



# Global Environment Facility

GEF/C.25/7  
April 28, 2005

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GEF Council  
June 3-8, 2005

Agenda Item 11

## CORPORATE BUDGET, FY06

### **Recommended Council Decision**

The Council reviewed the proposal for a corporate budget presented in document GEF/C.25/7 and approves a FY06 Corporate Budget of \$25.005 million comprising:

- (a) \$23.450 million for the resource requirements of the six GEF units (Secretariat, UNDP, UNEP, World Bank, STAP and Trustee) for their planned corporate management activities and deliverables; and
- (b) Special Initiatives in the amount of \$0.55 million to operationalize the Resource Allocation Framework, \$0.93million for the fourth replenishment of the GEF Trust Fund, and \$0.075 million to prepare for the Third GEF Assembly.

The Council notes that the budget for the Independent Office of Monitoring and Evaluation, the seventh GEF unit is being considered and approved under a separate agenda item.

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## **I. PURPOSE OF THE CORPORATE BUDGET**

1. In establishing the GEF, governments agreed to a governance structure— consisting of the Assembly, the Council, the Conventions, the Scientific and Technical Advisory Panel, the Trustee, the Secretariat, and the three Implementing Agencies— that requires considerable interaction among constituent groups to benefit fully from this partnership arrangement.
2. The advantages of a partnership organization are substantial. It enables the partnership to draw on the broader human and technical resources, operational expertise, knowledge and diversity of perspectives of all partners. The cost-effectiveness of a partnership lies in the fact that it leverages the contribution of existing institutions to the corporate agenda, while avoiding the need to duplicate their organizational capacity.
3. There are a number of management challenges inherent in such a partnership. The challenges of governing by partnership have been identified as:
  - (a) aligning goals,
  - (b) providing oversight,
  - (c) promoting open and full communication,
  - (d) coordinating multiple partners,
  - (e) managing the tension between competition and collaboration, and
  - (f) overcoming data deficits and capacity shortages.<sup>1</sup>
4. The seven units of the GEF are collectively responsible, under the overall leadership and guidance of the GEF Chief Executive Officer and Chairman, for the achievement of the GEF's corporate objectives. Strong integration of the constituents in the organization is critical to the performance of the partnership. To effectively manage the GEF, it has been necessary to establish good communications channels, coordinate activities between partners, share knowledge, align values and incentives, build trust and overcome institutional differences. The GEF corporate budget finances the activities required to manage a partnership organization.
5. The corporate budget is independent and distinct from the other two types of funding the GEF provides: project allocations and project fees.
6. Project allocations cover the costs of goods, work and services procured by GEF grant recipients as part of the preparation and implementation of projects.
7. Project fees allow Implementing and Executing Agencies to provide project cycle management services related to the GEF projects they manage. These services include: portfolio development and management by regional and operational units; project identification; assistance to recipient countries in their project development and preparation; appraisal of project proposals and negotiation of GEF co-financed operations; supervision of GEF projects, preparation of implementation completion reports; reviews by the agency's evaluation

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<sup>1</sup> *Governing by Network, the New Shape of the Public Sector*, Stephen Goldsmith and William D. Eggers, the Brookings Institution, 2004.

department; support from legal departments, financial managers and procurement specialists to project task teams; and central functions related to trust fund accounting and disbursements.

## **II. FUNCTIONS FINANCED THROUGH CORPORATE BUDGET**

8. Staff in the seven units of the GEF work closely to fulfill the functions identified in the Instrument. These functions have been elaborated over the years in response to the decisions of the Council and the evolution of GEF operations and can be broadly grouped under three major headings: governance (supporting the work of the Assembly and Council), program management (coordinating the formulation and overseeing the implementation of business plans, operational procedures, focal area strategies and work programs), and relations with constituents (managing relations, and enhancing cooperation, with conventions and other bodies.)

9. Specific functions being addressed by the Secretariat and the Implementing Agencies are listed below under these headings. Highlights of how these functions have been addressed in FY05 and the work to be carried out in FY06 are presented in sections III and IV.

10. Separate, more independent functions are performed by STAP, the Trustee and the Office of Monitoring and Evaluation. Functions of STAP and the Trustee are elaborated upon in the section highlighting proposed FY06 activities. The Office of Monitoring and Evaluation has submitted a separate work program and budget for Council reviews and approval.

11. STAP provides independent advice to the GEF family on science and technology issues. More specifically, STAP advises on the state of scientific, technical and technological knowledge relating to each GEF focal area, on scientific and technical aspects of specific strategic matters, on the scientific coherence of GEF's policies, programs and operational strategies and on applied and targeted research which would improve the design and implementation of GEF projects.

