



# Global Environment Facility

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April 10, 2001

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GEF Council  
May 9-11, 2001  
Agenda Item 12

## GEF FY02 CORPORATE BUDGET

### **Recommended Council Decision**

The Council reviewed document GEF/C.17/11, GEF FY02 Corporate Budget, and approves the proposed FY02 corporate budget of \$22.272 million, subject to the comments made during the Council meeting, comprising:

- (a) an amount of \$20.019 million for the resource requirements of the six GEF units (the three Implementing Agencies, GEF Secretariat; Trustee and the Scientific and Technical Advisory Panel) in the provision of corporate management services; and
- (b) an amount of \$2.253 million to support the proposed special initiatives of (i) the Second GEF Assembly; (ii) the World Summit on Sustainable Development; and (iii) the final phase of the Country-Level Coordination and Country Ownership of GEF-Financed Activities.

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## EXECUTIVE SUMMARY

1. The GEF FY02 Corporate Budget seeks Council approval for a proposed budget of \$22.272 million comprising: \$20.019 million for the resource requirements of the GEF Units (GEF Secretariat, the three Implementing Agencies, Trustee, the Scientific and Technical Advisory Panel); and \$2.253million for Special Initiatives to be task-managed and implemented by the GEF Units.
2. The FY02 Corporate Budget supports the planned activities and deliverables for the first year of the GEF FY02-FY04 Corporate Business Plan by providing the GEF units with the budgetary resources for their corporate services for the fiscal year. To address the earliest challenges of the Corporate Business Plan period in implementing GEF's Operational Strategy to meet the threats to the global environment, the FY02 Corporate Budget will fund GEF's efforts in achieving positive and measurable impact, strengthening country ownership, deepening the commitment of its Implementing Agencies, broadening partnerships with a wide range of organizations and improving its institutional effectiveness and efficiency.
3. The budget is based on the resource requirements of the GEF Units for their planned corporate management activities (i.e., institutional relations; policy and program development and coordination; outreach, knowledge management, and external relations; management and finance; and monitoring and evaluation) in support of GEF's operational activities and special initiatives. The proposed budget incorporates a volume increase of 5.4 per cent to meet new and additional corporate management demands (viz., designation of GEF as interim financial mechanism for the Persistent Organic Pollutants Convention and evolution of expanded opportunities for executing agencies) and a price adjustment of 3 per cent to accommodate the impact of annual inflation.
4. The proposed FY02 special initiatives are (i) the Second GEF Assembly; (ii) the World Summit on Sustainable Development; and (iii) the final phase of the Constituencies and Assistance for Country-Level Coordination.

## I. INTRODUCTION

### Proposed FY02 Corporate Budget

1. The GEF FY02 Corporate Budget seeks Council approval for a proposed budget of \$22.272 million comprising:
  - (a) \$20.019 million for the resource requirements of the six GEF units (GEF Secretariat, the three Implementing Agencies, Trustee and the Scientific and Technical Advisory Panel) in the provision of corporate management services for Fiscal Year 2002 (July 1, 2001 - June 30, 2002); and
  - (b) \$2.253 million for FY02 Special Initiatives for: (i) the Second GEF Assembly; (ii) the World Summit on Sustainable Development; and (iii) the final phase of the Constituencies and Assistance for Country-Level Coordination.

### Formulation of GEF Annual Corporate Budget

2. The GEF Annual Corporate Budget, which is determined by the rolling three-year GEF Corporate Business Plan for implementing GEF's Operational Strategy, has been formulated consistent with the same general planning principles: integration of planning; corporate identity, realism, steady and stable growth, cost-effectiveness, and flexibility. The FY02 Corporate Budget supports the planned activities and deliverables for the first year of the GEF FY02 - FY04 Corporate Business Plan<sup>1</sup> by providing the six GEF organizational functions<sup>2</sup> (GEF Units) with the budgetary framework and resources for programming their corporate services for the fiscal year. Additionally, during the year, as appropriate, the GEF CEO may authorize supplemental budgetary resources, within the existing approval authority given to him by Council,<sup>3</sup> on the basis of estimated year-end expenditures.
3. Thus, in FY02, to address the earliest challenges of the FY02-FY04 Corporate Business Plan period in the implementation of GEF's Operational Strategy to meet the threats to the global environment, the FY02 Corporate Budget will fund an annual corporate work program to support GEF's efforts in:
  - (a) achieving sustained positive and measurable impact on the global environment through the actions it finances;
  - (b) strengthening country ownership of actions and link GEF activities to countries' sustainable development priorities, since sustained, measurable impact will depend critically on the involvement and commitment of the countries where actions take place;

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<sup>1</sup> *GEF Corporate Business Plan FY02-FY04*. GEF/C.16./8, October 4, 2000.

<sup>2</sup> GEF Secretariat (including the Monitoring & Evaluation Team); the three Implementing Agencies' coordination functions; Trustee; and the Scientific and Technical Advisory Panel (STAP)

<sup>3</sup> *Joint Summary of the Chairs, April 9, 1996, para 22.*

- (c) deepening the commitment of its Implementing Agencies and executing agencies to the global environment;
- (d) broadening partnerships with a wide range of organizations in order to expand the delivery capacity of the GEF, increase responsiveness to countries, leverage additional financial resources, and diversify approaches; and
- (e) striving, as a model for international cooperation, to continuously improve its institutional effectiveness and efficiency of its organization, relationships, and operations.

4. The GEF corporate budget provides the funding for the core corporate activities and special initiatives which are fundamental to accomplishing the above five objectives of the Corporate Business Plan. These core corporate activities (i.e., institutional relations; policy and program development and coordination; outreach, knowledge management, and external relations; management and finance; and monitoring and evaluation) are commonly carried out by the GEF Units, as further discussed in Section IV.

## **II. BUSINESS AND OPERATIONAL DEVELOPMENT**

5. This section highlights new business and operational developments that impact upon the formulation of the FY02 Corporate Budget; and the annual work program and corporate activities of the GEF Units.

