



Forest Carbon Partnership Facility

5a. Status of the FY16 Readiness Fund Budget & FY17 Budget Proposal

Twenty First Participants Committee Meeting (PC21)
Washington DC, USA May 3-5, 2016

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 FY16 Budget

- Fund Contributions
- FY09-16 Readiness Fund History
- Estimated FY16 Expenditures
- Additional Activities Approved in FY16
- Sources and Uses

III. The FY17 Budget Proposal

- FY17 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 FY17 starting July 1, 2016
- Per the Charter, budgets are approved annually
- FY16 Carbon Fund budget (excluding Shared Costs) was approved at CF 12 in April 2015. FY17 Carbon Fund budget will be considered at CF14 in June 2016. FY16 Readiness Fund budget was approved in May 2015.
- The FY17 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) 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, and Gender)
- 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
- Second Evaluation of the FCPF
- 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
- Tracking and reporting 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 FY16 Budget

Topics

- Fund Contributions
- FY09-FY16 Readiness Fund History
- Estimated FY16 Expenditures & Shared Costs
- Additional Activities Approved in FY16
- Sources and Uses

II. Status of the FY16 Budget – Fund Contributions

**FCPF Readiness Fund
Donor Contributions as of March 31, 2016 (in \$ thousands)**

| Participant Name | Total | Outstanding* | FY16 | 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 | 5,192 | 1,140 | | | 1,364 | | 2,688 | | | |
| Finland | 23,196 | | | 3,230 | | 5,261 | 5,749 | | | 8,956 |
| France | 10,340 | | | | | | 5,136 | | 592 | 4,612 |
| Germany | 76,766 | | | 23,784 | 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 |
| Committed Funding | 368,907 | 45,276 | | 27,014 | 54,004 | 30,009 | 31,538 | 94,880 | 32,290 | 53,895 |

* Amounts may vary due to exchange rate fluctuations

II. Status of the FY16 Budget – FY09-FY16 Readiness Fund History

| Readiness Fund History by Activity (\$000s) | FY09 Actual | FY10 Actual | FY11 Actual | FY12 Actual | FY13 Actual | FY14 Actual | FY15 Actuals | FY16 Budget | FY16 Estimates |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|------------------------|---------------------------|
| Readiness Trust Fund Administration | 471 | 362 | 366 | 356 | 404 | 397 | 327 | 331 | 244 |
| FCPF Secretariat | 989 | 1,321 | 1,685 | 2,056 | 1,690 | 1,515 | 1,299 | 1,719 | 1,449 |
| REDD Methodology Support | 827 | 1,266 | 1,921 | 999 | 1,842 | 1,796 | 1,071 | 975 | 647 |
| Country Advisory Services | 801 | 793 | 545 | 1,073 | 1,750 | 2,342 | 1,881 | 1,445 | 1,347 |
| Country Implementation Support | 409 | 1,660 | 1,904 | 1,701 | 3,213 | 3,730 | 2,676 | 3,215 | 3,918 |
| IP and CSO Capacity Building Program | | | | 267 | 1,089 | 751 | 480 | 483 | 248 |
| Total Readiness Fund (including Carbon Fund Shared Costs) | 3,497 | 5,402 | 6,421 | 6,452 | 9,988 | 10,532 | 7,735 | 8,168 | 7,853 |
| Less: Carbon Fund Shared Costs | - | - | - | (1,069) | (1,236) | (1,159) | (821) | (943) | (734) |
| Total Readiness Fund | 3,497 | 5,402 | 6,421 | 5,383 | 8,752 | 9,373 | 6,914 | 7,225 | 7,119 |

II. Status of the FY16 Budget – Estimated Expenditures (1)

- Final FY16 expenditures will be reflected in Annual Report prepared for next Participants Assembly (PA)
- With FY16 books not closing until June 30, 2016, estimated expenditures are tentative
- Estimates show spending at 96% of FY16 budget
- Total underspend estimated at around \$300,000 against \$8.2 million budget
- Breakdown of underspend and explanations follows

