

Partnership for Market Readiness

Financial Update on FY19 Expenditure

DRAFT

PMR Note PA21-2019-02

October 9, 2019

I. BACKGROUND

1. As per the PMR Governance Framework, the PMR Secretariat is responsible for proposing a budget for the annual operations of the PMR and for presenting it for approval to the Partnership Assembly (PA) prior to the start of the fiscal year (FY).
2. Typically, the PMR Secretariat presents the annual budget during the final PA meeting in the FY. However, at PA18 in Ukraine, the PMR Secretariat proposed to provide a status update on the expenditure every 6 months. A decision to have a budget update every 6 months was taken and noted in the [co-chair summary](#) of PA18 in Kyiv, Ukraine.
3. The PMR Secretariat has therefore prepared this note with updated expenditure figures as of September 30, 2019. The key elements of this budget update are:
 - Summary of FY19 expenses
 - An update on the long-term financial plan for PMR operations
4. This note includes the following sections:
 - Action requested of the PA
 - An overview of the PMR's sources of funding
 - An overview and analysis of PMR's use of funds during fiscal year 2019 (FY19)
 - Approved FY20 budget
 - Updated long-term plan (LTP)

II. ACTIONS BY THE PA

5. PMR participants are invited to review this note and provide feedback and comments to the PMR Secretariat by **October 21, 2019**.

III. PMR SOURCES OF FUNDING

6. PMR funding is made up of contributions from PMR contributing partners and investment incomes. As of September 30, 2019, total committed contributions amount to US\$125.3 million while total received contributions equal to US\$ 123.7 million. Table 1 below details these commitments by contributor. The investment income as of September 30, 2019 since inception is US\$5.3 million. We expect to receive the final tranche of commitment by the European Commission (EC) by the end of FY20. We do not expect any further contributions to the existing facility.

Table 1. Commitments to the PMR by Contributing Participants (in US\$ million)

Contributing Participant	Commitment	Received to Date
Australia	12.5	12.5
Denmark	5.1	5.1
European Commission*	18.6	17.0
Finland	5.4	5.4
Germany	13.2	13.2
Japan	13.6	13.6
Netherlands	7.1	7.1
Norway	5.8	5.8
Spain	5.4	5.4
Sweden	7.6	7.6
Switzerland	12.5	12.5
United Kingdom	11.1	11.1
United States	7.5	7.5
TOTAL	125.4	123.8

** EU outstanding contribution of Euro 1.5m has been converted as of date at Fx rate of 1.09005*

IV. OVERVIEW AND ANALYSIS OF PMR'S USE OF FUNDS FOR FY19

Table 2. FY19 Budget and Expenditure (in US\$ thousand)

Use of Funds	FY19 Budget	FY19 Estimated Expense	FY19 Actual Expenses
PA Meetings and Workshops	650	650	483
Country Delivery Support and Advisory Services	2147	1575	1728
MRP Expert Feedback Process	0	4	4
Country Delivery Support	2147	1571	1724
o/w: (1) Secretariat Support	1121	861	821
(2) Delivery Partner Support	1026	670	898
(3) Implementation Completion Report (ICRs) Funding for RETFs	0	40	5
World Bank Central Unit Costs (1% Contribution)	127	127	127
Monitoring and Evaluation	96	191	26
Knowledge Management	800	636	548
Policy Analysis Work Program	1000	175	246
PMR Management and Communications	750	984	1290
Contingency	150	150	0
TOTAL USE OF FUNDS	5,720	4,488	4,448

8. As noted in the [PMR Note PA20 2019-02](#), the Secretariat had an approved budget of \$5,720K for FY19. As of June 30, 2019, the actual expenses for FY19 is \$4,4448K. Therefore, the overall spending for FY19 was lower by \$1,272K.

9. The underspending for FY19 comes from the following categories:

- PA Meetings and Workshops:** The Secretariat did not end up spending the estimated budget allocated for workshops and PAs for FY19. One of the main reasons for the savings is because PA20 was organized as a compressed 2-day assembly without a high-level assembly and a technical workshop which shortened its length and therefore reduced the cost though it was organized in Brussels at the last minute after the unfortunate bombings in Sri Lanka.
- Policy Analysis Work Program:** This workstream saw underspending in FY19 because the invoices will be charged in FY20. To note is that the PAWP will be wrapping up in FY20.
- Monitoring and Evaluation:** The budget allocated was an over-estimation. Given that the 2nd Independent Evaluation invoices have all been accounted for in FY19, no further charges will be expected in FY20.