### **Interim Financial Mechanism for Persistent Organic Pollutants Convention**

6. In December 2000, the 5<sup>th</sup> session of the Intergovernmental Negotiating Committee (INC) for an “International Legally Binding Instrument for Implementing International Action on certain Persistent Organic Pollutants” concluded the negotiations for a persistent organic pollutants convention. GEF was designated, on an interim basis in the draft “Stockholm Convention on Persistent Organic Pollutants” (POPs), as the “principal entity entrusted with the operations of the financial mechanism”. The GEF Council, in its 16<sup>th</sup> Session, recognized that “should the GEF be the financial mechanism for the legal agreement it would be willing to initiate early action with regard to the proposed enabling activities with existing resources”. As an immediate response to this Council decision, GEF plans in FY02 to assist countries to implement the Convention through the preparation of National Implementation Plans (NIPs) which the Parties have an obligation to develop under Article 7 of the Convention. This type of support is provided by the GEF as “enabling activities”, similar to assistance provided by the GEF in the context of the Climate Change and Biodiversity Conventions. The initial “Guidelines for Enabling Activities for the Stockholm Convention on Persistent Organic Pollutants” are being submitted to Council for approval at its May 2001 meeting

### **Growth of Expanded Opportunities for Executing Agencies**

7. Partnerships have been and are being developed by GEF with a wide range of organizations in order to expand the capacity of the international system to provide the needed resources and assistance for the global environment undertaking. GEF's Implementing Agencies have made impressive efforts to expand opportunities in GEF activities for executing agencies --such as non-governmental organizations, regional development banks, bilateral development cooperation agencies, United Nations agencies, and others.<sup>4</sup> Six agencies (ADB, AfDB, EBRD, FAO, IADB, and UNIDO) have been approved by Council for direct access to PDF-B funds for preparing project proposals and to implement approved projects. A number of such projects are already included in GEF's portfolio and several are currently in the GEF Pipeline. Cooperation is also being sought with bilateral development agencies and the European Commission in terms of co-financing, coordination and collaboration.

### III. SPECIAL INITIATIVES

#### Review of FY01 Special Initiatives

8. *GEF Project Management Information System* (\$250,000): The design, development and implementation of the core functions of the Project Management Information System (PMIS) has been substantially completed and tested. Data from the various separately maintained databases in GEF Secretariat have been consolidated into this centrally maintained database. Currently, data is being validated and agreed with the databases of the respective Implementing Agencies; and a mechanism is being established for future data-transfers. The six-monthly Operational Report of GEF Projects (ORGP) is being prepared from the PMIS, and other standard reporting requirements are also being determined. A direct link has also been established between the PMIS and the Project Tracking and Mapping System, which is maintained on the GEF website, for updating purposes. Work continues in establishing the PMIS as a central database, repository and tool for all information and knowledge management of GEF projects, accessible to both GEF and all interested external users.

9. *Greater Outreach and Communications* (\$430,000): The Secretariat organized outreach activities including GEF project presentation workshops, a GEF exhibition, and media relations activities at relevant events including the FCCC and CCD meetings. The GEF was also present at the International Negotiation Commission session of the Convention on Persistent Organic Pollutants held in Johannesburg, South Africa in December 2000. Video production, under the GEF's partnership with the International Television Trust for the Environment (TVE) continues. A new PowerPoint presentation on the GEF has been completed. The Secretariat has increased the number of its news releases produced and distributed, and has placed several articles on the GEF's operations in newspapers and other serial publications. The 6,000 members of the International Federation of Environmental Journalists are now receiving GEF news releases and project stories.

10. *Country-Level Coordination and Country Ownership of GEF-Financed Activities* (\$588,000): As of mid-FY01, over 100 GEF focal points have identified the respective Implementing

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<sup>4</sup> See *Expanded Opportunities for Executing Agencies*, GEF/C.13/3

Agency which they chose to work with in order to receive in-kind support for their coordination activities; and more than 65 budget plans have been approved and funded. This support can be used effectively to continue the national dialogue and, also, to enhance constituency coordination. In addition, a reference library of relevant information and publications in country offices with access to electronic information networks will be established under this initiative. A status report has been prepared "Review of GEF Support to National Focal Points and Council Members" (GEF/C.17/Inf.9). This issue of country-level coordination and country ownership is also being addressed in the Second Study of GEF's Overall Performance (OPS2).

### **Review of Special Initiatives Approved Prior to FY01**

11. The following paragraphs review a number of special initiatives, approved in previous fiscal years, which are multi-year in their implementation.

12. *Country Dialogue Workshops:* To date, nine workshops have been held in Algeria, Cuba, Malawi, Nigeria, the Philippines, Sri Lanka and Tanzania, including two sub-regional workshops in the Caribbean. The Secretariat and the Implementing Agencies continue to develop country-specific documentation and are continuing the dialogue.

13. *GEF/UNDP Strategic Partnership for a Capacity-Development Initiative (CDI):* A comprehensive assessment of countries' capacity building needs have been completed with an extensive consultative process through regional workshops, convention outreach meetings, and regular meetings of the CDI steering committee. The World Bank and UNEP are represented on the Capacity Development Initiative Steering Committee. They have participated in the assessment phase by conducting a portfolio assessment and are now providing their perspective in the development of a Capacity Development strategy and action plan<sup>5</sup>. In October 2000, the partners began planning for a concerted effort of capacity building which, after another round of CDI regional consultative meetings in February and March 2001, now being presented to the GEF Council May 2001 meeting. This second phase of activities has benefited from a contribution from the Government of Finland. It is anticipated that the CDI will be completed in May 2001.