12. The Trustee's major activities are related to the management of donor contributions, financial and active investment management of GEF resources and investment portfolio, commitments and disbursements of GEF resources to the Implementing and Executing Agencies, infrastructure and system support, and accounting and reporting for the GEF Trust Fund.

13. It is important to note that both the Secretariat and the Implementing Agencies undertake a number of activities as a result of interaction with, and providing inputs to, STAP, the Trustee and the Office of Monitoring and Evaluation, and the time and the effort of the Secretariat and the Implementing Agencies in contributing to the work of these units are financed through the GEF corporate budget.

14. Functions of the Secretariat and the Implementing Agencies financed under the corporate budget include:

(a) Governance:

(i) organizing and servicing the Assembly and Council; and

- (ii) elaboration of policies and strategies for review and approval of Council as well as reporting to Council and Assembly on the implementation of its decisions.
- (b) Program Management
- (i) overseeing the implementation of the decisions of the Assembly and Council, including preparation of common guidelines to implement policies,
  - (ii) preparation of business plans and focal area strategies based on analytical work and pipeline management,
  - (iii) oversight and coordination of general operations (management information system, resource management),
  - (iv) coordinating the formulation of joint work programs and pipeline entries (includes review of concepts and project proposals),
  - (v) preparation of annual GEF Project Implementation Review, which reports on portfolio performance, implementation experience, and evaluation lessons,
  - (vi) activities to gather and disseminated lessons learned and best practices to improve portfolio quality and foster replication.
- (c) Relations with Constituents

*Internal constituents*

- (i) STAP: the Secretariat and Implementing Agencies participate in the STAP meetings and workshops, with a view to ensuring that STAP's advice is anchored in the GEF business plan and related GEF operations.
- (ii) Trustee: the Trustee interacts frequently with the Secretariat and the Implementing Agencies on the financial management of the GEF.
- (iii) Office of Monitoring and Evaluation: the Secretariat and the Implementing Agencies work closely with the Office of Monitoring and Evaluation and contribute significantly to its work by providing information required for its work. The Secretariat and Implementing Agencies also prepare joint management responses to OME evaluations.

### *Key Stakeholders*

- (i) The GEF Secretariat and the Implementing Agencies interact frequently with the global environmental conventions through reporting, establishing dialogues and communication, and translating the guidance of the conventions into operational criteria to guide a common approach to operational activities. The Secretariat and the Implementing Agencies also reach out to other relevant international processes, often at the request of the Council, to share the GEF experience and to offer lessons learned to advance the global debated on global environmental issues.
- (ii) The GEF units also collaborate in reaching out to GEF Participants (for example, through the GEF National Dialogue Initiative) and the NGO community.
- (iii) Effective collaboration with these constituents requires the development and implementation of a communication strategy in which the GEF's partners and clients receive information about its operational policies, priorities, criteria and performance.

15. Fulfilling these functions requires close collaboration and joint efforts among GEF Secretariat, the Implementing Agencies, STAP and the Trustee. Within the GEF, there is continuous interaction and dialogue among the units. The GEF operates to a large extent through task forces and working groups composed of representatives of the various units in the GEF. Collaborative work within the task forces and working groups serve to promote a shared corporate vision and better understanding among all partners, enhance collaboration through joint decision making, and encourage constant learning and adaptation.

16. Focal area task forces, composed of the Secretariat and the Implementing Agencies, develop and review GEF operational policies and programs, focal area strategic objectives, adherence to the project cycle, standard portfolio and project performance reviews, and proposals for the business plan<sup>2</sup> Working groups are established to address specific issues that may arise or that cut across the interests of any one task force.<sup>3</sup> Meetings among the Secretariat's Management Team and the Implementing Agencies' Executive Coordinators are held weekly in order to promote interagency collaboration and communication and to review operational policy issues.

17. The Secretariat and Implementing Agencies participate in the STAP meetings and workshops.

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<sup>2</sup> Task forces have been established to address biodiversity, capacity building, climate change, international waters, land degradation, operations and persistent organic pollutants.

<sup>3</sup> Examples of issues addressed by working groups are adaptation, integration across focal areas, and review of medium sized projects

18. The Trustee interacts frequently with the Secretariat and the Implementing Agencies on the financial management of the GEF.

