Forest Carbon Partnership Facility

3a. FY20 Budget Proposal

Twenty Seventh Participants Committee Meeting (PC27)

Washington DC, USA March 18-20, 2019

Outline

I. The Budget Process of the FCPF
   - Review of FCPF Budgeting Process
   - Cost Categories

II. Current Status of the Readiness Fund
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   - Long Term Sources and Uses

III. The FY20 Budget Proposal
   - FY20 Proposed Overall Budget
   - Shared Costs
   - Budgets by Expense Category
   - Decision for this Meeting

I. The Budget Process of the FCPF

Topics

- Review of FCPF Budgeting Process
- Cost Categories

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 FY20 starting July 1, 2019.
- Per the Charter, budgets are approved annually.
- FY20 Carbon Fund budget will be considered at CF 20 in July 2019 (July 8-11, 2019).
- The FY20 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, UNDP and IDB).

- 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.

- With more countries having signed Readiness Preparation Grants and UNDP and IDB being active as Delivery Partners, this category of expenditures comprises a substantial portion of the total budget.

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.
- Staff within the FMT with responsibility for specific country programs (previously termed ‘country focal points’) were transferred from the FMT to the Environment Global Practice within the World Bank in April 2017. For consistency their time spent providing support to these country programs will continue to be charged to this expense category.

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

REDD Methodology Support

- Technical Advisory Panel reviews of R-PPs and R-Packages.
- Liaison with UN-REDD and international REDD+ programs (e.g. FIP, GCF).
- 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, other technical training and support tools such as the REDD+ Decision Support Tool.

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 and Observers in meetings.
- Second Evaluation of the FCPF.
- FCPF website management and broadened general communications, expanded knowledge management and sharing 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.
- Stronger and more systematic portfolio monitoring, with an aim to better identify and respond to barriers to country progress at the portfolio level and to expend funds effectively by December 2020
- 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 the FCPF 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. Current Status of the Readiness Fund

Topics

- Fund Contributions
- FY19 Approved Budget
- Long Term Sources and Uses

II. Fund Contributions

FCPF Readiness Fund
Donor Contributions as of 28 February, 2019 (in $ thousands)

Participant Name	Total	Outstanding*	FY19	FY18	FY17	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	106,382			29,616			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	113,696		12,281	30,119	2,370			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	**399,157**	**1,140**	**12,281**	**59,735**	**2,370**		**27,014**	**54,004**	**30,009**	**31,538**	**94,880**	**32,290**	**53,895**

* Amounts may vary due to exchange rate fluctuations

II. FY19 Approved Budget

Overall Budget ($000s)	FY19 Budget
Readiness Trust Fund Administration	348
FCPF Secretariat	2,184
REDD Methodology Support	739
Country Advisory Services	1,434
Sub-total	**4,706**
Country Implementation Support	3,195
Sub-total	**7,900**
IP and CSO Program (Program Admin, Other (travel, etc))	300
Total Readiness Fund (including Carbon Fund Shared Costs)	**8,200**

Overall Budget shared between funds ($000s)	FY19 Budget
Readiness Fund	7,177
Carbon Fund	1,023
Total	**8,200**

II. Long Term Sources and Uses

Summary of Long Term Sources and Uses of Readiness Funding (in $ million, as of February 28, 2019)		
Description	**Totals ($m)**	
Sources of funds		
Committed Funding	399.2	
Less 15% discount applied to outstanding contributions that are in a currency other than US dollars, the holding currency of the fund (World Bank policy)	(0.2)	
Investment income to date	41.0	
Total Available Funding		**440.0**
Uses of funds		
Grant Allocations		
To REDD Countries		
Signed grants to REDD Countries (commitments)	299.4	
Allocations to REDD Countries (not yet signed)	15.5	
Total Allocation to REDD Countries		**314.9**
To IP/CSOs		
Initial Allocation to IP/CSO Capacity Building Program (commitments)	3.0	
Additional Allocation to IP/CSO Capacity Building Program (March 2017)	5.0	
Total Allocation to IP/CSO Capacity Building Program		8.0
Total Grant Allocations		**322.9**
Administrative, Operations, and Country Support costs over lifetime of fund		
FY09-18 Actual costs	70.7	
FY19-21 Projected costs	36.7	
Reserve for Delivery Partner capacity for dispute resolution	1.0	
Total Administrative, Operations, and Country Support costs over lifetime of fund		**108.4**
Total Uses of Funds		**431.2**
Unallocated Funds: Total Available Funding less Total Uses		**8.7**

$440.0 m in Available Funding

$322.9 m allocated as grants

Current reserve of $8.7 m

II. Bank-Executed Additional Activities budget allocation (US$ thousands)

Bank Executed Additional Activities	FY19	FY20	FY21	Total
MRV	900	3,600	1,500	6,000
Private Sector Engagement	938	1,823	240	3,000
IP/CSO	450	855	-	1,305
Country Forest Notes	600	2,400	-	3,000
Total	2,888	8,678	1,740	13,305

- Additional funding for Bank-Executed activities as approved at the PC26/PA11 in October 2018, for the remainder of the term of the Readiness Fund.

- Budget allocation for support to IPs and CSOs was increased from the initial $950k to $1.3m.