14. *GEF/UNEP Strategic Partnership:* This special initiative, which covered scientific and technical analyses and assessments, as well as mobilization of the scientific and technical community, in close co-operation with STAP, includes ongoing activities that:

- (a) assess the potential for the commercialization of conjunctive photovoltaic (PV)-hydro power generation, in co-operation with the German development bank, Kreditanstalt für Wiederaufbau (KfW). UNEP has undertaken a study to determine sites for grid-connected PV in conjunction with hydropower, with a view to identifying opportunities of a magnitude that would allow market-transforming reductions in manufacturing cost;

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<sup>5</sup> "Elements of Strategic Collaboration and a Framework for GEF Action for Capacity Building for the Global Environment", GEF/C.17/6

- (b) develop a Technology and Know-How Transfer Clearinghouse as a public-private partnership, to provide information and advisory services that promote private sector investments in environmentally sound technologies in the GEF focal areas. The GEF Program Tracking and Mapping System has been developed and implemented to provide GEF and stakeholders with an advanced environmental database on GEF projects, accessible through the GEF Website. In addition, a metadatabase of environmental information sources and data was developed and is accessible via the Internet; and
- (c) contribute to the GEF global environment outreach strategy by mobilizing the scientific and technical community around GEF issues. Interactive forums on global environmental issues, such as biosafety and agrobiodiversity, and a regional forum on land and water degradation in Africa, were established on the internet to encourage debate, discussion and advice on the issues.

### Proposed FY02 Special Initiatives

15. The FY02 Corporate Budget incorporates funding for the proposed corporate and operational work program initiatives, which are summarized in Table 1 and described in the following paragraphs.

**Table 1: Proposed FY02 Special Initiatives**

<b>Special Initiatives</b>	<b>\$m</b>
Second GEF Assembly	0.266
World Summit on Sustainable Development	1.399
Country-Level Coordination and Country Ownership of GEF-Financed Activities	0.588
<b>TOTAL</b>	<b>2.253</b>

#### *Second GEF Assembly*

16. During its meeting in May 2000, the GEF Council considered the timing of the second GEF Assembly and agreed that it should be linked with the completion of the Third GEF Replenishment discussions and after the convening of the Rio+10 Conference to allow the Assembly to take into account the results and new directions agreed to by the Conference. The GEF Secretariat has prepared “A Note on GEF Assembly and Associated Meetings” (GEF/C.17/10), which (i) outlines the steps that the Secretariat will be taking to continue the organization of the Second Assembly over FY02 and FY03; and (ii) seeks the Council’s approval for the budgetary resources needed to cover the costs of these activities.

## *World Summit on Sustainable Development*

17. At its meeting in December 1999, the GEF Council requested the CEO/Chairman to reflect upon, and to consult with the interested parties on, the best way that the GEF could make a substantial contribution to the process and to the ten-year review of progress in the implementation of UNCED at the World Summit on Sustainable Development (WSSD). In this regard, the document “*CEO Note on GEF Activities related to the World Summit on Sustainable Development*” (GEF/C.17/9), prepared for the May 2001 Council meeting, provides a proposal on a substantive GEF contribution to the World Summit and its preparations.

## *Country-Level Coordination and Country Ownership of GEF-Financed Activities – Final Phase*

18. At its meeting in May 1999, the GEF Council reviewed the document “*Constituencies and Assistance for Country Level Coordination*”(GEF/C.13/13), and approved the proposed activities and associated financial resources to strengthen country level coordination for a three-year period, beginning in FY00. The FY02 Corporate Budget, accordingly, includes the amount of \$588,000 for the third and final year of this initiative, as provided for and substantiated in the said proposal. A review of progress on this initiative has been prepared for Council review for the May 2001 meeting, “*Review of GEF Support to National Focal Points and Council Members*” (GEF/C.17/Inf.9). GEF Secretariat and the three Implementing Agencies will continue to collaborate and participate substantially in the implementation of this initiative.

## **IV. FY02 CORPORATE MANAGEMENT BUDGET**

### **Proposed FY02 Corporate Management Budget**

19. The proposed FY02 Corporate Budget is based on the resource requirements of the six GEF Units for their planned corporate management activities in support of GEF’s business and operational activities. The proposed FY02 budget incorporates a price adjustment of 3% over the FY01 budgetary level to accommodate the impact of annual inflation.

### **Common Corporate Management Activities**

20. This section outlines (i) the typical yearly proceedings and events supported by each corporate management activity; and (ii) the corporate tasks, specifically programmed for FY02, that will be carried out in common by the GEF Units with the exception of Trustee.

21. Institutional Relations: GEF Units coordinate and collaborate in their participation in GEF policy paper development, reviews and discussions, conferences (including the GEF Council, COP and STAP meetings) and in servicing GEF corporate responsibilities vis-à-vis the global conventions, their secretariats and subsidiary bodies. Staff participate in key Convention meetings and conferences (e.g., the various Conference of the Parties; the INC on Persistent Organic Pollutants; and the Special

Session of the UN General Assembly on Small Island Developing States). In FY02, GEF Units will participate in preparations for the World Summit on Sustainable Development in September 2002 and the Second GEF Assembly in October 2002.

22. Policy and Program Development and Coordination: GEF Units contribute to operational policy and program development through participation in inter-agency task forces on operational and technical issues (e.g., streamlining of project-cycle and incremental costs methodology; development of operational criteria for reviewing GEF project proposals; increasing private sector involvement in GEF operations). GEF Units will continue to promote partnerships with executing agencies; as reflected in their participation in Project Review meetings, assistance with development of policies, administrative and legal arrangements, and the eventual servicing of these partnerships.

23. Outreach, Knowledge Management and External Relations: To increase awareness of GEF, GEF Units participate in corporate GEF outreach efforts at major international events (e.g., workshops, exhibits, production and dissemination of communication material, press releases) and coordination of publications. In FY02, GEF Units will continue to collaboratively support the Country Dialogue Workshops project by participating in an inter-agency Steering Committee, providing resource persons for workshop organization and administration and for developing workshop materials.