19. The GEF Secretariat and the Implementing Agencies interact frequently with the global environmental conventions through reporting, establishing dialogues and communication, and translating the guidance of the conventions into operational criteria to guide a common approach to operational activities. The Secretariat and the Implementing Agencies also reach out to other relevant international processes, often at the request of the Council, to share the GEF experiences and to offer lessons learned to advance the global debate on global environmental issues.

20. The GEF units also collaborate in reaching out to GEF Participants and the NGO community.

21. The Secretariat and the Implementing Agencies work closely with the Office of Monitoring and Evaluation and contribute significantly to its work by providing information required for its work.

### **III. PERFORMANCE HIGHLIGHTS OF ACTIVITIES FINANCED BY THE FY05 CORPORATE BUDGET OF THE GEF SECRETARIAT AND THE IMPLEMENTING AGENCIES**

22. This section provides a listing of the highlights of the activities and outputs of the Secretariat and the Implementing Agencies in FY05.

23. Under governance, the following should be noted:

- (a) Two Council meetings were organized (November 2004 and June 2005) and considered policies and papers related to:
  - (i) Reports of the Office of Monitoring and Evaluation
  - (ii) Two work programs
  - (iii) Relations with Conventions and other institutions
  - (iv) Development of a Resource Allocation Framework
  - (v) Business Plan
  - (vi) Corporate Budget
  - (vii) Amendments to the Instrument
  - (viii) Reports on two climate change funds
  - (ix) Recommendations of the working group on medium-sized projects
  - (x) Coherency of activities financed under the land degradation focal area

- (xi) A proposed memorandum of understanding on arrangements to facilitate collaboration between the UNCCD and the GEF
  - (xii) Process for selecting the CEO
  - (xiii) Proposals to revise the fee system
  - (xiv) Procedures for approval of intersessional work programs
  - (xv) Cost effectiveness of GEF projects
  - (xvi) Review of Action Plan to respond to recommendations for improving GEF's performance
  - (xvii) Confirmation of constituencies
- (b) A planning meeting and the first negotiating meeting on the fourth replenishment of the GEF Trust Fund was held.
- (c) Regular communication was maintained with the Council during the period between Council meetings, including communications regarding decisions by mail..
24. Under Program Management, the following occurred:
- (a) Programming framework proposals for GEF-4 were prepared in each focal area.
  - (b) Draft strategies were developed for each focal area for GEF-4 and for cross focal area synergies, along with analytical work to support strategy development.
  - (c) Guidelines were developed (with STAP) for mainstreaming biodiversity in production landscapes.
  - (d) Extensive effort and consultation was put into enhancing pipeline management and clarifying project cycle procedures.
  - (e) Major work was undertaken on database reconciliation.
  - (f) Formulation and submission of four work programs and four pipelines were overseen and coordinated.
  - (g) Work is advancing on the development of capacity building indicators and operational criteria to enhance capacity building.

- (h) Agreement was reached on tracking tools for the biodiversity strategic priorities for protected areas and for mainstreaming of biodiversity in production landscapes.
- (i) Tools were developed to monitor the biodiversity focal area at the program level.
- (j) A methodological paper on the estimation of GHG emission avoidance from GEF projects was finalized.
- (k) Coherence of activities under the operational program on sustainable land management was clarified.
- (l) Annual Project Implementation Review was delivered by each Implementing Agency along with associated knowledge events and products.

25. With respect to relations with constituents:

- (a) Staff of the Secretariat and the Implementing Agencies participated in two STAP meetings and two STAP workshops.
- (b) Work was initiated on the fourth replenishment of the GEF Trust Fund..
- (c) Collaborated with the team preparing the third Overall Performance Study of the GEF.
- (d) Management responses to six evaluations were prepared.
- (e) Staff contributed to Conferences of the Parties for the Convention on Biological Diversity, the Stockholm Convention, the UN Convention to Combat Desertification, the UN Framework Convention on Climate Change and related meetings as well as meetings under the Montreal Protocol.
- (f) Five constituency groupings held meetings, staff participated in country workshops in ten countries and provided regular support to national focal points.
- (g) Two orientation seminars were held for new Council Members.
- (h) Two NGO consultations were convened and the Secretariat initiated collaborative work with the NGOs to review the operations of the NGO network.
- (i) Staff contributed to the CSD-13, and sought ways to strengthen GEF collaboration with the CSD.
- (j) Staff participated in the ten year review of the Implementation of the Barbados Program of Action, the UN Forum on Forests, the Strategic Approach to International Chemicals Management and a preparatory regional consultation for the third meeting and the third GEF International Waters Conference.