II. Status of the FY16 Budget – Estimated Expenditures (2)

| Readiness Fund (\$000s) | FY16 Approved Budget |
|--|---------------------------------|
| Readiness Trust Fund Administration | 331 |
| FCPF Secretariat | 1,719 |
| REDD Methodology Support | 975 |
| Country Advisory Services | 1,445 |
| Sub-total | 4,470 |
| Country Implementation Support | 3,215 |
| Sub-total | 7,685 |
| IP and CSO Capacity Building Program (Program Admin, Other (travel etc)) | 483 |
| Total Readiness Fund (Operating Costs) (including Carbon Fund Shared Costs) | 8,168 |
| IP and CSO Capacity Building Program (Grants) | 3,047 |
| Total Approved Budget | 11,215 |

II. Status of the FY16 Budget – Estimated Expenditures (3)



| Readiness Fund (\$000s) | FY16 Budget | FY16 Estimates | Estimated Under (over) spend | Actual Burn Rates |
|--|--------------|-------------------|------------------------------------|----------------------|
| Readiness Trust Fund Administration | 331 | 244 | 87 | 74% |
| FCPF Secretariat | 1,719 | 1,449 | 270 | 84% |
| REDD Methodology Support | 975 | 647 | 328 | 66% |
| Country Advisory Services | 1,445 | 1,347 | 98 | 93% |
| Sub-total | 4,470 | 3,688 | 782 | 83% |
| Country Implementation Support | 3,215 | 3,918 | (703) | 122% |
| Sub-total | 7,685 | 7,605 | 79 | 99% |

- Trust Fund Administration: small underspend of \$87k due to centralization of common admin functions bringing facility admin costs down
- FCPF Secretariat Costs: underspend of \$270k, due to lower communications costs from video production activities that were put on hold as well as fewer than anticipated large technical documents (R-Packages) that contained translation spending
- REDD Methodology Support: a lower need for TAP services in FY16 due to fewer R-Packages; and delayed work on the REDD Cost Assessment tool and Implementation of the Methodological Framework

II. Status of the FY16 Budget – Estimated Expenditures (4)

| Readiness Fund (\$000s) | FY16 Budget | FY16 Estimates | Estimated Under (over) spend | Actual Burn Rates |
|--|--------------|----------------|------------------------------|-------------------|
| Readiness Trust Fund Administration | 331 | 244 | 87 | 74% |
| FCPF Secretariat | 1,719 | 1,449 | 270 | 84% |
| REDD Methodology Support | 975 | 647 | 328 | 66% |
| Country Advisory Services | 1,445 | 1,347 | 98 | 93% |
| Sub-total | 4,470 | 3,688 | 782 | 83% |
| Country Implementation Support | 3,215 | 3,918 | (703) | 122% |
| Sub-total | 7,685 | 7,605 | 79 | 99% |
| IP and CSO Capacity Building Program (Program Admin, Other (travel etc)) | 483 | 248 | 235 | 51% |
| Total Readiness Fund (Operating Costs) (including Carbon Fund Shared Costs) | 8,168 | 7,853 | 315 | 96% |

- Country Advisory Services: a slight underspend of \$98k (spend rate of 93%), these expenses are in line with the approved budget.
- Country Implementation Support: A \$700k overspend, 122% spend rate overall. Attributed mainly to an unplanned transfer to a Delivery Partner (\$750k to IDB) for work supporting REDD Countries.
- IP and CSO Capacity Building Program (CBP): spent 51% of its program admin budget. The grant portions of this program will be reported along side other recipient executed activities so as not to skew the operating budget.

II. Status of the FY16 Budget – Shared Costs

Estimated breakdown of the FY16 Shared Costs

| Overall Budget shared between funds (\$000s) | FY16 Budget | FY16 Estimates |
|--|--------------|----------------|
| Readiness Fund | 7,225 | 7,119 |
| Carbon Fund | 943 | 734 |
| Total | 8,168 | 7,853 |

Overall the Readiness Fund portion is 99% of the budget and the Carbon Fund portion is 78% of budget.