24. Management and Finance: In FY02, major efforts will focus on: (i) preparation of papers and coordination of meetings for the Third GEF Replenishment; (ii) an assessment and enhancement of the fee-based system, together with the definition of the implementation services it covers; (iii) further development of the Project Management Information System (PMIS) as an integrated project information and knowledge management system; (iv) the enhancement of management and reporting of corporate activities; (v) an inter-agency review of financial management systems/processes governing GEF project expenses; (vi) improvement of annual audits of project disbursements; and (vii) development of financial performance indicators.

25. Monitoring and Evaluation: GEF Units will devote resources to corporate monitoring & evaluation activities, including the Project Implementation Review, GEF Lessons Notes, M&E Standards and Guidelines, thematic reviews and the development and revision of program-level indicators. In FY02, the planned Secretariat-Managed Project Reviews will also be carried out. The Second Study of GEF's Overall Performance will be completed at the end of 2001.

## **GEF Secretariat**

26. GEF Secretariat's estimated FY01 expenditures and proposed FY02 Corporate Budget are summarized in Table 2, and are discussed in the following paragraphs. GEF Secretariat's FY02 budget reflects the resource implications of GEF's designation as interim financing mechanism for POPs, the

mainstreaming of certain outreach activities<sup>6</sup> and management information functions<sup>7</sup>, escalating travel associated with Convention relations, and annual focal point workshops.

**Table 2: Proposed FY02 GEF Secretariat Budget**

<i>Budget FY01</i>			<i>Estimated FY01</i>		<i>Proposed FY02</i>	
<i>StfYrs</i>	<i>\$m</i>	<i>Corporate Management Activity</i>	<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>
3.0	1.011	Institutional Relations 1/	3.1	1.077	3.6	1.205
13.7	3.932	Policy & Program Development/Coordination	13.4	3.790	14.9	4.140
3.0	.862	Outreach/Knowledge Mngmt/Ext Relations	3.2	0.834	3.4	1.284
4.0	1.148	Management & Finance	4.0	1.242	4.7	1.393
<b>23.7</b>	<b>6.953</b>	<b>TOTAL</b>	<b>23.7</b>	<b>6.953</b>	<b>26.6</b>	<b>8.022</b>

1/ includes FY01 approved adjustments of \$100,000 for Council alternate travel costs to attend Council meetings; and \$50,000 for pre-Assembly planning activities.

### *FY01 Performance Highlights*

27. In response to the Stockholm Convention on Persistent Organic Pollutants (POPs), GEF had prepared an elements paper for an operational program on POPs and guidelines on enabling activities for consideration and approval by the GEF Council in May 2001. Efforts to expand opportunities to executing agencies have progressed well in FY01 and have resulted in the finalization of relevant Memorandums of Understanding and Financial Procedures Agreements with the Asian Development Bank, the Inter-American Development Bank and the European Development Bank; in the processing of a number of PDF-Bs for their project preparation; and in several approved projects. The Secretariat convened, in cooperation with the Trustee, the Planning Meeting for the Third GEF Replenishment in November 2000 which agreed on the schedule of meetings for the Replenishment, the next being in May 2001. The third GEF Familiarization Seminar was conducted in Washington, DC in November 2000 and a special familiarization workshop will be held for new Council members and alternates in May 2001. Publications distributed included “*GEF Contributions to Agenda 21: The First Decade*”, new reports on technology transfer, renewable energy and energy efficiency, poverty and combating land degradation, and GEF's partnership with IUCN - The World Conservation Union. In March 2001, a GEF Secretariat delegation to Beijing initiated the process of organizing the Second Assembly of the GEF and the preparation of an official Memorandum of Understanding with the Government of China.

### *FY02 Proposal Highlights*

<sup>6</sup> Joint Summary of the Chairs, GEF Council Meeting, May 2000 – “*The Council agreed that in future budgets the financing of outreach activities that is included in the current budget under special initiatives should be mainstreamed in future budgets of the Secretariat*”.

<sup>7</sup> GEF/C.15/5 “*GEF Corporate Budget FY01*”

28. To support country-driven activities on reducing POPs, GEF plans to provide enabling activities to help countries prepare National Implementation Plans (NIPs). These enabling activities would be similar to the assistance provided to support such plans related to commitments under Framework Convention on Climate Change and the Convention on Biological Diversity. Towards this, GEF Secretariat will provide specialized technical skills to (i) develop familiarization workshops at regional and sub-regional levels on the application of the enabling activity guidelines; (ii) assist countries to assess their capacity building priorities that need to be addressed to enhance their ability to effectively undertake the enabling activities; and (iii) assist countries to develop mechanisms to exchange information and experiences on enabling activities. GEF Secretariat will also build on the POPs elements paper approved by Council to develop an operational program.

29. To integrate GEF into the World Summit on Sustainable Development processes, GEF Secretariat would prepare and conduct panels in conjunction with several of the regional meetings that precede the WSSD and will arrange for side events during the Prepcom meetings scheduled between April 2001 and May 2002<sup>8</sup>. GEF Secretariat would proceed with planning for the Second GEF Assembly in FY02, finalization of the Memorandum of Understanding with the People's Republic of China and confirmation of logistical arrangements and prepare an Assembly Information Booklet for all Participants and interested parties. GEF Secretariat, with the Trustee, would (i) develop standard legal agreements for executing agencies under expanded opportunities; and (ii) prepare all documentation and coordinate meetings for the Third GEF Replenishment. Certain outreach and communication efforts will be mainstreamed in FY02, including continuation of the audiovisual program, and continued updating, revision and publication of policy documents. Financial management initiatives will include a review of the fee-based system and its operation, analyses of GEF corporate, Implementing Agencies and executing functions and budget categories and the development of implementing services contracts. The database administration function will be mainstreamed and efforts will continue to enable information access to external clients and partners; including enhancement of the GEF website.