- (k) Memoranda of Understanding and Financial Procedures Agreements were concluded with five executing agencies.
- (l) GEF outreach activities at major international conferences on SIDS, Renewable Energy, and CSD-13, and COP meetings for climate, POPs and Desertification Conventions included special reports and fact sheets, CD-Roms, Exhibits and Videos.
- (m) Published Annual Report and Operational Report on GEF Projects (CD-Rom).
- (n) Agency-specific basic information material on the GEF program for country clients and marketing the strategic directions and impacts of the GEF portfolio.

26. Under the special initiative for the development of a Resource Allocation Framework, two special consultations were organized to allow further consultations among Council Members on the RAF. Supporting documentation was prepared for the Council meetings and consultations on this subject.

#### **IV. FY06 CORPORATE BUDGET REQUEST**

27. Council approval is sought for a proposed FY06 Corporate Budget of \$25.005 million comprising:

- (a) \$23.450 million for the resource requirements of the six GEF units (Secretariat, UNDP, UNEP, World Bank, STAP and Trustee) for their planned corporate management activities and deliverables; and
- (b) Special Initiatives in the amount of \$0.55 million to operationalize the Resource Allocation Framework, \$0.93 million for the fourth replenishment of the GEF Trust Fund, and \$0.075 million to prepare for the Third GEF Assembly.

28. The proposed budget covers core costs and is based on activities carried out and funded in previous years. Core costs are expected to increase by about 3.0 per cent over the costs for the same activities last year due to annual price increases.

29. In the past, the GEF has included two different presentations of the budget: one, activity based, and the other a more traditional budget based on expense categories. This year only the latter approach is being used. The corporate expense categories are those typically and commonly used by the GEF units. Allocating these expenses to activities was an imprecise exercise which did not seem to add to a better understanding of the budget requirements. Therefore, the activity based approach has not been included in this year's budget. However, the six units have estimated the percentage of their time spent on governance, policy and program management, and relations with constituents as noted in the table below.

### Share of effort by the GEF Units in Corporate Activities (%)

	Secretariat	UNDP	UNEP	World Bank	STAP	Trustee
Governance	30	10	10	10	5	20
Policy and Program Management	50	70	70	70	90	70
Relations with Constituents	20	20	20	20	5	10
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

30. The common expense categories, which have been agreed with all GEF units, are defined and described below. Within each GEF unit, these expense categories are governed by the relevant policies, guidelines and practices of the respective parent agency providing administrative support to that GEF unit.

- i. Staff costs: salaries and staff benefits, travel and training costs as they pertain to regular and fixed-term staff.
- ii. Consultant costs: fees and travel costs as they pertain to consultants.
- iii. Council costs: costs of organizing the Council meetings, travel for Council Members and Alternates, and costs and travel for the NGO network to participate in NGO consultations and Council meeting.
- iv. Contractual services: contracts with firms for consulting and other services.
- v. Publications, media, web and external outreach. costs associated with vendors for designing, printing, and publishing and other costs associated with outreach.
- vi. General operations costs: office occupancy services (e.g., office space, utilities, communications, systems support, and equipment supplies and fixtures) provided by the respective parent agency and charged to each GEF unit on some agreed basis (e.g., square footage of space occupied); office technology and communication equipment; central services (e.g., personnel, treasury, accounting & audit, security, travel, information systems, general services, etc.) provided by the respective parent agency and charged to each GEF unit on some agreed basis (e.g., a percentage of net staff salaries); representation and hospitality costs.

**Proposed FY06 Corporate Budget for all GEF Units (\$m)**

<b>Expense Category</b>	<b>GEF Secretariat</b>	<b>UNDP</b>	<b>UNEP</b>	<b>World Bank</b>	<b>STAP</b>	<b>Trustee</b>	<b>Total</b>
Staff Costs	7.679	2.115	2.190	2.538	0.622	0.000	15.144
Consultant Costs	0.480	0.261	0.020	0.242	0.020	0.000	1.023
Council Costs	0.515	0.000	0.000	0.000	0.000	0.000	0.515
Contractual Services	0.050	0.029	0.052	0.215	0.000	0.000	0.346
Publications, Media, Web and External Outreach	0.700	0.084	0.066	0.054	0.040	0.000	0.944
General Operations Costs	1.543	0.443	0.547	0.201	0.207	0.000	2.941
Honoraria & Logistical/Secretarial Support	0.000	0.000	0.000	0.000	0.525	0.000	0.525
STAP Meetings	0.000	0.000	0.000	0.000	0.517	0.000	0.517
<b>TOTAL</b>	<b>10.967</b>	<b>2.932</b>	<b>2.875</b>	<b>3.250</b>	<b>1.931</b>	<b>1.495</b>	<b>23.450</b>

