



PARTNERSHIP FOR MARKET READINESS (PMR): ANNUAL BUDGET REVIEW AND PROPOSAL – FY13 AND FY14

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May 28, 2013
Barcelona, Spain

Objectives

- ◆ **Review the FY13 Financial Report**
- ◆ **Seek Approval of Proposed FY14 Operating Budget**

Note PA6 2013-3: PMR FY13 Budget and Proposal of the PMR FY14 Budget

Budgeting Methodology and Process

◆ Budgeting Methodology and Process

- Activity-based budgeting
- Bottom-up approach
- Annual budget approval by the Partnership Assembly (PA)

◆ Budget Monitoring

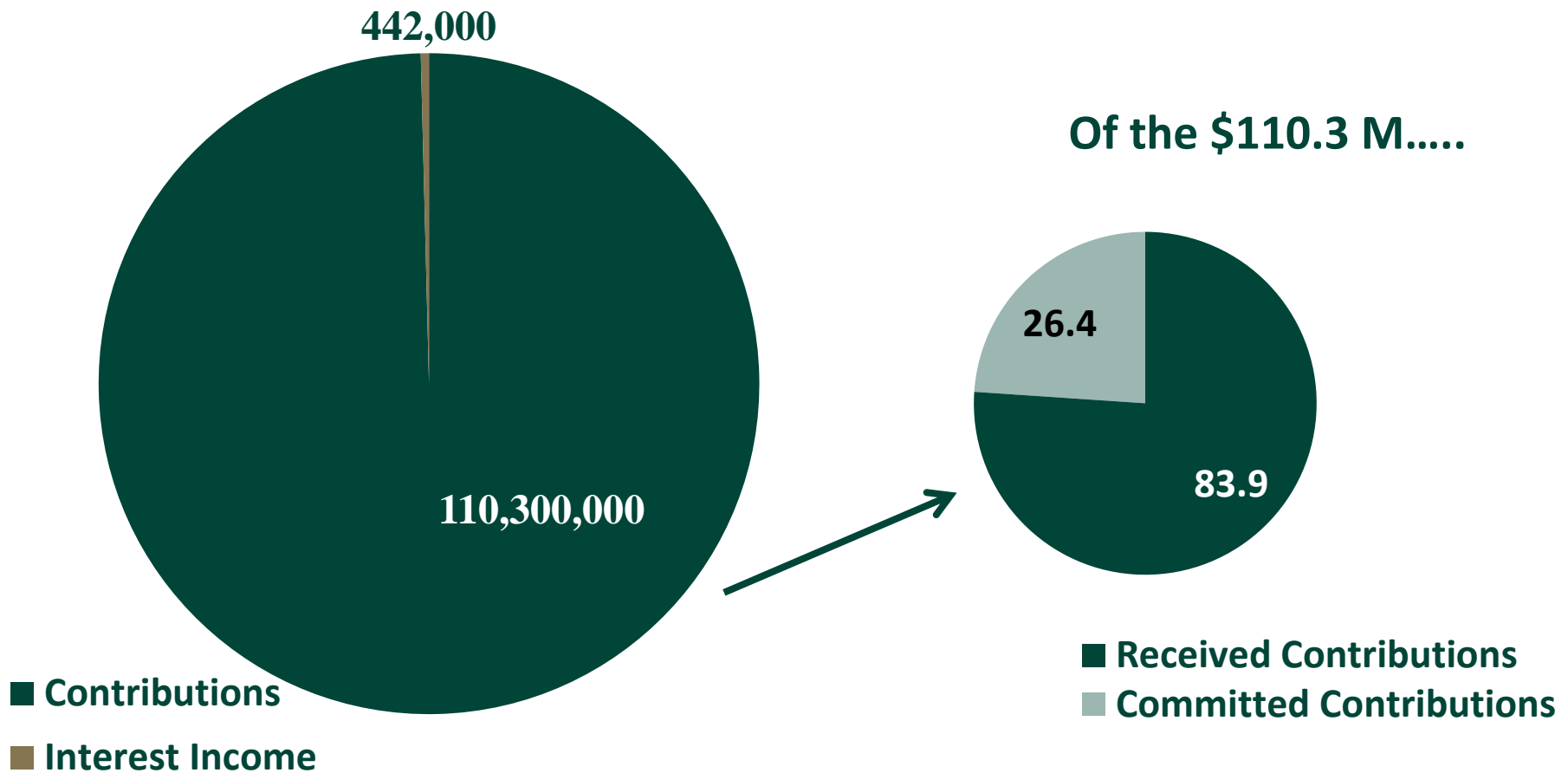
- Activity codes to track activities
- Time recording system