30. GEF will organize annually one or two regional GEF focal points good practice workshops to share and disseminate experiences in coordinating GEF activities towards further strengthening focal points, country ownership and sustainability. In view of the country coordination with regard to GEF matters and preparations for the Second GEF Assembly, GEF proposes to convene one meeting in FY02 in Africa, to which the GEF operational focal points of all countries in the region would be invited. Also, representatives from the Implementing Agencies' country offices, the Implementing Agencies, and the Convention Secretariats (CBD, UNFCCC and UNCCD) will be invited. To ensure broader coverage prior to the Assembly, in early FY03, it is proposed that two other regional meetings be held; one in Asia and one in Latin America.

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<sup>8</sup> Further discussed in GEF/C.17.9 – “*CEO Note on GEF Activities related to the World Summit on Sustainable Development*” to be presented to the Council in May 2001.

## GEF Secretariat – Monitoring & Evaluation

31. GEF Secretariat’s Monitoring & Evaluation estimated FY01 expenditures and proposed FY02 Corporate Budget is summarized in Table 3, and discussed in the following paragraphs. The FY02 budget reflects the increase in budgetary resources required for a newly introduced evaluation of Medium-Sized Projects modality.

**Table 3: Proposed FY02 GEF Secretariat: Monitoring & Evaluation Budget**

<i>Budget FY01</i>			<i>Estimated FY01</i>		<i>Proposed FY02</i>	
<i>StfYrs</i>	<i>\$m</i>	<i>Corporate Management Activity</i>	<i>StfYrs</i>	<i>\$m</i>	<i>StYrs</i>	<i>\$m</i>
3.0	0.956	Thematic Reviews/PIR	3.3	.956	1.8	0.603
1.4	0.446	Communication/Dissemination	1.1	.446	1.4	0.468
		Secretariat-Managed Project Reviews			1.4	0.468
<b>4.4</b>	<b>1.402</b>	<b>TOTAL</b>	<b>4.4</b>	<b>1.402</b>	<b>4.6</b>	<b>1.539</b>

### *FY01 Performance Highlights*

32. A progress report on corporate monitoring and evaluation activities - “*Progress Report on Monitoring and Evaluation Activities* (GEF/C.16 /Inf. 11) - was prepared for the November 2000 Council meeting. Four evaluations and reviews (namely; the Review of Climate Change Enabling Activities and thematic reviews in biodiversity, climate change, and international waters) and reports on program level indicators in biodiversity and climate change were also completed during this period. The Project Implementation Review for FY00 was completed; and its conclusions and recommendations, together with other reviews and evaluations, will be submitted to the May 2001 Council meeting. Dissemination of evaluation results through GEF Lessons Notes and the GEF website have also been important activities. Program studies in biodiversity, climate change, and international waters -- together with a linkage desk study of existing land degradation components in the GEF portfolio -- were completed. These studies form an important data and information basis for the Second Overall Performance Study (OPS2). These activities were accomplished collaboratively with the Implementing Agencies, and significant support is being provided to carry out the studies associated with the OPS 2.

### *FY02 Proposal Highlights*

33. The OPS2 initiated in FY01, under a separately approved budget, will be completed at the end of 2001. Apart from OPS2, work program priorities will be: the Secretariat Managed Project Reviews<sup>9</sup> (SMPRs), new thematic reviews in biodiversity and international waters, work on program

<sup>9</sup> As part of the agreement between the GEF Secretariat and the Implementing Agencies, related to the implementation of the “Driving for Results” strategy, the corporate Monitoring and Evaluation Team will develop the Secretariat Managed Project Reviews as a specific review modality, which will focus on the projects’ adherence to GEF policies, principles and review criteria

indicators (for international waters, land degradation and biodiversity) and the annual Project Implementation Review. In early FY02, a review of the Medium Sized Project modality will be carried out. Implementing Agencies will be invited to participate in supportive, training and development assignments within the context of these SMPRs, which would be funded by a redeployment of existing resource allocations. The formats and style of monitoring and evaluation reports will be reviewed, as well as general and targeted dissemination strategies through various media.

### Implementing Agencies Corporate Management Activities

34. The Implementing Agencies' corporate budget is expressed in terms of the staff-year efforts and corresponding dollar-value for the five corporate management activities. The respective Implementing Agency's FY02 budgets continue to reflect ongoing stabilization of the resource requirements for their core corporate services encompassing institutional relations, policy & program development/coordination, outreach/knowledge management/external relations, management & finance and monitoring & evaluation. The proposed FY02 corporate budget for the three Implementing Agency coordination units, totaling \$8.086 million, is summarized in Table 4 and further discussed in the following paragraphs.

**Table 4: Proposed FY02 GEF Implementing Agencies' Budgets**

FY01 Budget		Corporate Management Activity	Implementing Agencies							
TOTAL			UNDP		UNEP		IBRD		TOTAL	
StYrs	\$m		StYrs	\$m	StYrs	\$m	StYrs	\$m	StYrs	\$m
2.4	0.628	Institutional Relations	0.4	0.098	1.3	0.332	1.0	0.290	2.7	0.720
17.0	4.460	Policy & Program Developmt/Coordination	6.8	1.703	5.1	1.303	6.0	1.620	17.9	4.625
2.1	0.893	Outreach/Knowledge Mngnt/Ext Relations	0.6	0.145	0.7	0.179	0.8	0.170	2.1	0.494
6.0	1.230	Management & Finance	1.8	0.461	1.9	0.485	2.2	0.600	5.9	1.546
2.6	0.637	Monitoring & Evaluation	1.0	0.200	1.0	0.255	0.8	0.245	2.8	0.700
<b>30.1</b>	<b>7.848</b>	<b>TOTAL</b>	<b>10.6</b>	<b>2.607</b>	<b>10.0</b>	<b>2.554</b>	<b>10.8</b>	<b>2.925</b>	<b>31.4</b>	<b>8.086</b>

### UNDP-GEF

35. UNDP-GEF's estimated FY01 expenditures and the proposed FY02 Corporate Budget is summarized in Table 5; and, discussed in the following paragraphs.

