacity Building Program for Indigenous Peoples</b>	<b>\$200</b>
<b>Contingencies</b>	<b>\$200</b>
<b>Projected Balance</b>	<b>\$0</b>

\*Funds required to be set aside for grants committed to the first 20 countries.

\*\*As Trustee the World Bank requires that resources for FY10 expenses be available by the start of FY10, July 1, 2009.

\*\*\*65% of the Shared Costs as per the FCPF Charter

**Attachment II**  
**Grant Allocations for REDD Country Participants**

**Formulation, Submission and Approval of Readiness Plans**

1. To formulate its Readiness Plan (R-Plan) using the FCPF template, a REDD Country Participant is encouraged to request assistance from its development partners, whether it uses the US\$200,000 grant for preparation or not.
2. Where the FCPF has allocated grant resources to assist the REED Country Participant formulate its R-Plan, the World Bank task team assesses the compliance of the studies and activities proposed in the R-Plan with World Bank policies and procedures, in particular the Bank's safeguard policies. This assessment should start when a first draft of the R-Plan becomes available.
3. The REDD Country Participant submits its completed R-Plan to the FCPF Facility Management Team (FMT).
4. The FMT checks the R-Plan for completeness and forwards it to a Technical Advisory Panel (TAP) and to the World Bank task team for the formal assessment of the compliance of the studies and activities proposed in the R-Plan with World Bank policies and procedures, in particular the Bank's safeguard policies.
5. The World Bank task team writes a Readiness Plan Assessment Memorandum.
6. A decision meeting internal to the Bank concludes whether, based on the Readiness Plan Assessment Memorandum, the Bank has no objection to the R-Plan.
7. If the Bank has no objection to the R-Plan, the R-Plan, the TAP's review of the R-Plan and the Readiness Plan Assessment Memorandum are forwarded to the Participants Committee (PC) of the FCPF for review. The PC decides whether to approve the R-Plan on the basis of these three documents.
8. If the PC approves the R-Plan, the REDD Country Participant becomes eligible to a readiness grant of, on average, US\$3.6 million (inclusive of the original US\$200,000). However, the funds would be made available to the country in tranced disbursements, with the country suggesting in its R-Plan the milestones for disbursing the first US\$2 million, and the condition for disbursing any amount beyond that in a final tranche.
9. Before a REDD Country Participant receives its final disbursement (beyond the first US\$2 million), a progress report would need to be submitted to the FMT, consistent with the Charter. The progress report would be subject to assessment and review by the PC before any final disbursement above the US\$2 million is made. In addition, until the full US\$100 million in pledges is received into the Readiness Fund, this last tranche of disbursements would be conditional on having sufficient resources in the Readiness Fund.