

GEF Council Meeting
June 5 – 7, 2012
Washington, D.C.

Agenda Item 14

Business Plan FY13-14 and Budget, FY13

Recommended Council Decision

The Council, having reviewed document GEF/C.42/07/Rev.01, *Business Plan FY13-14 and Budget, FY13*, takes note of the business plan and approves an FY13 corporate budget from the GEF Trust Fund of \$30.278 million comprising:

- (a) \$18,525,000 for the GEF Secretariat;
- (b) \$2,311,000 for the STAP;
- (c) \$3,202,000 for the Trustee's core budget and the cost of external audits; and
- (d) \$5,740,000 for the Evaluation Office, comprising \$2,740,000 for its core annual budget and \$3,000,000 in funding for multi-year evaluations.
- (e) \$500,000 for a Trustee special initiative, costing a total of \$600,000, that will begin implementation of the recommendations arising from the independent assessment of GEF systems completed in FY11 at the request of the Council. The remaining \$100,000 will be pro-rated equally between the LDCF and SCCF.

The Council also approves the following allocations to cover the Secretariat's and Trustee's expenses for administering the Nagoya Protocol Implementation Fund (NPIF) during FY13:

- (a) \$ \$345,000 for the GEF Secretariat;
- (b) \$ 72,300 for the Trustee;

Given that administrative expense for NPIF were not approved by the Council in the FY12 budget, the Council also approves the following allocations to cover the Secretariat's and Trustee's expenses for administering the NPIF since its inception through June 30, 2012:

- (a) \$218,000 for the GEF Secretariat;
- (b) \$76,000 for the Trustee;

Executive Summary

1. The second year of the GEF's fifth replenishment period (June 2010 – June 2014) is coming to a close. During this replenishment period, the GEF annual business plan has been aligned with the key goals and objectives of the GEF-5 policy recommendations and programming strategies: enhancing country ownership, improving institutional efficiency and effectiveness, enhancing the results delivery, and strengthening relations with the conventions and key partners.

2. The Business Plan describes the status of policy development and implementation already underway, or planned, in order to: (i) implement the policy recommendations of the fifth replenishment; (ii) implementing other policy reforms, and (ii) implementation of GEF programming strategies. The Secretariat has completed implementation of all of the agreed GEF-5 policy reforms. The business plan updates the Council on implementation progress on all key reforms.

3. The Business Plan also reports on other key initiatives recently undertaken during the last fiscal year, including:

- (a) Collaboration with the UNFCCC Secretariat to establish the Interim Secretariat of the Green Climate Fund.
- (b) Implementation of the Pilot Program on the Accreditation of GEF Project Agencies;
- (c) Submission of a GEF proposal to the UNFCCC on the Clean Technology Network;
- (d) Implementation of the Nagoya Protocol Implementation Fund (NPIF); and
- (e) Initiation of the GEF's direct access financing modality to support interested countries to prepare or update Reports to Conventions.

4. Key issues for the GEF during the remainder of GEF-5 include the transition to leadership under a new GEF CEO and Chairperson, continued implementation of the pilot on accreditation of GEF Project Agencies, the programming of resources from the NPIF, the GEF Sixth Replenishment, and the Fifth GEF Assembly, and continued collaboration with the UNFCCC Secretariat on the establishment of the Interim Secretariat of the Green Climate Fund.

5. The total budget request for GEF Trust Fund activities for FY13 of the four GEF entities amounts to \$30.278 million. This includes a request for core budget resources for the four central entities of \$26.778, which represents a 0.8% increase over the approved FY12 core budgets of \$26.555 million. The components of this core budget request are as follows::

- (f) The GEF Secretariat's core budget under the GEF Trust Fund amounts to \$18.525 million, which is the same level as its two previous budget requests, which represents a decrease in real terms of 5.7% since the start of FY11.