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in their early stages of implementation. During FY02, there will be a pilot review of a cohort of projects and one additional cohort review based on the pilot results.

**Table 5: Proposed FY02 UNDP-GEF Budget**

<i>Budget FY01</i>			<i>Estimated FY01</i>		<i>Proposed FY02</i>	
<i>StfYrs</i>	<i>\$m</i>	<i>Corporate Management Activity</i>	<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>
0.4	0.095	Institutional Relations	0.4	0.095	0.4	0.098
6.8	1.653	Policy & Program Development/Coordination	6.8	1.653	6.8	1.703
0.6	0.141	Outreach/Knowledge Mngment/Ext Relations	0.6	0.141	0.6	0.145
1.8	0.448	Management & Finance	1.8	0.448	1.8	0.461
1.0	0.194	Monitoring & Evaluation	1.0	0.237	1.0	0.200
<b>10.6</b>	<b>2.531</b>	<b>TOTAL</b>	<b>10.6</b>	<b>2.574</b>	<b>10.6</b>	<b>2.607</b>

*FY01 Performance Highlights*

36. UNDP-GEF was actively engaged in supporting the expanded opportunities for executing agencies initiative. High-level meetings were convened with the regional development banks and technical support was provided in individual project development and submission to GEF Council. UNDP provided biodiversity and climate change support. Proactive advice on the operational implications was provided to GEF Secretariat on current efforts to streamline the GEF project cycle, adapt the implementing agency fee and put greater emphasis on driving for results. UNDP-GEF has also been responsive to the project cycle changes by adapting its own internal business procedures to accommodate these changes while absorbing the associated transaction costs.

*FY02 Proposal Highlights*

37. UNDP-GEF will continue to (a) provide support to strengthen the coordination of the GEF government operational focal points in over 65 countries by assisting them in the retrieval and dissemination of GEF documents from the GEF web site, and access to UNDP country office libraries; and (b) provide overall management and technical support of the Country Dialogue Workshop, Climate Change and Biodiversity Support Programs. Additionally, UNDP-GEF will (a) manage an expanding work program of US\$150-200 million; (b) mobilize an estimated US\$150-200 million of cofinancing, including building growing partnerships with the European Commission and other bilateral development agencies; (c) increase efforts to develop solid partnerships with a growing number of executing agencies; (d) participate in preparing the POPs and biosafety operational programs and guidelines in support of Countries' demands; (e) support the enhancement of GEF Secretariat's PMIS, based on lessons of UNDP-GEF's own database development; (f) participate in the thematic reviews on the capacity development in biodiversity; the TDA/SAP approach in international waters; biodiversity, international waters, and land degradation indicator studies; the Project Implementation Review and Secretariat-Managed Project Reviews; and (g) developing and distributing materials, such as press releases and Guidebooks, especially for the build-up to the WSSD; and (h) proactive participation in other preparations for the WSSD.

## UNEP-GEF

38. UNEP-GEF's estimated FY01 expenditures and proposed FY02 Corporate Budget are summarized in Table 6 and discussed in the following paragraphs. It should be noted that, as a consequence of UN-system wide changes, staff costs for Nairobi duty station have risen by an average of 7 per cent in the first quarter of 2001.

**Table 6: Proposed FY02 UNEP-GEF Budget**

<i>Budget FY01</i>			<i>Estimated FY01</i>		<i>Proposed FY02</i>	
<i>StfYrs</i>	<i>\$m</i>		<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>
		<i>Corporate Management Activity</i>				
1.3	0.336	Institutional Relations	1.3	0.336	1.3	0.332
5.1	1.266	Policy & Program Development/Coordination	5.1	1.266	5.1	1.303
0.7	0.155	Outreach/Knowledge Mngment/Ext Relations	0.7	0.155	0.7	0.179
2.1	0.516	Management & Finance	1.9	0.516	1.9	0.485
0.8	0.207	Monitoring & Evaluation	1.0	0.207	1.0	0.255
<b>10.0</b>	<b>2.480</b>	<b>TOTAL</b>	<b>10.0</b>	<b>2.480</b>	<b>10.0</b>	<b>2.554</b>

### *FY01 Budget Performance*

39. Significant contributions were provided to GEF's initial strategy for biosafety, which was approved by Council in November 2000. Direct assistance was also provided to GEF Secretariat in the elaboration of its strategy and operational program drafts for POPs; including seconding of a staff member to the Secretariat for two weeks to assist the Secretariat in the preparation of its enabling activities approach to POPs. UNEP-GEF strongly supported the GEF expanded opportunities initiative by convening more than 22 workshops with its traditional partners, including IUCN, FAO, UNIDO, ADB. During the COPs and the subsidiary bodies meetings of the GEF-related conventions including POPs and biosafety, on behalf of the GEF secretariat, UNEP-GEF organized the GEF exhibit and the six workshops held on the margins of COP5 of the CBD, in May 2000 in Nairobi. A field trip was also organized to two GEF project sites, which involved the participation of more than 120 delegates attending the COP. It has also publicized the work of the GEF through exhibits and workshops at the 20<sup>th</sup> session of the Governing Council of UNEP, and for other specialist meetings (e.g. of environmental journalists, and lawyers) convened by UNEP at its headquarters in Nairobi. UNEP participated in all eleven Country Dialogue Workshops and, as a member of the steering committee, the Capacity Development Initiative. For the Land and Water Initiative for Africa, UNEP convened a meeting in Nairobi in May 2000 with more than 60 representatives of African institutions and sub-regional organizations, in collaboration with the World Bank. Improvements were made to its (i) financial and project management systems, reducing significantly the time between project entry into work program and first disbursement; and (ii) service standards for fund disbursement and management of implementation services.