FY13 Financial Report Review

July 1, 2012 to June 30, 2013

Sources of Funding

PMR funding is made up of contributions from Contributing Participants and interest income. As of April 2013, these sources total: 110,742,000



Contributions as of **May 2013**

(in US\$ thousand)

Contributor	Commitment	Received
Australia	12.6	12.6
Denmark	5.1	5.1
European Commission	19.5	3.2
Finland	5.4	5.4
Germany	6.5	6.5
Japan	13.6	13.6
Netherlands	7.1	7.1
Norway	5.8	5.8
Spain	5.0	5.0
Sweden	7.6	7.6
Switzerland	12.5	8.5
United Kingdom	11.1	11.1
United States	7.5	0
Total	\$119.3	\$83.9

Summary of Use of Funding FY11-13

During FY13, the PMR used US\$5.389 million

(in US\$ thousand)

Total Use of Funds FY11	835
Total Use of Funds FY 12	2,750
Total Use of Funds FY13*	5,388
PMR Operations	2,721
Country Grant Disbursements	2,322
World Bank Administrative Fee	345
Cumulative Total Uses (FY11-13)	8,973
Total Sources (\$83.9m contributions +\$442k investment income)	84,342
Estimated Fund Balance as of June 30, 2013	\$75,369

****Figures represent actual expenses through March 31, 2013 and estimated expenses from April 1 through June 30, 2013.***

Country Grant Allocations

(in US\$ thousand)

Activity	Per Country	Total
Preparation Grants (16)	350	5,600
Implementation Grants (4)		17,000
Total allocated by countries		22,600

- ◆ **Committed versus disbursed funds (US\$2.33 million disbursed)**
- ◆ **Implementation grant agreements underway**

PMR Operations in FY13

Secretariat Operations comprise six core cost elements:

- ◆ **PA Meetings and Workshops:** Costs include meeting venue hire and catering; audio-visual equipment hire; and travel and accommodation expenses for Implementing Country Participant representatives, invited PMR experts and the PMR Secretariat
- ◆ **Country Delivery Support and Advisory Services:** Costs cover MRP Expert Feedback Groups and technical assistance from Delivery Partners and the Secretariat during preparation and implementation of MRP
- ◆ **Knowledge Management:** Costs cover design and implementation of the PMR Technical Work Program and design and maintenance of the PMR website.
- ◆ **PMR Management and Communications:** Costs comprise PMR Secretariat day-to-day program management and coordination, and publications
- ◆ **Trust Fund Management:** Costs associated with managing the PMR trust fund, including legal, budgeting and accounting services
- ◆ **Contingency:** Amount included to cover unforeseen expenses endorsed by the PA

Review of FY13 Operations Expenses

PMR operating expenses for FY13 totaled US\$2.721 million

(in US\$ thousand)

Use of Funds	FY12 Actual Expenses	FY13 Budget	FY13 Actual Expenses*
PA Meetings and Workshops	773	732	676
Country Delivery Support and Advisory Services	879	1,774	1,399
MRP Expert Feedback Process		121	175
Country Delivery Support		1,653	1,224
o/w: Secretariat Country Support			404
World Bank Regional Support			820
Knowledge Management	0	242	238
PMR Management and Communications	180	398	350
Trust Fund Management	79	80	58
Contingency	0	150	0
Total FY13 Use of Funds	1,911	3,376	2,721

*Figures represent actual expenses through March 31, 2013 and estimated expenses from April 1 through June 30, 2013.