- (g) As explained in GEF/ME/C.42/06, *Work Program and Budget of the GEF Evaluation Office*, the GEF Evaluation Office (EO) is requesting a core annual budget request of \$2.74 million. The Trustee is requesting \$3.082 million for its FY13 core budget, and \$120,000 for the external audit of the GEF Trust Fund.
 - (h) The Scientific and Technical Advisory Panel (STAP) proposes a budget of \$2.311 million.
6. The Council is also asked to approve \$3.5 million from the GEF Trust Fund for multi-annual and special initiatives as follows:
- (a) A request of \$500,000 to fund a \$600,000 special initiative by the Trustee to begin implementation of the recommendations arising from the independent assessment of GEF systems completed in FY11 at the request of the Council. This special initiative will also address some of the audit/control deficiencies that were identified during the audit of the GEF Trust Fund in FY12. The remaining \$100,000 will be pro-rated equally between the LDCF and SCCF.
 - (b) As explained in GEF/ME/C.42/06, *Work Program and Budget of the GEF Evaluation Office*, the GEF Evaluation Office (EO) is requesting an additional \$3 million for its multi-year evaluation trust fund.
7. As well, a total budget of \$417,300 is requested to cover the Secretariat's and Trustee's expenses related to the administration and implementation of the Nagoya Protocol Implementation Fund during FY13. This is comprised of the following elements:
- (a) \$345,000 for Secretariat expenses; and
 - (b) \$72,300 for Trustee expenses.
8. In addition, an amount of \$294,000 is requested to cover the Secretariat's and Trustee's expenses for administrating the NPIF since its inception through June 30, 2012:
- (a) \$218,000 for the GEF Secretariat; and
 - (b) \$76,000 for the Trustee;

Table of Contents

I.	INTRODUCTION	1
II.	ACHIEVEMENTS DURING FY12	1
III.	BUSINESS PLAN FOR FY13-14	2
	Enhancing Country Ownership.....	3
	Institutional Effectiveness and Efficiency	7
	Achieving Transformative Impact	12
	Deepening Relations with Conventions and International Institutions.....	15
	Strengthening Partnership.....	17
IV.	FY13 GEF TRUST FUND CORPORATE BUDGET	19
	Projected GEF Trust Fund Corporate Budget Requests under GEF-5	21
	Secretariat FY13 Activities, Outputs, and Budget.....	21
	STAP FY13 Activities, Outputs, and Budget	25
	Trustee FY13 Activities, and Outputs, and Budget	29
	Evaluation Office Budget Request	31
V.	FY13 NAGOYA PROTOCOL IMPLEMENTATION FUND BUDGET.....	31
	GEF Secretariat FY13 NPIF Budget	32
	Trustee FY13 NPIF Budget	33
	ANNEX 1: STATUS OF IMPLEMENTATION OF GEF-5 POLICY RECOMMENDATIONS	35
	ANNEX 2: RESOURCES PROGRAMMED DURING FY12-13 AND GEF-5	37
	ANNEX 3: GEF SECRETARIAT - FY12 REVIEW OF ACTIVITIES AND ACHIEVEMENTS	38
	ANNEX 4: TRUSTEE -- FY12 REVIEW OF ACTIVITIES AND ACHIEVEMENTS	44

I. Introduction

1. The GEF is nearing the completion of its second year under the Fifth Replenishment of the GEF Trust Fund (GEF-5). This Business Plan describes how the entities of the GEF network will collaborate to program remaining resources and implement continued policy reform during the remainder of the GEF-5 period (FY13-FY14). It also reports on the implementation of reforms and programming decisions during FY12, including activities that emerged as new responsibilities of the GEF Secretariat during GEF-5.