**GEF Secretariat**

31. GEF Secretariat's estimated FY05 expenditures and proposed FY06 Corporate Budget are summarized in Table 2.

## Proposed FY06 GEF Secretariat Budget

<b>FY04 Actual \$m</b>	<b>Expense Category</b>	<b>FY05 Budget \$m</b>	<b>FY05 Estimated \$m</b>	<b>FY06 Proposed \$m</b>
5.662	Staff Costs	7.459	6.685	7.679
4.782	Salaries and Benefits	6.419	5.663	6.611
0.851	Travel	0.940	0.871	0.968
0.029	Training	0.100	0.151	0.100
0.698	Consultant Costs	0.480	0.893	0.480
0.221	Fees (long-term)	0.200	0.343	0.200
0.397	Fees (short-term)	0.200	0.470	0.200
0.080	Travel	0.080	0.080	0.080
0.482	Council Costs	0.434	0.500	0.515
0.143	Logistics	0.114	0.180	0.185
0.179	Council Travel	0.170	0.170	0.175
0.160	NGO Consultations (Logistics and Travel)	0.150	0.150	0.155
0.012	Contractual Services	0.150	0.050	0.050
0.012	Contracts with Firms	0.150	0.050	0.050
0.508	Publications, Media, Web and External Outreach	0.700	0.728	0.700
1.103	General Operations Costs	1.425	1.405	1.543
0.544	Office Space, Equipment, and Supplies	0.745	0.722	0.844
0.508	Communications and Internal Computing	0.625	0.627	0.643
0.000	Corporate Services	0.000	0.000	0.000
0.051	Representation and Hospitality	0.055	0.056	0.056
<b>8.465<sup>4</sup></b>	<b>TOTAL</b>	<b>10.648</b>	<b>10.261</b>	<b>10.967</b>

32. FY05 Estimated. At the end of FY04, GEF Secretariat budget will be underspent by about \$ 0.39 million, due to the fact that some budgeted positions were not filled. The funds will be returned to the GEF Trust Fund.

33. FY06 Proposed. For FY05, the GEF Secretariat expects to fill all the vacant positions. No increases above the FY05 budgeted amounts are expected beyond three percent to offset cost increases.

<sup>4</sup> The underrun of \$0.975m was returned to the Trust Fund.

## UNDP-GEF

34. UNDP-GEF's estimated FY05 expenditures and proposed FY06 Corporate Budget are summarized in Table 3.

**Table 3: Proposed FY06 UNDP-GEF Budget**

<b>FY04 Actual \$m</b>	<b>Expense Category</b>	<b>FY05 Budget \$m</b>	<b>FY05 Estimated \$m</b>	<b>FY06 Proposed \$m</b>
2.150	Staff Costs	2.214	2.132	2.115
1.848	Salaries and Benefits	1.903	1.821	1.784
0.302	Travel	0.311	0.311	0.321
0.000	Training	0.000	0.000	0.010
0.171	Consultant Costs	0.176	0.258	0.261
0.000	Fees (long-term)	0.000	0.000	0.000
0.171	Fees (short-term)	0.176	0.178	0.179
0.000	Travel	0.000	0.080	0.082
0.000	Council Costs	0.000	0.000	0.000
0.000	Logistics	0.000	0.000	0.000
0.000	Council Travel	0.000	0.000	0.000
0.000	NGO Consultations (Logistics and Travel)	0.000	0.000	0.000
0.027	Contractual Services	0.028	0.028	0.029
0.027	Contracts with Firms	0.028	0.028	0.029
0.000	Publications, Media, Web and External Outreach	0.000	0.000	0.084
0.417	General Operations Costs	0.430	0.430	0.443
0.222	Office Space, Equipment, and Supplies	0.233	0.233	0.240
0.014	Communications and Internal Computing	0.011	0.011	0.011
0.181	Corporate Services	0.186	0.186	0.192
0.000	Representation and Hospitality	0.000	0.000	0.000
<b>2.765</b>	<b>TOTAL</b>	<b>2.848</b>	<b>2.848</b>	<b>2.932</b>

35. FY05 Estimated UNDP/GEF's planned corporate activities will be implemented within the FY05 budget allocation.

36. FY06 Proposed. UNDP/GEF's staffing level will remain as in the previous year and the overall budget has been increased by three percent to offset cost increases.