### *FY02 Proposal Highlights*

40. UNEP-GEF will (i) participate actively in the Country Dialogue workshops and the activities convened under the Capacity Development Initiative; (ii) contribute to all outreach activities held at COPs and subsidiary bodies meetings of GEF-related conventions, including POPs and biosafety; (iii) support the implementation of the GEF expanded opportunities with executing agencies by furthering dialogue with its traditional partners; (iv) take part actively in the planning and preparations for the World Summit on Sustainable Development and for the Second GEF Assembly; (v) play an active role in planned monitoring & evaluation activities such as the review of MSPs, thematic reviews, further development of indicators and providing substantial inputs to OPS2; and (vi) collaborate with the GEF Secretariat in the development of the second phase of the GEF Project Management and Information System. UNEP will continue its collaboration with UNDP (in the areas of international waters, and land degradation) and with the World Bank (in the areas of scientific assessments and coral reefs). Implementation of enhanced UNEP-GEF project portfolio/financial database and time-management system will continue to be pursued.

### **IBRD-GEF**

41. IBRD-GEF's estimated FY01 expenditures and proposed FY02 Corporate Budget are summarized in Table 7, and discussed in the following paragraphs.

**Table 7: Proposed FY02 IBRD-GEF Budget**

<i>Budget FY01</i>			<i>Estimated FY01</i>		<i>Proposed FY02</i>	
<i>StfYrs</i>	<i>\$m</i>	<i>Corporate Management Activity</i>	<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>
0.7	0.197	Institutional Relations	0.9	0.280	1.0	.290
5.1	1.541	Policy & Program Development/Coordination	5.7	1.541	6.0	1.620
0.8	0.236	Outreach/Knowledge Mngment/Ext Relations	0.8	0.168	0.8	.170
2.1	0.627	Management & Finance	2.3	0.612	2.2	.600
0.8	0.236	Monitoring & Evaluation	0.8	0.236	.8	.245
<b>9.5</b>	<b>2.837</b>	<b>TOTAL</b>	<b>10.5</b>	<b>2.837</b>	<b>10.8</b>	<b>2.925</b>

### *FY01 Performance Highlights*

42. In FY01, IBRD accelerated efforts to expand collaborative partnerships with new executing agencies in response to GEF's policy on Expanded Opportunities. This included the preparation of a IBRD Board paper on IBRD's accountability for GEF projects prepared and implemented by executing agencies, and finalization of Memoranda of Agreement with ADB, AfDB and IFAD for transfer of GEF resources. IBRD's incremental cost of the increased effort to support implementation of the Expanded

Opportunities policy was accommodated through internal redeployment of corporate budget resources in particular from Outreach and Knowledge Management to Institutional Relations. IBRD-GEF supported GEF Secretariat's monitoring and evaluation program through the delivery of the FY00 GEF Project Implementation Review and contributed to the FY00 Annual Review of Project Performance for the GEF portfolio. In addition, IBRD-GEF participated in the three GEF M&E Program Studies and contributed to the Solar PV and Climate Change Enabling Activity Reviews. Significant effort in support of OPS2 is planned for the remainder of FY01. IBRD furthered its efforts in developing a user-friendly IBRD-GEF database designed to monitor more efficiently IBRD-GEF program deliverables and budget. Updates of IBRD-GEF Operations Portal Page/website and improvements in the systems for accounting and reporting of PDF resources were also undertaken. Enhanced guidelines were developed for streamlining GEF Focal Point funding. IBRD-GEF staff attended at six GEF Country Dialogue Workshops, and will participate in and contribute significantly to the GEF International Waters Conference. IBRD-GEF was represented on the Capacity Development Initiative Steering Committee, and participated in the Portfolio Assessment and the development of the Capacity Development Strategy and Action Plan.

### *FY02 Proposal Highlights*

43. IBRD-GEF' FY02 budget anticipates that activities related to the replenishment of the GEF, along with preparations for the Second GEF Assembly in 2002 will figure prominently in the IBRD-GEF FY02 program. The IBRD-GEF proposed FY02 budget envelope will also support: (i) management of a IBRD-GEF overall work program totaling approximately \$275 million for approximately 40 total full and medium size projects, under the challenge of the current funding restrictions upon the mainstreaming efforts; (ii) management of implementation of collaborative arrangements with new Executing Agencies under Council's policy of Expanded Opportunities, and the IBRD Board's directives to management; (iii) revisions of IBRD internal Operational Policies and Bank Procedures to reflect the introduction new IBRD and GEF business products and procedures; (iv) development of new programs to respond to client demand in emerging areas including POPs and Biosafety; (v) further integration of database tools with IBRD institutional systems and with GEF's Project Management Information System; (vi) contributions to GEF's FY02 Corporate M&E Program – including inputs to the FY01 Project Implementation Review and OPS2, participation in at least three focal area thematic reviews and further development of M&E indicators; and (vii) participation in and support to the Capacity Development Initiative, delivery of GEF Country Dialogue Workshops and continued support to GEF Focal Points in IBRD country offices.

### **Scientific and Technical Advisory Panel**

44. The Scientific and Technical Advisory Panel's (STAP) estimated FY01 expenditures and proposed FY02 Corporate Budget is summarized in Table 8, and discussed in the following paragraphs.

**Table 8: Proposed FY02 STAP Budget**

<i>Budget FY01</i>			<i>Estimated FY01</i>		<i>Proposed FY02</i>	
<i>StfYrs</i>	<i>\$m</i>	<i>Corporate Management Activity</i>	<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>
		<i>STAP Secretariat -</i>				
0.6	0.170	Institutional Relations	0.6	0.170	0.6	0.194
0.5	0.142	Policy & Program Development/Coordination	0.5	0.142	0.5	0.156
0.7	0.199	Outreach/Knowledge Mngmt/Ext Relations	0.7	0.199	0.7	0.213
0.2	0.057	Management & Finance	0.2	0.057	0.2	0.071
<b>2.0</b>	<b>0.568</b>	<b>Sub-Total</b>	<b>2.0</b>	<b>0.568</b>	<b>2.0</b>	<b>0.634</b>
		<b>STAP Members -</b>				
	0.395	Honoraria & Logistical/Secretarial Support		0.395		0.384
	0.493	STAP Meetings/Workshops		0.493		0.531
	<b>0.888</b>	<b>Sub-Total</b>		<b>0.888</b>		<b>0.915</b>
<b>2.0</b>	<b>1.456</b>	<b>TOTAL</b>	<b>2.0</b>	<b>1.456</b>		<b>1.549</b>