II. Status of the FY16 Budget— Additional Activities

| Additional Activities | FY16 Budget | FY16 Estimates | % |
|--|------------------------|---------------------------|------------|
| MRV/Reference Levels (Decision Support Tools and Data Management Systems) | 293 | 66 | 22% |
| Implementation of the Methodological Framework | 303 | 173 | 57% |
| REDD+ Program Cost Assessment and Financing | 129 | 78 | 60% |
| TOTAL | 725 | 317 | 44% |

The additional activities were under budget with a 44% total spend rate. The main reasons for this are a subsidy of \$100k from the REDD+ Partnership for work on the Decision Support Tools and less activities than expected with regard to the Cost Assessment Tool.

Budget will be requested for further work on the Technical Learning and Decision Support (formerly Decision Support Tools) in FY17. This will require the PC's approval.

II. Status of the FY16 Budget— Sources and Uses as of March 31, 2016

| Summary of Long Term Sources and Uses of Readiness Funding (in \$ million, as of March 31, 2016) | | |
|---|--------------------|---------------|
| Explanation | of which | Totals |
| Committed Funding (risk adjusted¹) | | 362 |
| Investment Income | | 11.3 |
| Total Sources | | 373.3 |
| Committed Uses for funds | | |
| Commitments (grants) to REDD+ Countries (48 @ \$3.8 million) | 182.4 | |
| Additional grant funding to REDD+ Countries that demonstrate significant progress on readiness [Chile, Costa Rica, DRC, Ghana, Indonesia, Liberia, Mexico, Mozambique, Nepal, Republic of Congo, and Vietnam] (11@ \$5 million) | 55 | |
| Less grants to inactive REDD+ Countries who did not submit R-PPs by PC14 (2 @ \$3.8) ² | (7.60) | |
| Net Grant Commitments | | 229.8 |
| Administrative, Operations, and Country Support of which: | | 87.5 |
| FY09-15 Actual costs | 45.7 | |
| FY16-21 Projected costs | 39.8 | |
| Reserve for Delivery Partner capacity for dispute resolution | 2 | |
| Total Uses | | 317.3 |
| Estimated Reserve: Committed funding less Total Uses | | 56.0 |
| Proposed Commitments | Per country | Totals |
| Additional grant commitments for those that demonstrate significant progress on readiness (\$5 million grant plus 0.3 million for support costs per country for 10 additional countries (total of 21 countries)) | 5.3 | 53.0 |
| Total potential additional uses | | 53.0 |
| Total Surplus | | 3.0 |

\$373.3 in Available Funding

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

1. Risk adjusted with a 15% discount applied to outstanding contributions that are in a currency other than US dollars, the holding currency of the fund

2. Bolivia, Gabon

III. FY17 Budget Proposal

Topics

- FY17 Proposed Overall Budget
- Shared Costs
- Additional Activities
- Decisions for this Meeting

III. FY17 Budget Proposal – Proposed Overall Budget

| Overall Budget (\$000s) | FY16 Budget | FY16 Estimates | FY17 Proposal |
|--|--------------------|---------------------------|--------------------------|
| Readiness Trust Fund Administration | 331 | 244 | 165 |
| FCPF Secretariat | 1,719 | 1,449 | 1,893 |
| REDD Methodology Support | 975 | 647 | 1,386 |
| Country Advisory Services | 1,445 | 1,347 | 1,508 |
| Sub-total | 4,470 | 3,688 | 4,951 |
| Country Implementation Support | 3,215 | 3,918 | 3,645 |
| Sub-total | 7,685 | 7,605 | 8,596 |
| IP and CSO Program (Program Admin, Other (travel, etc)) | 483 | 248 | 285 |
| Total Readiness Fund (including Carbon Fund Shared Costs) | 8,168 | 7,853 | 8,881 |

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

III. FY17 Budget Proposal – Shared Costs

| Overall Budget shared between funds (\$000s) | FY16 Budget | FY16 Estimates | FY17 Proposal |
|---|--------------------|---------------------------|--------------------------|
| Readiness Fund | 7,225 | 7,119 | 7,733 |
| Carbon Fund | 943 | 734 | 1,148 |
| Total | 8,168 | 7,853 | 8,881 |

The overall budget request for FY17 of \$8.9 million is approximately \$0.7 million more than the equivalent FY16 (\$8.2 million). This increase is mainly due to increased staff in the FMT.