II. Achievements During FY12

2. During FY12, the GEF delivered on the following key achievements:

- (a) Continued implementation of all reforms agreed as part of the GEF-5 replenishment aimed at enhancing country ownership and improving the GEF's efficiency and effectiveness. As described in further detail in Annex 1, all GEF-5 reforms have either been fully implemented or continue to be under implementation. Key accomplishments include:
 - i. The agreement by Council in May 2011 of a Pilot Program on Accreditation of GEF Project Agencies. In this regard, the GEF Secretariat has reviewed the Stage I Applications of sixteen Applicants, including national and regional institutions and civil society organizations (CSOs) and is presenting recommendations to the Council for Stage I Approval of eleven of these applicants. The Secretariat has also established the GEF Accreditation Panel, which will review the applications under Stage II of the process.
 - ii. Initiation of the GEF's direct access financing modality to support interested countries to prepare or update Reports to Conventions.
 - iii. Continued programming of resources under the streamlined GEF project cycle, including increased reliance on programmatic approaches.
 - iv. Implementation of the GEF-5 results-based management work plan for GEF-5 and knowledge management (KM) strategy.
- (b) Approval of \$726.25 million in GEF Trust Fund project and program resources through April 30, 2012 through two GEF work programs to date. A work program of \$667 million is being presented to the Council at this meeting, which if approved, would bring total approved resources for the first two years of GEF-5 to \$1.837 billion, or 44.5% of total program resources.
- (c) Total expected approval of approximately \$52.38 million in SCCF project resources in FY12, including funding of joint projects with the GEF Trust Fund. Total expected approval of \$92.17 million in LDCF including the multi-trust fund projects. The figures are inclusive of the projects in the June 2012 Work Program. The amount LDCF approved projects is expected to increase by the end of as the projects are approved on a rolling basis.

- (d) Collaboration between the GEF Secretariat and the UNFCCC Secretariat to establish the Interim Secretariat of the Green Climate Fund. GEF Secretariat staff, assigned on a part-time basis towards this task has helped undertake initial activities of the Interim Secretariat, including planning for and preparation of documents for the first meeting of the GCF Board, scheduled to be held in Geneva during May 31- June 02, 2012.
- (e) Representation of the GEF at important international meetings, including: COP-17 of the United Nations Framework Convention on Climate Change (UNFCCC); UNCCD COP-10. The Secretariat will represent the GEF at the World Conservation Congress, to be held in Jeju, Korea in September 2012.
- (f) Preparation for the GEF's involvement at the Rio+20 Conference in June 2012, including the drafting of a book highlighting lessons learned from the GEF's 20 year history.
- (g) Adoption of a strategy for programming GEF-5 private sector funds and the presentation of the first two public-private partnership (PPP) programs to Council.
- (h) Convening of two meetings of the STAP and collaboration between the GEF Secretariat and STAP to represent the GEF at the Planet Under Pressure Conference in London in March 2012

III. Business Plan for FY13-14

3. FY2013 will be a key year of transition for the GEF as it plans for the future. The GEF Council will select a new CEO in June 2012, who will lead the GEF over the next four years. Negotiations on the sixth GEF replenishment will commence in early calendar year 2013, and this will require the Secretariat, Trustee, and STAP to begin preparations in fall 2012. The GEF EO will undertake the Fifth Overall Performance Study of the GEF (OPS-5) to assess the performance of the GEF in achieving its mission and implementing agreed reforms and make recommendations to donors for GEF-6. The Secretariat will also begin early preparations for the Fifth GEF Assembly, which is expected to be held sometime in calendar year 2014, most likely sometime between the late spring to early fall. The GEF Secretariat has already received inquiries from national and local governments, from both developed and developing countries, that are interested in hosting the Fifth Assembly.

4. As summarized in Annex I, all reforms under the GEF-5 policy recommendations have been implemented. Over the next two years, the entities of the GEF network – the Secretariat, the Agencies, the Trustee, the EO, and STAP – will continue to collaborate on follow-up actions under the reforms and to program resources according to the GEF-5 focal area strategies and programming document. All the GEF entities will reflect on GEF-5 policy reform implementation and programming to date with a view towards generating lessons learned that can be applied for GEF-6.

