



Global Environment Facility

Summary of Document GEF/C.25/7

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, \$0.93 million 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.

Executive Summary

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.

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.

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.

The corporate budget is independent and distinct from the other two types of funding the GEF provides: project allocations and project fees.

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.

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.