The continued focus on REDD country support is reflected in the budget. The bulk of the request is for the areas that provide direct support to the REDD Countries, Country Advisory Services and Country Implementation Support.

Breakdowns are explained in subsequent slides.

III. FY17 Budget Proposal – FCPF Secretariat

| FCPF Secretariat (\$000s) | FY16 Budget | FY16 Estimates | FY17 Proposal |
|--------------------------------------|--------------------|---------------------------|--------------------------|
| Base budget | 1,719 | 1,449 | 1,893 |
| Total | 1,719 | 1,449 | 1,893 |

- The Secretariat budget of FY17 includes a larger Communications and Knowledge Management Team with a broader scope to better support the FCPF (over \$400k greater than FY16 estimates)

III. FY17 Budget Proposal – REDD Methodology Support

| REDD Methodology Support (\$000s) | FY16 Budget | FY16 Estimates | FY17 Proposal |
|--|-------------|----------------|---------------|
| Base budget | 250 | 330 | 698 |
| Additional Activities: | | | |
| Implementation of the Methodological Framework | 303 | 173 | in base |
| Technical Learning and Decision Support | 293 | 66 | 277 |
| New REDD+ Program Cost Assessment | 129 | 78 | in base |
| Gender Inclusion in Forests and Landscapes | | | 411 |
| Total | 975 | 647 | 1,386 |

- Base budget includes RF TAPs and general methodology work
- One additional activity and planned continuation of one of the FY16 activities
- The Gender Inclusion work is intended to strengthen both the REDD Countries' and the Facility's ability to report on gender aspects of Forest and Landscape programs. The FMT Note 2016-1 provides more detail.

III. FY17 Budget Proposal – Country Advisory Services

| Country Advisory Services (\$000s) | FY16 Budget | FY16 Estimates | FY17 Proposal |
|---------------------------------------|-------------|-------------------|------------------|
| Base budget | 1,445 | 1,347 | 1,508 |
| Total | 1,445 | 1,347 | 1,508 |

- Steady base budget mainly represents sustained FMT support to REDD Countries
- No additional activities planned for FY17
- A slight increase with 45 active REDD Countries, a continued FMT focus on country services is reflected in the base budget, in line with FY16 estimated spend

III. FY17 Budget Proposal – Country Implementation Support

| Country Implementation Support (\$000s) | FY16 Budget | FY16 Estimates | FY17 Proposal |
|---|--------------|----------------|---------------|
| World Bank (33) | 3,215 | 3,168 | 3,045 |
| IDB (3) | | 750 | 300 |
| UNDP (4) | - | | 300 |
| Total (40) | 3,215 | 3,918 | 3,645 |

- Continued support to all FCPF Countries account for steady Country Implementation Support budget.
- Additional Funds planned to be transferred to IDB and UNDP in FY17 are contingent on the signature of additional grants of up to \$5 million.

III. FY17 Budget Proposal – Indigenous Peoples and CSO Program

| Indigenous Peoples/CSO Program (\$000s) | FY16 Budget | FY16 Estimates | FY17 Proposed Budget |
|---|----------------|-------------------|----------------------------|
| Program Administration, Other (travel, etc) | 483 | 248 | 285 |

- The original life of Phase II 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 and FY17.
- The IP/CSO grants will no longer be included in the operating budget. They will be reported on with other recipient executed activities such as the Readiness Grants.

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

III. FY17 Budget Proposal – Proposed Additional Activities

| Additional Activities | FY17 Proposed Budget |
|---|-------------------------------------|
| Technical Learning and Decision Support | 277 |
| Gender Inclusion in Forests and Landscapes | 411 |
| TOTAL | 688 |

*See FMT Note 2016-1 for more details on FY17 Budget

III. FY17 Budget Proposal – Decision for this Meeting

Is PC approval provided for the proposed FY17 Readiness Fund budget of \$8.9 million, including both the additional activities (\$688k) and the Shared costs for both the Readiness Fund and the Carbon Fund?



THANK YOU!

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