5. The Business Plan for the remainder of GEF-5 is aligned with the key goals and themes set out in the GEF-5 policy recommendations and programming document and the GEF-5 focal area strategies. The business plan is organized according to the following themes:

- (a) Enhancing country ownership;
- (b) Improving institutional efficiency and effectiveness;

- (c) Achieving transformational impact;
- (d) Deepening relations with the Conventions and other international institutions and delivering on their priorities;
- (e) Strengthening relations with key partners, namely the private sector, civil society, and Indigenous Peoples.

6. The programming of resources during GEF-5 is being guided by the priorities established in the agreed GEF-5 focal area strategies. Within the climate change, biodiversity, and land degradation focal areas, programming decisions will be made subject to the individual country allocations under the STAR, fully reflecting national priorities for the generation of global environmental benefits, as reflected in national strategies and plans. Some countries are also conducting voluntary NPFs to further define their GEF-5 programming priorities.

Enhancing Country Ownership

7. Since June 2010, the GEF has focused on enhancing country ownership by implementing reforms and taking action in the following areas:

- (a) Reforming the country support program (CSP);
- (b) Assisting countries to undertake voluntary NPFs, supported by direct access financing;
- (c) Broadening the GEF partnership under paragraph 28 of the GEF Instrument;
- (d) Assisting interested countries to access directly funding for their Convention reporting obligations; and
- (e) Allocating resources to countries in a more flexible manner through the System for Transparent Allocation of Resources (STAR).

Management of the Reformed Country Support Program

8. In June 2010, the Council approved a plan to reform the National Dialogue Initiative and the CSP1 and allocated \$26 million to implement the program. The Secretariat strengthened its External Affairs (EXT) team and worked with UNDP to transition the CSP to Secretariat management, which was finalized in January 2011. The CSP, led by the Secretariat's EXT team, is now a single, integrated platform for providing support to recipient countries to strengthen country level coordination and ownership and raise awareness about the GEF.

9. As of end-May 2012, the CSP will have supported the following activities during FY12:

- (a) Thirteen Expanded Constituency Workshops (ECWs) – in Senegal, Liberia, Solomon Islands, Uzbekistan, Kenya, South Africa, Burundi, Jordan, Costa Rica, Albania, Burkina Faso, Antigua and Peru;
- (b) Nine Regular Constituency Meetings – in Argentina, Belize, Lao PDR, Maldives, Dubai, Ethiopia, Ghana, Switzerland and Armenia;

¹ See GEF/C.38/7/Rev.1, *Reforming the Country Support Program and Procedures for Implementation*

- (c) Provided support for the annual work plans of 28 recipient country Operational Focal Points (OFPs);
- (d) Convening of one familiarization seminar and one multi-stakeholder dialogue in India.

10. Over the FY13-14 period, the GEF will continue to support the CSP as envisioned in Council document GEF/C.38/07/Rev.2, *Reforming the Country Support Program and Procedures for Implementation*.

GEF National Portfolio Formulation Exercises

11. As a central element of efforts to strengthen country ownership under the CSP, the GEF has assisted interested recipient country governments to establish or to strengthen national processes and mechanisms to facilitate GEF programming. Since June 2010, the GEF Secretariat has worked to provide interested countries with up to \$30,000 to execute voluntary NPFEs.

12. The voluntary NPFE program aims to ensure that the programming of GEF activities is aligned and coordinated with national planning processes (e.g. poverty reduction strategies) and that it responds to countries' priorities for generating global environmental benefits under the multilateral environmental conventions to which the GEF serves as the financial mechanism. The key output of a voluntary NPFE is a National Portfolio Formulation Document (NPDF), which should identify and describe a country's strategic priorities under each of the GEF focal areas and include an indicative list of projects that will be developed to achieve a country's objectives for generating global environmental benefits.