*FY01 Performance Highlights*

45. Two meetings of STAP, two expert group meetings and two brainstorming and planning sessions were convened during FY01. Considerable attention was directed to the preparation for GEF Second Overall Performance Study; and substantive contributions were provided to the operational program on Agrobiodiversity and Integrated Ecosystem Management as to policy frameworks on persistent organic pollutants and the policy on production forests and biosafety. STAP collaborated with the wider scientific and technical community on the operationalization of Integrated Ecosystem Management and the Land and Water Initiative for Africa. In this regard, STAP began work on a Sourcebook on Integrated Land and Water Management and a Handbook on Integrated Ecosystem Management. In addition, STAP contributed substantively to review of the technologies and emerging issues in climate change through the Program Status Reviews.

*FY02 Proposal Highlights*

46. In a direct response to the corporate priorities identified by the GEF Secretariat, STAP will undertake a number of additional activities including the preparation and publication of a Source Book on Community-Based Integrated Land and Water Management and a Handbook on Integrated Ecosystem Management in support of the Land and Water Initiative for Africa and the Agrobiodiversity operational program. In addition, STAP will convene the first GEF Science Congress on the Global Environment in support of the objectives outlined by the First GEF Assembly which mandated the GEF to build strong relationships and networks with the global scientific community, especially with national scientists and scientific institutions in recipient countries. STAP will also implement a number of activities to support both the Protocol on Biosafety and the recently adopted Convention on Persistent Organic Pollutants (POPs). Strengthening the scientific and technical soundness of GEF projects

through the STAP Roster of Experts will be intensified through the process of filling the gaps in the Roster to reflect the additional issues being addressed by the GEF (i.e. integrated land and water management, POPs, biosafety, etc.).

## Trustee

47. Trustee’s estimated FY01 expenditures and proposed FY02 Corporate Budget are summarized in Table 9; and, further discussed in the following paragraphs.

**Table 9: Proposed FY02 Trustee Budget**

<i>Budget FY01</i>		<i>Estimated FY01</i>	<i>Proposed FY02</i>
<i>\$m</i>	<i>Corporate Management Activity</i>	<i>\$m</i>	<i>\$m</i>
0.400	Resource Mobilization and Management	0.400	0.408
0.070	Legal services	0.070	0.083
0.197	Accounting & Reporting	0.197	0.156
0.117	Investment Management	0.117	0.123
	Administration and Technology services **		0.053
<b>0.784</b>	<b>TOTAL</b>	<b>0.784</b>	<b>0.823</b>

\*\* For FY01, these services were not separately identified.

### *FY01 Performance Highlights*

48. Using the World Bank's Integrated Control Self-Assessment Framework, the Trustee completed an extensive assessment of the financial risks and controls associated with the resource management of the GEF Trust Fund. Through this process, Trustee has already begun implementing a control framework, which includes bringing the Financial Statements into compliance with GAAP/International Accounting Standards, streamlining financial procedures (commitments and disbursements) for implementing and executing agencies, modernizing the financial management of the Trust Fund, reducing unnecessary business/financial risks, improving the Trustee's capacity to project commitment capacity and liquidity needs/uses, and strengthening business processes. In collaboration with the GEF Secretariat, Trustee coordinated and participated in the planning session and the first of the meeting for the Third GEF Replenishment, including reviewing burden-sharing and exchange rate issues associated with donor contributions.

### *FY02 Proposal Highlights*

49. The Trustee will be substantially involved in the Third GEF Replenishment negotiations as well as continue the major initiatives begun in FY01 (strengthening the financial management of the GEF Trust Fund, developing analytical tools to assess financial risks, and remodeling the GEF Financial Statements to be in compliance with GAAP/International Accounting Standards).

## GEF FY02 Corporate Budget - Summary

50. The estimated FY01 expenditures and proposed FY02 Corporate Budget for all GEF Units are summarized in Table 10.

**Table 10: Proposed FY02 Corporate Budget**

<i>FY01 Budget</i>		<b>Corporate Management - GEF Units</b>	<i>FY02 Budget</i>	
<i>StaffYears</i>	<i>\$m</i>		<i>StaffYears</i>	<i>\$m</i>
23.7	6.953	GEF Secretariat: Core 1/	26.6	8.022
4.4	1.402	GEF Secretariat: Monitoring & Evaluation Unit	4.6	1.539
10.6	2.531	UNDP-GEF	10.6	2.607
10.0	2.480	UNEP-GEF	10.0	2.554
9.5	2.837	IBRD –GEF	10.8	2.925
2.0	1.456	Scientific Technical Advisory Panel	3.0	1.549
3.0	0.784	Trustee 2/		0.823
<b>63.2</b>	<b>18.443</b>	<b>Sub-Total</b>	<b>65.6</b>	<b>20.019</b>
		<b>Special Initiatives</b>		
	.250	Design/development/implementation of an integrated GEF Project and Management Information System		
	0.430	Greater Outreach and Communications – Phase II		
	0.588	Country-Level Ownership and Coordination of GEF-Financed Activities - Third Year		0.588
		Second GEF Assembly		0.266
		World Summit on Sustainable Development		1.399
	<b>1.268</b>	<b>Sub-Total</b>	<b>65.6</b>	<b>2.253</b>
<b>63.2</b>	<b>19.711</b>	<b>TOTAL</b>	<b>65.6</b>	<b>22.272</b>

1/ FY01 includes adjustments for Council Alternates travel (\$100,000) and Assembly preparation (\$50,000)

2/ Services provided by Trustee cannot appropriately be expressed in terms of Staffyears.