



Global Strategy
IMPROVING AG-STATISTICS



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AGENDA ITEM 2

(The criteria for allocating funds is for approval)

Principles for apportioning expected and available funds among years



Contents

1. Purpose.....	3
2. Global Trust Fund: funding situation.....	3
3. Process for allocating funds received.....	4
3.1. Funds allocation in 2012	4
3.2 Allocation Criteria for the Global Trust Fund	6
3.3 Practical Example. Proposed strategic allocation for 2013.....	6
4. Disbursement of funds	7
4.1 Practical example. Disbursement of funds in 2013.....	7

1. Purpose

This note describes the fund allocation process of the Global Trust Fund to Improve Agricultural and Rural Statistics (the Global Trust Fund), Starting from the harmonization of the funding cycle of the contributions received from each resource partner. A precise process is needed in order to enhance timely and strategic allocation decisions approved by the Global Steering Committee.

The allocation of funds process will cover all the steps and phases that are described in the manual of procedures for disbursement of funds to participating partners¹. Adherence to the manual is mandatory to ensure standard and transparent processes.

The Global Steering Committee decides, at strategic level, on allocations from the Global Trust Fund between global activities and the various regions, based on the integrated global budget and expected resources from donors, in compliance with the conditions stipulated in the agreements between the Fund Administrator and individual Resource Partners.

2. Global Trust Fund: funding situation

The Global Trust Fund is a multi-donor trust fund, in which contributions received are co-mingled into the Global Trust Fund Income Account. The total contribution to be received as per current signed funding agreements is 41,159,678 USD. The current resource partners portfolio is composed by DFID, BMG and the Italian cooperation.

Pooling the contributions provides better flexibility to allocate the funds and facilitates the implementation of the Global Strategy as well as reporting, monitoring and evaluation against the Global log-frame. Nevertheless, the Global Trust Fund receives several contributions from various resource partners at different times, therefore a clear process for allocating funds is needed.

As a concrete example, DFID will provide two disbursements per year. The first disbursement was received in March 2012 and covered the period from March until September 2012, whereas the second disbursement covered the period from September 2012 until March 2013.

There is a need to harmonize DFID's funding cycle to the calendar year, for this purpose the second disbursement should be prorated splitting the contribution into two parts; one that corresponds to 2012 (three months), 2 and the other one that corresponds to the execution of the programme in 2013.

Table 1. DFID funding cycle.

	DFID disbursement schedule in USD (exchange rate 0.62 USD/Pounds)					
	2012	2013	2014	2015	2016	Total
by end of March each year	3,164,557	3,646,677	3,646,677	2,998,379	1,048,387	14,504,677
by end of September each ye	3,646,677	3,646,677	2,998,379	1,048,387	-	11,340,120
Total	6,811,234	7,293,354	6,645,056	4,046,766	1,048,387	25,844,797

Source: funding agreement with DFID.

BMG funding cycle presents different particularities as the first contribution has been received at the end of November 2012 and will cover the funding of activities until June 2014, i.e. the contribution will cover a period of 19 months. The remaining contributions to be received will be disbursed in June each year covering 12 months period.

¹ Document circulated for GEB final approval.

Table 2. BMG funding cycle.

	BMG Disbursement schedule USD					
	2012	2013	2014	2015	2016	Total
End Nov/Beginig dec 2012	5,533,618	-	-	-	-	5,533,618
June each year	-		5,077,786	3,201,855	1,301,622	9,581,263
Total	5,533,618	-	5,077,786	3,201,855	1,301,622	15,114,881

Source: funding agreement with BMG.

The contribution to from the Italian cooperation will be received in one single disbursements.

Table 3. Global Trust Fund - Total Hard Commitments² in the period 2012-2016 according to the disbursement calendar of the resource partners

	2012	2013	2014	2015	2016	Total USD
Total DFID	6,811,234	7,293,354	6,645,056	4,046,766	1,048,387	25,844,797
BMG	5,533,618	-	5,077,786	3,201,855	1,301,622	15,114,881
Italian Cooperation	200,000	-	-	-	-	200,000
Total hard commitments (USD)	12,544,852	7,293,354	11,722,842	7,248,621	2,350,009	41,159,678

Source: funding agreements with resource partners.

3. Process for allocating funds received

As explained in the previous section, the timing of the disbursement of funds to be received from each resource partner is different, therefore a standard approach has to be adopted to assign the resources to the calendar year. The proposed approach is the prorata, which was adopted in 2012.