13. The Secretariat is reporting on NPFE program implementation through document GEF/C.42/Inf.06, *Update on the GEF National Portfolio Formulation Exercises*. The initial process for clearing proposals for direct access NPFE grants inside the World Bank was complex (over 30 steps are involved) and had taken far longer than could have been anticipated when the Council agreed to this reform in 2010, under what were understood to be expedited and simplified World Bank procedures.² Given the small size of the grants, and their alignment to programming of GEF resources, in 2011, the GEF Secretariat and World Bank reached agreement to significantly simplify and accelerate the process for remaining NPFEs.

14. As of April 15, 2012, approximately 42 countries had either applied for NPFE grants or have informed the Secretariat that they are undertaking similar exercises with their own resources. These status of the program can be summarized as follows:

- (a) The Secretariat has financed NPFEs in 32 countries. In addition, 10 countries have carried out similar programming exercises with their own resources.
- (b) Out of the 42 countries that have undertaken NPFE or similar processes, 28 have submitted final NPDFs that have been posted on the GEF website.
- (c) A further 14 countries are finalizing their NPFE reports.

15. Copies of the completed NPDF reports can be found at:

<http://www.thegef.org/documents/npfd>.

² See GEF/C.38/6/Rev.1: *Policies and Procedures for the Execution of Selected GEF Activities -- National Portfolio Formulation Exercises and Convention Reports -- with Direct Access by Recipient Countries*.

Broadening the GEF Partnership through the Accreditation of GEF Project Agencies

16. Under the GEF-5 policy recommendation to broaden the GEF Partnership under Paragraph 28 of the GEF Instrument, in May 2011, the Council agreed to launch a pilot program accredit up to ten new Agencies, to be called GEF Project Agencies, which will be able to access GEF resources directly, from any of the four GEF-managed trust funds, to assist countries to implement GEF projects. In agreeing to the reform, the Council set a clear priority for the accreditation of national institutions.

17. The Council agreed to an accreditation procedure³ that consisted of the three stages:

- (a) Stage 1: Value-added Review and Council Approval;
- (b) Stage II: Accreditation Panel Review;
- (c) Stage III: Negotiation of Financial Procedures Agreement and Memorandum of Understanding.

18. As explained in Council paper GEF/C.42/09/Rev.01, *Secretariat Recommendations of Project Agencies for Accreditation*, 16 institutions have applied for accreditation. The GEF Secretariat reviewed 14 of these applications from national and regional institutions and civil society organizations (CSOs) according to the Value-added Review Criteria agreed by the GEF Council.⁴ The Secretariat is recommending 11 of the Applicants for Council approval, including five national institutions, two regional institutions, and four CSOs. After approval by Council, the Applicants will move forward to the Stage II Accreditation Panel Review.

19. The GEF Secretariat has established the GEF Accreditation Panel which will assess the ability of each Applicant approved by Council to meet the GEF Fiduciary Standards, the Minimum Agency Standards on Environmental and Social Safeguards (approved in November 2011), and the criteria of the GEF's Policy on Gender Mainstreaming (approved in May 2011). The Panel will work to complete its review of each Applicant approved by Council as soon as possible. After Accreditation Panel approval, the Secretariat will negotiate a Memoranda of Understanding, and the Trustee will negotiate Financial Procedures Agreements with the Applicants, at which point they will be eligible to submit Project Information Forms (PIFs).

Direct Access Financing for Convention Reports

20. In June 2010, the Council reviewed and approved the GEF Secretariat's proposal for responding to country requests for direct access funding to prepare and/or update national Reports to Conventions, as well as national portfolio formulation exercises.⁵ To date, the GEF Secretariat has received 24 applications for direct access grants for Convention Reports, summarized as follows:

³ See Council document GEF/C.39/8/Rev.2, *Accreditation Procedure for GEF Project Agencies*.

⁴ Two of the Applicants are United Nations specialized agencies or programs, and consequently cannot be reviewed by the Secretariat until the Council has provided Stage I approval to at least five national institutions.