10. Other notable trends observed from FY19 expenditure are the following:

- Country Delivery Support and Advisory Services:** As noted in [PMR Note PA20 2019-02](#), spending in country delivery increased as per estimation given the emphasis the Secretariat has placed on all countries to ramp up and complete all activities by FY20. The increased focus of the Secretariat staff to monitor country programs has therefore resulted in active disbursement.
- PMR Management and Communications:** Expenses under this item has gone up compared to the budget because of increased staff cost, time allocated for the preparation of the successor program and communication efforts in FY19. However, staff cost is expected to be streamlined as per the budget allocated for FY20 given the updated work program of staff working under various workstreams for PMR.

V. APPROVED BUDGET FOR FY20

11. At PA20, the assembly, as per [Resolution No. PA20/2019-1](#) authorized an overall budget of \$5,764K for FY20. The approved budget with the actual expenditure as of September 30, 2019 is below:

Table 3. Approved FY20 Budget (in US\$ thousand)

Use of Funds	FY20 Approved Budget	FY20 Actuals (as of September 30, 2019)
PA Meetings and Workshops	650	0
Country Delivery Support and Advisory Services	2187	361
MRP Expert Feedback Process	0	0
Country Delivery Support	2187	361
o/w: (1) Secretariat Support	1121	171
(2) Delivery Partner Support	1026	190
(3) Implementation Completions Reports (ICRs) Funding for RETFs*	40	0
World Bank Central Unit Costs (1% Contribution)	127	127
Monitoring and Evaluation	0	0
Knowledge Management	1,300	240
Policy Analysis Work Program	600	0
PMR Management and Communications	750	186
Contingency	150	0
TOTAL USE OF FUNDS	5,764	914

VI. PMR LONG-TERM PLAN (LTP)

12. In [PMR Note PA20 2019-03](#), the Secretariat presented an updated long-term plan (LTP) for the expected use of funds for the remainder of the life of the fund (until June 31, 2021) with an estimated

expense of \$133 million. The Secretariat has updated the figures for the LTP with actuals from FY19. In addition, because of the expected return of unspent resources from Morocco (\$1.3 million) and South Africa (\$1.5 million), the PMR Secretariat is currently at a surplus of 0.77%.

Table 4. Updated Long Term Plan

	Actuals		Actuals	Estimate	Estimate	
	FY11 - FY18	FY19 Budget	FY19	FY20 Budget	FY21 Budget	Totals
PMR Operations						
PMR PA Meetings and Workshops	4,886	650	483	650	650	6,669
PMR Management and Communications	4,492	750	1290	750	650	7,182
Country Delivery Support & Advisory Services	12,849	2,147	1724	2,187	1,154	17,914
Trust Fund Management	451	-	0	-	-	451
MRP Expert Feedback Process	433	-	4	-	-	437
Monitoring and Evaluation	329	96	26	-	-	355
World Bank Central Unit Costs	1,016	127	127	127	127	1,397
Contingency	0	150	0	150	150	300
PMR Operations Sub-total (A)	24,456	3,920	3654	3,864	2,731	34,705
PMR Support to Countries						
Preparation Funding						6,298
Implementation Funding						71,202
Targeted Country Support to Technical Partners						3,000
Additional Committed Funding						5,000
Initial Country Program Funding Support Sub-total (B)						85,500
Complimentary Funding Support						
Knowledge Management & Technical Work Program	4,963	800	548	1,300	750	7,561
Policy Analysis Work Program	4,418	1,000	246	600	0	5,264
Funding Support for Additional MRP and TP Activity	33	26	71	0	0	104
Complimentary Funding Support Sub-total (C)	9,414	1,826	865	1,900	750	12,929
PMR Activities Total (=A+C)	33,870	5,746	4,519	5,764	3,481	133,133

13. Anticipating the need to potentially reprogram unspent resources, the PMR Secretariat proposed [Ideas for Fund Deployment](#) at PA20. It was concluded and noted in the [co-chair's summary](#) that the PMR Secretariat will have the discretion to make funding decisions for prototype proposals of value \$200,000 or less. For proposals above that value, the Partnership Assembly will be mandating the approval keeping under consideration the time constraint to complete all activities by December 2020.