## UNEP-GEF

37. UNEP-GEF's estimated FY05 expenditures and proposed FY06 Corporate Budget are summarized in Table 4.

**Table 4. Proposed FY05 UNEP-GEF Budget**

<b>FY04 Actual \$m</b>	<b>Expense Category</b>	<b>FY05 Budget \$m</b>	<b>FY05 Estimated \$m</b>	<b>FY06 Proposed \$m</b>
2.060	Staff Costs	2.133	2.133	2.190
1.753	Salaries and Benefits	1.823	1.823	1.870
0.304	Travel	0.300	0.300	0.310
0.003	Training	0.010	0.010	0.010
0.026	Consultant Costs	0.040	0.040	0.020
0.000	Fees (long-term)	0.000	0.000	0.000
0.026	Fees (short-term)	0.040	0.040	0.020
0.000	Travel	0.000	0.000	0.000
0.000	Council Costs	0.000	0.000	0.000
0.000	Logistics	0.000	0.000	0.000
0.000	Council Travel	0.000	0.000	0.000
0.000	NGO Consultations (Logistics and Travel)	0.000	0.000	0.000
0.056	Contractual Services	0.053	0.053	0.052
0.056	Contracts with Firms	0.053	0.053	0.052
0.053	Publications, Media, Web and External Outreach	0.067	0.067	0.066
0.515	General Operations Costs	0.498	0.498	0.547
0.175	Office Space, Equipment, and Supplies	0.189	0.189	0.192
0.141	Communications and Internal Computing	0.117	0.117	0.155
0.178	Corporate Services	0.185	0.185	0.185
0.021	Representation and Hospitality	0.007	0.007	0.015
<b>2.710</b>	<b>TOTAL</b>	<b>2.791</b>	<b>2.791</b>	<b>2.875</b>

38. FY05 Estimated. UNEP/GEF's planned corporate activities will be implemented within the FY05 budget allocation.

39. FY05 Proposed. The planned UNEP/GEF corporate activities for FY06 will be implemented within the same budget allocation as for FY05 with a three percent increase to offset cost increases.

## IBRD-GEF

40. IBRD-GEF's estimated FY05 expenditures and proposed FY06 Corporate Budget are summarized in Table 5.

**Table 5. Proposed FY06 IBRD-GEF Budget**

<b>FY04 Actual \$m</b>	<b>Expense Category</b>	<b>FY05 Budget \$m</b>	<b>FY05 Estimated \$m</b>	<b>FY06 Proposed \$m</b>
1.617	Staff Costs	2.416	2.447	2.538
1.232	Salaries and Benefits	2.122	2.117	2.129
0.385	Travel	0.294	0.300	0.377
	Training		0.030	0.032
0.140	Consultant Costs	0.182	0.270	0.242
	Fees (long-term)		0.150	0.113
	Fees (short-term)		0.100	0.107
	Travel		0.020	0.022
0.000	Council Costs	0.000	0.000	0.000
0.000	Logistics	0.000	0.000	0.000
0.000	Council Travel	0.000	0.000	0.000
0.000	NGO Consultations (Logistics and Travel)	0.000	0.000	0.000
0.000	Contractual Services	0.072	0.200	0.215
0.000	Contracts with Firms	0.072	0.200	0.215
0.000	Publications, Media, Web and External Outreach	0.000	0.050	0.054
0.857	General Operations Costs	0.485	0.188	0.201
	Office Space, Equipment, and Supplies		0.099	0.106
	Communications and Internal Computing		0.048	0.051
	Corporate Services		0.000	0.000
	Representation and Hospitality		0.041	0.044
<b>2.614</b>	<b>TOTAL</b>	<b>3.155</b>	<b>3.155</b>	<b>3.250</b>

41. FY05 Estimated. The IBRD-GEF unit remained within its budget in FY05.

42. FY06 Proposed. No increases above the FY05 budgeted amounts are expected beyond a three percent increase to offset cost increases.

