Forest Carbon Partnership Facility

3a. Available funding and criteria for additional funding requests

Twenty-second Meeting of the Participants Committee (PC22)

Accra, Ghana

September 26-28, 2016

Criteria for additional funding requests

- **Significant progress**: the PC recognizes significant achievement of progress, as determined based on the Delivery Partner’s mid-term grant monitoring report.
- At least **50%** of the Readiness Preparation Grant (up to $3.8 million) has already been **committed** at the time of the request for additional funding
- Additional funding to be used to support activities consistent with the endorsed R-PP, to be agreed with the relevant Delivery Partner, taking into account countries’ needs
- Proposal submitted in accordance with process
- **Availability of resources in the Readiness Fund**

Available Resources (1) – as at 30 June 2016

FCPF Readiness Fund
Donor Contributions as of June 30 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	5,162	1,110			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	368,877	45,246		27,014	54,004	30,009	31,538	94,880	32,290	53,895

*Amounts may vary due to exchange rate fluctuations.

Available Resources (2) – as at 30 June 2016

Summary of Long Term Sources and Uses of Readiness Funding (in $ million, as of June 30, 2016)		
Explanation	**of which**	**Totals**
Committed Funding (risk adjusted[1])		362
Investment Income		13.0
Total Sources		**375.1**
Committed Uses for funds		
Commitments (grants) to REDD+ Countries (47 @ $3.8 million)	178.6	
Additional grant funding to REDD+ Countries that demonstrate significant progress on readiness [Chile, Costa Rica, DRC, Guatemala, Ghana, Indonesia, Liberia, Mexico, Mozambique, Nepal, Republic of Congo, Uganda, and Vietnam] (12 @ $5 million, 1 @ $3.75 million)	63.8	
Less grants to inactive REDD+ Countries who did not submit R-PPs by PC14 (2 @ $3.8) [2]	(7.60)	
Net Grant Commitments		**234.8**
Administrative, Operations, and Country Support of which:		**80.7**
FY09-FY16 Actual costs	53.7	
FY17-FY21 Projected costs	25.0	
Reserve for Delivery Partner capacity for dispute resolution	2	
Total Uses		**315.4**
Estimated Reserve: Total Sources less Total Uses		**59.7**

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

Available Resources (3) – as at 30 June 2016

Estimated Reserve: Total Sources less Total Uses		**59.7**
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 11 additional countries (total of 24 countries))	5.3	58.3
Total potential additional uses		58.3
Total Surplus		**1.4**

Available Resources (4) – post 30 June 2016

Description	# of $5 million grants
Available for possible additional funding grants post 30 June 2016	11
Additional funding request for virtual review September 2016	1
Additional funding requests at PC22	3
Countries that have indicated they will submit additional funding requests for virtual review in October 2016	2
Balance remaining	5
Countries that have indicated they will submit MTRs (potentially with requests for additional funding) in Spring 2017	12
Countries that have indicated they will submit MTRs (potentially with requests for additional funding) in Summer/Fall 2017	8

Possible options for consideration (1)

- Reminder: Term of Readiness Fund currently ends in December 2020 - portfolio tracking is increasingly important as fund enters final years
- Request payment of outstanding contributions from donors
- Impose time limit for signing of grants (say 12 months), after which allocation is withdrawn and funds reallocated:
  - past allocations for Readiness Preparation grants (up to $3.8 million)
  - past allocations for Additional Funding grants (up to $5 million)
  - all future allocations (including for allocations made at this meeting)
- Reduce Additional Funding grants below $5 million

Possible options for consideration (2)

Option	Initial Comment
Request payment of outstanding contributions from donors	Potentially increases available funding by around $7 million. To be discussed with relevant donors.
Impose time limit for signing of grants (say 12 months), after which allocation is withdrawn and funds reallocated	Minimal increase in available funding. May improve speed of signing grants.
Reduce Additional Funding grants below $5 million	Unequal treatment. Minimal savings. Not a preferred option at this stage, but could be later as we move nearer to the end of the fund term.

Proposed Next Steps

- Any immediate reactions now
- More considered reactions at end of 3 MTR presentations today
- Depending on reactions, possibly include clause imposing time limit for signing of grants in the Additional Funding resolutions from this meeting
- Regarding imposing time limit on past allocations and all other issues: Between PC meetings, send FMT Note and draft resolution to PC for comment, followed by resolution for virtual approval by no objection