FY13 Expenses: PA Meetings and Workshops

FY13 Total: US\$676,000

avg cost of one PA meeting + one technical workshop: US\$225,000

**FY12 Total:
773,000**

- ◆ PMR meetings became longer in FY13, averaging 4.3 days over the previous fiscal year average of 3 days
- ◆ Average cost of a PMR meeting and workshop dropped to US\$225,000 in FY13 from US\$257,000 in FY12, in part, through a stand-alone contribution of US\$50,000 from the Commonwealth of Australia toward offsetting costs associated with PA4

FY13 Expenses: Country Delivery Support and Advisory Services

FY13 Total: US\$1.399 million

**FY12 Total:
879,000**

- ◆ Expenses reflect ramp up of support for the formulation of country MRPs and the MRP Expert Feedback Process, which began for the first time in August 2012
- ◆ In total, five countries submitted final MRPs and one country submitted a draft MRP in FY13. All six countries completed the Expert Feedback Process
- ◆ On average, each Expert Group Feedback process costs US\$29,000. In FY13, a total of US\$175,000 was spent on these processes

FY13 Expenses: Knowledge Management

FY13 Total: US\$238,000

FY12 Total: 0

- ◆ In FY13, the PMR secretariat commissioned several technical notes, developed the new PMR website, initiated the PMR Technical Work Program, and began the preparation for an e-learning course on emissions trading, in collaboration with the World Bank Institute
- ◆ The Knowledge Management budget is expected to grow as the scope of the PMR's Technical Work Program intensifies. Going forward costs for specific technical work line items (e.g., work on MRV systems and modeling tools) will be tracked individually

FY13 Expenses: PMR Management and Communications

FY13 Total: US\$350,000

**FY12 Total:
180,000**

- ◆ PMR management costs align roughly with budgeted expectations; but doubled over FY12
- ◆ Day-to-day program management; represents increased staff time on coordination among secretariat and World Bank regional colleagues

FY13 Expenses: Trust Fund Management

FY13 Total: US\$58,000

**FY12 Total:
79,000**

- ◆ The PMR spent less than anticipated (US\$80,000 budgeted) on Trust Fund Management in FY13. There are two reasons for this:
 - The budgeted amount envisioned the endorsement of seven final MRPs in FY13; five reached this stage
 - The work associated with preparing the grant agreements for these four countries is not complete; some will carry over into FY14

FY14 Proposed Budget

July 1, 2013 to June 30, 2014

Proposed FY14 Budget for PA Endorsement

The Secretariat proposed a FY14 Budget of US\$4,744

(in US\$ thousand)

Use of Funds	FY13 Budget	FY13 Actual Expenses*	FY14 Proposed Budget
PA Meetings and Workshops	732	676	696
Country Delivery Support and Advisory Services	1,774	1,399	2,143
MRP Expert Feedback Process & Expert Support	121	175	490
Country Delivery Support by Delivery Partner & Secretariat	1,653	1,124	1,653
Knowledge Management	242	238	1,000
PMR Management and Communication	398	350	500+190
Trust Fund Management	80	58	65
Contingency	150	0	150
Total	3,376	2,721	4,744

* These figures represent actual expenses through March 31, 2013 and estimated expenses from April 1 through June 30, 2013.

FY14 Budget: Drivers in Proposed Increases

Year-on-year budgetary increases come primarily from three areas:

◆ Increasing Country Delivery Support and Advisory Services

- The need for delivery and advisory services from the World Bank's regional support staff and the secretariat will increase as most Implementing Countries complete draft MRPs in FY14
- The number of Expert Feedback Groups is also expected to increase
- In addition, some countries that have commenced the implementation phase have requested further support from PMR experts as they implement their MRPs
- As countries begin implementation, considerable support will continue

◆ Expanding Knowledge Management

- The Secretariat anticipates a significant increase in the amount of time and work focused on knowledge management in FY14 following the launch of the Technical Work Program. For complete details of the program, see the *Draft Note on PMR Technical Work Program (Note PA6 2013-1)*

◆ PMR Management and Communications

- As the number of Implementing Country Participants enter the implementation phase and the amount of work focused on knowledge management increases, PMR management and communication costs are also expected to rise slightly. In addition, the evaluation of the PMR's performance drives the increase.

Thank You

FOR MORE INFORMATION ON THE PARTNERSHIP FOR MARKET READINESS (PMR),
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