3.1. Funds allocation in 2012

During the third meeting of the Global Steering committee, the allocation of expected funds³ to be received in 2012 was approved. This allocation was based on the portion of hard commitments⁴ and soft commitments⁵ to be received in 2012. The allocation also indicated the source of funding and the recipient region. Specifically, the allocation of funds was prepared considering the following elements:

- 1) Annual hard commitments, corresponding to DFID's contribution
 - The first disbursement received from DFID covering the period March-September 2012.
 - DFID's second disbursement covering the period September 2012 until March 2013. Given that this disbursement covered two different calendar years, the allocation of funds only considered the portion of funds to be executed in 2012 (September - December 2012). The remaining funds (January - March 2013) were considered hard commitments for 2013.
- 2) Annual soft commitments, corresponding to BMG's contribution.
 - It was expected that a contribution for a total value of 3,480,000 USD was going to be received during 2012 to execute the activities planned during that year. Eventually, the funding agreement was signed in November 2012, therefore the first instalment (5,533,618 USD) was received in November 2012.

² DFID's contribution is in sterling pounds. The exchange rate applied is 0.62 USD/£ (value of the exchange rate of the first contribution received from DFID)

³ Annual expected funds include annual hard commitments and annual soft commitments

⁴ annual funds corresponding to signed agreements including funds already received

⁵ other resources expected to be received from donors, although corresponding agreements have not been signed yet

Since BMG first disbursement has been received at the end of November 2012, and with the purpose to facilitate the planning of the activities, the disbursement will cover the period January 2013 until June 2014 (18 months). The portion of funds corresponding to the project implementation during the first twelve months will become hard commitments for 2013.

Considering the portion of hard commitments received in 2012 and the preferences indicated by the resource partners, the strategic allocation of funds in 2012 was prepared and approved by the GSC as indicated in table 5.

Table 5. Strategic allocation of funds in 2012 based on annual expected funds in 2012.

SOURCES	AMOUNT EX PECTED IN 2012	Global Level	PROPOSED ALLOCATION BETWEEN GLOBAL AND REGIONAL LEVELS				
			Africa Region	Asia/Pacific	LA /Caribbean	NER Region	CIS Region
*Dfid contribution to Action Plan (Allocation is based on assumptions in the Business case of Dfid)	5,078,125	2,109,375	1,484,375	1,296,375	90,000	50,000	48,000
BMGF Global Action Plan (Allocation is based on the indications given by BMGF)	3,480,000	1,740,000	1,740,000				
BMGF country assessment [Allocation is based on project proposal for country Assessment (7 countries in Africa and 2 in Asia)]	910,121	200,000	552,316	157,805			
AfDB	930,000		930,000				
ADB	500,000			500,000			
FAO Regional office for Asia-Pacific	60,000			60,000			
TOTAL	10,958,246	4,049,375	4,706,691	2,014,180	90,000	50,000	48,000
%	100.0	37.0	43.0	18.4	0.8	0.5	0.4

Source: Global Steering committee minutes.

During the second meeting of the Global Executive Board followed-up on the implementation of the decisions taken by the Global Steering Committee, the GEB provided disbursement instructions for available funds, corresponding to DFID's first disbursement.

Since some of the Regions had not yet developed their Regional Action Plans, funds were only disbursed to those Participating Partners whose workplans and budgets were approved, and/or for the preparation of regional action plans and setting up of regional governance bodies (initial phase). On this basis, a portion of DFID's first contribution (1,400,836USD) assigned to Africa and Asia and the Pacific was not disbursed. In addition, the second tranche of DFID's contribution has not been yet been disbursed; therefore the total allocated funds temporary credited into the Global Trust Fund General Income account and pending for disbursement is 3,314,403 USD as indicated in table 6. The allocation of these funds has been already approved and the disbursed will be done upon workplans and budget approval and MoU signature.

Table 6. Allocated Funds pending for disbursement in 2012

	Total	Global Level	Africa	Asia & the Pacific
	3,278,569	872,959	1,484,375	921,235
First tranche of DFID covering the period April-September 2012	1,365,002	-	870,071	494,931
Second tranche DFID covering the period Sept-Dec 2012	1,913,567	872,959	614,304	426,304

Source: Global Executive Board minutes

3.2 Allocation Criteria for the Global Trust Fund

In order to be consistent with the approved allocation of funds in 2012 and harmonize contributions from various resource partners, all contributions received by the Global Trust Fund will be prorated and aligned to the calendar year. The portion of the contributions belonging to the next calendar year will be temporary deposited in the Global Trust Fund General Income Account.

The strategic allocations will be based on the integrated global budget and in compliance with the conditions stipulated in the agreements between the Fund Administrator and individual Resource Partners. In addition, the allocation of funds will take into account other activities and interventions that are not funded through the Global Trust Fund in order to ensure coordination when implementing the Global Strategy. Interventions of this nature include all relevant activities that are funded through bilateral arrangements, self-funding modalities or any other activities outside the Global Trust Fund mechanism.