**Table 6. Proposed FY05 STAP Budget**

<b>FY04 Actual \$m</b>	<b>STAP -- Secretariat Expense Category</b>	<b>FY05 Budget \$m</b>	<b>FY05 Estimated \$m</b>	<b>FY06 Proposed \$m</b>
0.531	Staff Costs	0.570	0.570	0.622
0.452	Salaries and Benefits	0.470	0.470	0.562
0.079	Travel	0.100	0.100	0.060
0.000	Training	0.000	0.000	0.000
0.037	Consultant Costs	0.040	0.040	0.020
0.000	Fees (long-term)	0.000	0.000	0.000
0.037	Fees (short-term)	0.040	0.040	0.020
0.000	Travel	0.000	0.000	0.000
0.000	Council Costs	0.000	0.000	0.000
0.000	Logistics	0.000	0.000	0.000
0.000	Council Travel	0.000	0.000	0.000
0.000	NGO Consultations (Logistics and Travel)	0.000	0.000	0.000
0.000	Contractual Services	0.040	0.040	0.000
0.000	Contracts with Firms	0.040	0.040	0.000
0.058	Publications, Media, Web and External Outreach	0.002	0.002	0.040
0.079	General Operations Costs	0.198	0.198	0.207
0.056	Office Space, Equipment, and Supplies	0.092	0.092	0.097
0.005	Communications and Internal Computing	0.016	0.016	0.020
0.011	Corporate Services	0.090	0.090	0.090
0.007	Representation and Hospitality	0.000	0.000	0.000
0.705	SUB-TOTAL	0.850	0.850	0.889
	<b>STAP -- Members</b>			
	<b>Expense Category</b>			
0.509	Honoraria & Logistical/Secretarial Support	0.510	0.510	0.525
0.567	STAP Meetings	0.515	0.515	0.517
1.076	SUB-TOTAL	1.025	1.025	1.042
<b>1.781</b>	<b>TOTAL</b>	<b>1.875</b>	<b>1.875</b>	<b>1.931</b>

43. FY05 Estimated. It is estimated that the Work Program for STAP will be implemented within the budget allocation.

44. FY06 Proposed. The STAP Work Program for FY06 will be implemented within the same budget as approved for FY05 with a three percent increase in costs to offset inflation.

## **Special Initiatives**

45. Special Initiatives are activities that have been requested by the Council or are foreseen in the Instrument, but which are not normally covered by the annual corporate budget. In FY06, resources are being requested under this category to cover: (a) the continuing work on developing and operationalizing a Resource Allocation Framework for the GEF, (b) logistical expenses of the replenishment process for which three meetings will be convened in FY06, and (c) initiating preparations for the third GEF Assembly which it is proposed be convened in 2006 (see GEF/C.25/Inf.5), Information Note on the Third GEF Assembly. Travel costs of the Trustee, the Secretariat and the Implementing Agencies will be covered under their separate corporate budgets.

## **Resource Allocation Framework**

46. During FY05, the Secretariat supported the Council in the development of the Resource Allocation Framework. Anticipating a Council decision on the issue at the June 2005 Council meeting, the proposed work program for FY06 is as follows:

- (a) finalize the RAF approach and methodology based on Council guidance;
- (b) develop the operational policies and procedures in collaboration with the Implementing and Executing agencies for Council review;
- (c) propose transition policies and procedures for Council review; and
- (d) disseminate the new operational policies and procedures to countries.

## **Fourth Replenishment of GEF Trust Fund**

47. The first planning meeting for the replenishment was convened in Paris in March 2005. At the meeting, donor countries agreed to engage in negotiations for the fourth replenishment of the GEF Trust Fund with a view to concluding the negotiations before the end of 2005. The cost of logistical arrangements for the negotiating meetings is requested as a special initiative.

## **Third GEF Assembly**

48. Planning for the Third GEF Assembly will be undertaken in FY06. This will include identification of a host country, consultations with the host country and the Council on the dates and organization of the meeting, and preliminary work on the logistical organization of the meeting. An experienced conference consultant will be recruited to assist the Secretariat in its preparations for the Assembly.

## Proposed FY06 Special Initiatives Budget

<b>GEF Consultations on the Resource Allocation Framework</b>	<b>\$m</b>
Staff Costs	330,000
Staff Travel	50,000
Computer Hardware, Software, Data	10,000
Provision for Council Consultations	160,000
<b>TOTAL</b>	<b>550,000</b>

<b>Third GEF Assembly</b>	<b>\$m</b>
Estimated cost of the Third GEF Assembly (for breakdown see GEF/C.25/Inf.5 <i>Note on the Third GEF Assembly</i> ) FY06 – 30% to cover initial costs	930,000
<b>TOTAL</b>	<b>930,000</b>

<b>Fourth Replenishment of the GEF Trust Fund</b>	<b>\$m</b>
Three meetings at \$25,000 per meeting	75,000
<b>TOTAL</b>	<b>75,000</b>