⁵ See GEF/C.38/6/Rev.1: *Policies and Procedures for the Execution of Selected GEF Activities -- National Portfolio Formulation Exercises and Convention Reports -- with Direct Access by Recipient Countries*. The term "Reports to Conventions" includes not only national reports and national communications, but also other enabling activities such as *National Biodiversity Strategies and Action Plans* under the CBD and *National Implementation Plans* under the Stockholm Convention.

- (a) Seven applications for the revision of National Biodiversity Strategies and Action Plans under the Convention for Biological Diversity (CBD);
- (b) Eight applications for enabling activities under the United Nations Convention to Combat Desertification;
- (c) Eight applications for the update of National Implementation Plans under the Stockholm Convention on Persistent Organic Pollutants (POPs); and
- (d) One application for updating a National Communication to the United Nations Framework Convention on Climate Change (UNFCCC).

21. As approved by Council in June 2010, the GEF's direct access modality operates according to World Bank operational policies and procedures for small grants. The process for clearing direct access grants for Reports to Conventions continues to follow the more than 30 steps required under World Bank procedures, which has proven to be cumbersome. The above applications are in various stages of processing. To-date, three proposals have been approved by CEO and grant agreements have been sent to the countries for their countersignature. Five proposals have been cleared by the CEO and they have been sent to the World Bank country offices for assessing the executing agencies' financial management and procurement capacity. The rest of the proposals received are being reviewed by the Secretariat for final technical clearance.

22. Most recently, the Bank launched new guidance for processing small grants, after a 10-month intensive effort by a working group (that included the GEF Secretariat) that aimed to further streamline the applicable procedures. Relying on its experience with the initial NPFE grant process, the GEF Secretariat contributed significantly to the working group. The new guidance has the potential to lead to further streamlining and reduction in processing time. Implementation is in its early stages, however, and it remains to be seen what impact the guidance will have. Some of the new guidance needs to be operationalized through the establishment of proper units and staffing.

23. During the remainder of GEF-5, the GEF Secretariat will continue to process applications as quickly as possible through existing procedures and will exploit opportunities for further streamlining as the Bank establishes the infrastructure required to implement the new guidance on small grants.

Implementation of the System for Transparent Allocation of Resources

24. During GEF-5, the GEF has used the System for Transparent Allocation of Resources (STAR) to program resources to countries under the climate change, biodiversity, and land degradation focal areas. The STAR has facilitated the work of the Secretariat as well as made more transparent the processes through which resources programmed to countries by the GEF. The Secretariat reports on the implementation of the STAR to date, cumulative utilizations and remaining funds in Council document GEF/C.40/Inf.06 *Progress Report on the Implementation of the System for a Transparent Allocation of Resources (STAR)*.

25. Some patterns are beginning to emerge in how countries and regions are allocating their STAR allocations as we approach the GEF-5 mid-point. The first trend is that countries appear to be increasingly combining their STAR allocations and using them for larger, multi-focal area

projects. To date, 44% of total resources allocated to projects have been used for multi-focal area projects or programs⁶. Looking at cumulative programming/utilization of allocations, including the June 2012 Work Program, the following observations can be made:

- (e) Total utilization (provided the June 2012 work program is approved in its entirety) will be at 48%, and utilization per focal area will be as follows: BD (53%), LD (44%), and CC (42%).
- (f) Utilizations by region also approach 50%; both in aggregate and by focal area, with Latin America and the Caribbean (LAC) and Europe and Central Asia (ECA) both at 52%, Asia at 50%, and Africa at 40%.
- (g) With respect to Least Developed Countries (LDCs), 42% of allocation resources have been programmed, with the greatest progress in LD, where 61% of resources have been programmed. Biodiversity has utilized 44%, but only 26% of climate change resources have been utilized.
- (h) Far greater progress is needed in programming allocations for Small Island Developing States (SIDS), where only 28% of total allocations have been programmed. In terms of individual focal area allocations for SIDS, LD programming has been the highest, with 35% of allocations programmed, but biodiversity and climate change allocation programming stands at only 26 % and 27% respectively.