The strategic allocation of funds assigns financial resources to Global and Regional levels, based on the preferences stipulated by each resource partner as indicated in the funding agreements.

The below table presents resource partners preference in percentage.

The latest strategic allocation approved by the Global Steering committee will assess the totality of funds disbursed to global and regional levels and will ensure that the below percentages are respected.

Table 7. Resource Partners preferences in percentage.

	Global	Africa	Asia & Pacific	Latin America and Caribbean	Near East	CIS
DFID	39%	30.5%	30.5%	0	0	0
BMG	44%	56%	0	0	0	0
Italian cooperation	100%	0	0	0	0	0

Source: Funding agreements with resource partners.

3.3 Practical Example. Proposed strategic allocation for 2013

Based on the above described allocation criteria, the proposed allocation of hard commitments for 2013 will consider the following contributions as described below in table 7:

- The portion of DFID's second contribution covering the period January - March 2013 for a total value of 1,733,110 USD.
- The third contribution to be received from DFID covering the period April-September 2013 for a total value of 3,164,557 USD.
- The portion of the fourth contribution from DFID covering the period October-December 2013 for a total value of 1,582,279 USD.

- The portion of BMG's contribution covering the period January-December 2013 for a total value of 3,228,213 USD.
- The entire contribution received from the Italian cooperation for a value of 200,000 USD.

Table 8. Proposed Strategic allocation of funds in 2013 based on hard commitments for 2013

2013 ALLOCATION BETWEEN GLOBAL AND REGIONAL LEVELS		Total	Global Level	Africa	Asia & the Pacific
Hard commitments for 2013 (funds expected for 2013 from signed agreements with DFID, BMG and the Italian cooperation)		11,092,204	4,632,414	4,262,837	2,196,953
DFID	Second disbursement of DFID covering Jan- March 2013	1,733,110	675,913	528,599	528,599
	Third disbursement of DFID covering April- September 2013	3,646,677	1,422,204	1,112,236	1,112,236
	Fourth disbursement of DFID covering October-December 2013	1,823,339	711,102	556,118	556,118
BMG	First disbursement covering the period Jan-December 2013	3,689,079	1,623,195	2,065,884	0
Italian Cooperation	Single disbursement Jan-December 2013	200,000	200,000	0	0

This strategic allocation has been prepared for illustration purposes.

4. Disbursement of funds

Once the Strategic allocation has been approved by the Global Steering Committee, the Global Executive Board allocates available funds to global and regional levels based on the following criteria:

- The proportions of the annual expected funds allocated by the Global Steering Committee;
- The Delivery rates estimated by the Fund Administrator, based on workplans, and the narrative and certified financial reports (not applicable for the 1st allocation).

The Global Executive Board gives instructions to the Fund Administrator to proceed with the disbursement of funds to each of the Participating Partners after receiving the submission of the updated consolidated annual workplans.

4.1 Practical example. Disbursement of funds in 2013

This note describes the process for allocating the Global Trust Funds, with especial focus on the allocation criteria. The disbursement of funds in 2013 is a practical example presented for illustration purposes.

The total expected funds to be disbursed in 2013 should consider:

- Funds corresponding to 2012: The strategic allocation that has not been disbursed corresponding for a total of 2,783,638 USD (described in table 6).
- Funds corresponding to 2013: The approved strategic allocation in 2013 (table 7).

Table 9: Total expected funds to be disbursed in 2013

				Total USD	Global Level	Africa	Asia & the Pacific
Funds to be disbursed in 2013 (Total hard commitments + allocated funds from 2012 but not disbursed)				14,370,773	5,505,373	5,632,267	3,068,425
Funds to be transferred to the Fund Administrator⁶				164,707	0	114,944	49,763
2012	DFID	2012 allocated funds but not disbursed	First disbursement	1,365,002		870,071	494,931
			Second disbursement covering the period Sept-Dec 2012	1,913,567	872,959	614,304	426,304
2013	DFID	2013 Allocated funds	Second disbursement covering Jan- March 2013	1,733,110	675,913	528,599	528,599
			Third disbursement covering April- September 2013	3,646,677	1,422,204	1,112,236	1,112,236
			Fourth disbursement covering October- December 2013	1,823,339	711,102	556,118	556,118
	Total funds from DFID			10,481,695	3,682,178	3,681,328	3,118,188
	BMGF		First disbursement covering the period Jan- December 2013	3,689,079	1,623,195	2,065,884	-
Italian cooperation		Single disbursement for 2013	200,000	-	-	-	

The total expected funds to be disbursed in 2013 have been prepared for illustration purposes.

⁶ The value of the 2% admin fee is calculated on the basis of funds transferred to Participating Partners outside FAO.