### HIGHLIGHTS OF PROPOSED ACTIVITIES IN FY06

49. This section lists the highlights of activities and outputs of the Secretariat and the Implementing Agencies in FY06

50. With regard to Governance activities, the following is proposed:

- (a) Two Council meetings will be convened. These meetings will consider, among other things:
  - (i) GEF business plan,
  - (ii) Relations with conventions and other institutions,
  - (iii) Private Sector Strategy,
  - (iv) Reports on the climate funds,

- (v) Review of action plan to respond to recommendations for improving GEF's performance,
  - (vi) Proposals to enhance support to focal points and Council Members,
  - (vii) Preparations for the third GEF Assembly,
  - (viii) Results of the Replenishment process.
- (b) Regular communication will be maintained with the Council.
51. Activities relating to Program Management will include:
- (a) elaborate focal area and other cross-cutting strategies for GEF-4 and undertake necessary analytical work to support the strategies,
  - (b) revise GEF-4 Programming Document,
  - (c) develop incremental cost approaches for POPs focal area,
  - (d) prepare proposals to respond to OPS3,
  - (e) review umbrella projects and technical support programs,
  - (f) operationalize the RAF,
  - (g) revise fee system to reflect RAF,
  - (h) prepare business plan,
  - (i) develop a management information system,
  - (j) coordinate and oversee the formulation of four work programs and four pipelines in accordance with the business plan,
  - (k) develop and implement improved procedures for pipeline management,
  - (l) prepare guidelines on the country based capacity building programs for LDCs and SIDS,
  - (m) operationalize improved procedures for MSP,
  - (n) annual GEF Project Implementation Review and application of program level monitoring tools,
  - (o) develop portfolio and project indicators for measuring results,
  - (p) launch focused knowledge management initiative,

- (q) prepare options for streamlining the GEF project cycle.
52. With respect to relations with constituents, the following activities are foreseen:
- (a) participate in two STAP meetings and five STAP workshops,
  - (b) work with Office of Monitoring and Evaluation as required to implement its approved work program,
  - (c) participate in twenty National Dialogue Consultations,
  - (d) organize sub-regional consultations to inform focal points of the RAF and other GEF policies,
  - (e) deliver revised program for support to focal points and Council Members,
  - (f) organize orientation for new Council Members and Alternates,
  - (g) support GEF constituency meetings,
  - (h) organize two NGO consultations,
  - (i) attend Conferences of the Parties and related meetings of the global environmental conventions and CSD,
  - (j) enhance communication tools and outreach activities at the country level,
  - (k) support major GEF initiatives with appropriate outreach tools and media strategies, including replenishment, preparations for the Assembly, meetings of the conventions and other international conferences,
  - (l) redesign GEF Website and expand electronic publishing,
  - (m) organize familiarization seminars,
  - (n) publication of GEF Annual Report and updated operational report of GEF projects.
53. Under the Special Initiatives, the following will be achieved:
- (a) RAF will be fully operationalized, and further Council consultations will be held,
  - (b) three additional negotiating meetings will be held on the fourth replenishment of the GEF Trust Fund,
  - (c) preparations will be advanced for the convening of the third GEF Assembly in 2006.

## **STAP**

54. The highlights of activities and outputs of STAP in FY06 include:
- (a) convene two regular meetings,
  - (b) organize workshops in accordance with its work plan on: modern biomass; energy efficiency of new buildings in developing countries; groundwater and small developing states (SIDS); the environmental biosafety of transgenic fish; and mainstreaming biodiversity in water bodies,
  - (c) produce a second biosafety source book on the environmental risk assessment of Bt cotton in Brazil,
  - (d) prepare reviews on two POPs topics – soil remediation technologies, and an update of non-combustion technologies,
  - (e) elaborate guidance on:
    - (i) the restoration and rehabilitation of drylands,
    - (ii) sustainable land management in drylands,
    - (iii) mainstreaming biodiversity in production landscapes and sectors.

## **The Trustee**

55. The highlights of activities and outputs of the Trustee in FY06 include:
- (a) Provide basic services with regard to:
    - (i) management of donor contributions,
    - (ii) financial and active investment management of GEF resources and investment portfolio,
    - (iii) commitments and disbursements of GEF resources to the Implementing and Executing Agencies,
    - (iv) infrastructure and system support,
    - (v) accounting and reporting for the GEF Trust Fund.
  - (b) Undertake special initiatives to:
    - (i) improve the GEF Financial Statements,
    - (ii) develop next phase of the new investment strategy,
    - (iii) prepare guidelines on the use of guarantees and loans in GEF projects,
    - (iv) manage the foreign currency exposure of the Trust Fund.