III. FY20 Budget Proposal

Topics

- FY20 Proposed Overall Budget
- Shared Costs
- Decision for this Meeting

III. FY20 Budget Proposal – Proposed Overall Budget

Overall Budget ($000s)	FY19 Budget	FY20 Proposal
Readiness Trust Fund Administration	348	563
FCPF Secretariat	2,184	2,798
REDD Methodology Support	739	1,570
Country Advisory Services	1,434	1,919
Sub-total	**4,706**	**6,850**
Country Implementation Support	3,195	4,112
Sub-total	**7,900**	**10,963**
IP and CSO Program (Program Admin, Other (travel, etc))	300	672
Total Readiness Fund (including Carbon Fund Shared Costs)	**8,200**	**11,635**

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

III. FY20 Budget Proposal – Shared Costs

Overall Budget shared between funds ($000s)	FY19 Budget	FY20 Proposal
Readiness Fund	7,177	10,106
Carbon Fund	1,023	1,529
Total	**8,200**	**11,635**

- Overall budget approximately $3.4 million more than the equivalent in FY19
- Increase mainly due to overall increased activities in accordance with revised proposals as agreed by the PC at the PC26.
- Increase includes additional funding for KM, gender, and translation (this is part of the $5 million total projected expenditures for the remainder of the term of the Readiness Fund, to be approved through the normal budget approval process).
- Increase also due to higher supervision and administration costs following additional grants signed by both the World Bank, and UNDP and IDB
- Breakdowns are explained in subsequent slides.

III. FY20 Budget Proposal – FCPF Trust Fund Administration

FCPF Trust Fund Administration ($000s)	FY19 Budget	FY20 Proposal
Base Budget	348	563
Total	**348**	**563**

- Slightly higher than the FY19 budget;
- Due primarily to increased human resources dedicated to even stronger portfolio management component to improve the ability to identify and respond to barriers to country progress
- Aim of ensuring full disbursement of all grants by 31 December 2020, the closing date of the Readiness Fund.

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

III. FY20 Budget Proposal – FCPF Secretariat

FCPF Secretariat ($000s)	FY19 Budget	FY20 Proposal
Base Budget	2,184	2,798
Total	**2,184**	**2,798**

- Secretariat budget has increased by about $600k mainly in response to an expanded scope of activities planned for Communication and Knowledge Management.
- Among other activities planned for FY20 are:
  - i) South-South Knowledge Exchanges (SSKE), including sub regional SSKEs on ER Program development, on-demand study tours based on country needs,
  - ii) A higher allocation has also been made for translation of general and Secretariat PC documents in order to cater to all Participants, and
  - iii) hosting of PC Meetings.

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

III. FY20 Budget Proposal – REDD Methodology Support

REDD Methodology Support ($000s)	FY19 Budget	FY20 Proposal
Base Budget	330	216
Gender Inclusion in Forests and Landscapes	409	1,354
Total	739	1,570

- Base budget includes RF TAPs and general methodology work.
- Overall budget allocation to REDD Methodology has increased to $1.57m compared to $0.74m for FY19, mainly due to an expanded scope of activities for Gender Inclusion in Forests and Landscapes ($1.35m) following the approval provided at the PA11/PC26 Meeting.

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

III. FY20 Budget Proposal – Country Advisory Services

Country Advisory Services ($000s)	FY19 Budget	FY20 Proposal
Base budget	1,434	1,919
Total	**1,434**	**1,919**

- Continued Country Support to the 46 active REDD Countries.
- With a budget of $1.9 million, this represents an increase of about $0.5m from the FY19 budget, as a result of the increased scope of activities and number of grants signed.

III. FY20 Budget Proposal – Country Implementation Support

Country Implementation Support ($000s)	FY19 Budget	FY20 Proposal
World Bank (35)	2,895	3,200
IDB (3)	-	300
UNDP (7)	300	612
Total (45)	**3,195**	**4,112**

- Solely made up of the previously agreed allocations per country for Delivery Partner support i.e., $650k for initial preparation grants and $300k for additional funding grants.
- Increase of $0.9m from FY19 reflects the fact that a number of additional Readiness Grants have been signed by the WB and other Implementing Partners (UNDP and IDB).
- The budgeted transfer to UNDP and IDB for FY20 is $912k to cover a transfer to UNDP expected to be made for support to Peru to implement an additional funding grant signed in FY19, as well as additional amounts for Cambodia, PNG, Paraguay and Kenya.

III. FY20 Budget Proposal – Indigenous Peoples and CSO Program

Capacity Building Program ($000s)	FY19 Budget	FY20 Proposal
IP and CSO Program (Program Admin, Other (travel, etc))	300	672
Total	**300**	**672**

- Budget is for oversight of IP/CSO Capacity Building program and meeting attendance for IP/CSOs only.
- The IP/CSO grants are no longer included in the operating budget. They are reported under Recipient-Executed Grants.

III. FY20 Budget Proposal – Decision for this Meeting

Is PC approval provided for the proposed FY20 Readiness Fund budget of $11.6 million?

(Do we need a contact group or should we present the standard budget resolution for approval in the Resolution session in Plenary?)

THANK YOU!

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