26. With respect to the use of flexibility mechanisms in the STAR, including the June work program, 20 of the 63 countries with fully flexible allocations have moved resources across focal areas so they can concentrate their resources on larger projects. Of the 81 remaining countries that do not have full flexibility, but are allowed to marginally adjust their allocations, one country has chosen to exploit this flexibility by allocating some additional resources to land degradation, but within its permitted marginal adjustment. No countries have exceeded their permitted marginal adjustment ranges.

27. As GEF-5 continues, the Secretariat and the GEF Agencies will continue to facilitate countries' access to STAR allocations. The Secretariat will continue to monitor the use of allocations with a view to learn lessons that can be applied to GEF-6. The Secretariat and STAP will continue research and analysis aimed at improving global benefits indicators for each focal area and to determine whether inclusion of the POPs focal area in the STAR is feasible. (See GEF/C.42/Inf.14, *STAP Work Program for FY2013* for further detail).

Institutional Effectiveness and Efficiency

28. The GEF has implemented the following initiatives to improve its efficiency and effectiveness as an institution:

- (a) Streamlining of the project cycle, including implementation of a pre-Project Identification Form (pre-PIF) tracking system;
- (b) Improving management of administrative costs;

⁶ The 44% represents the fraction of MFA funding out of total GEFTF resources including STAR allocations.

- (c) Implementation of a results-based management framework, including knowledge management;

Streamlining the Project Cycle and Programmatic Approaches

29. In June 2010, the Council reviewed document GEF/C.38/5, *Streamlining the Project Cycle and Refining the Programmatic Approach*, and agreed to several changes in the project cycle to enhance efficiency. These changes have been fully implemented, but it is still too early to assess their impact in shrinking the time that it takes to approve, develop, and endorse a project inside the GEF.

30. In March 2011, in response to a request from recipient countries, the GEF Secretariat launched a pre-PIF tracking module as part of the GEF's PMIS. This module has been accessible to all operational focal points who wish to use, and will enable tracking of exchanges between countries and the Agencies while concept proposals under development into PIFs. It has been hoped that this module will also allow the GEF to gather information on the time it takes for Agencies and countries to transform initial concepts into PIFs ready for submission. This pre-PIF stage has been one of the areas of greatest inefficiency within the GEF project cycle. To date, no operational focal points have opted to use the system.

Management of Administrative Costs

31. In 2011, the Secretariat hired a consultant to undertake an independent review of the administrative expenses incurred by the GEF Agencies, as requested by the Council. Following discussions of this review and resulting recommendations at the November 2011 Council meeting, the Council requested the Secretariat to establish a working group comprised of four Council Members (two from donor constituencies, and two from recipient constituencies), the GEF Secretariat, and representatives from two GEF Agencies (the World Bank and UNEP). The working group's objective was to review the GEF's Agency Fee structure (including the component for project implementation and that to support Agency engagement in corporate activities) with a view towards presenting a proposal for a new fee policy at the June 2012 Council meeting that would further reduce administrative costs. The working group has concluded its discussions and provided recommendations that are being presented to the Council in document GEF/C.42/08, *Fee Structure for Agencies: Part I & Part II*.

Strengthening Results-based Management (RBM) and Knowledge Management Strategy (KMI)

32. Following Council approval of a revised Monitoring and Evaluation Policy (contained in Council document GEF/ME/C.39/6) in November 2010, the Council approved an RBM work plan in November 2010 that lays out the steps the GEF Secretariat, in collaboration with the Agencies, the GEF Evaluation Office, and STAP, will take to implement RBM and KM during GEF-5.⁷ The GEF has been implementing this plan since that time. An important deliverable was the development of the *GEF Knowledge Management Initiative: Strategic Framework and*

⁷ See Council Document GEF/C.39/06/Rev.1, *Results-Based Management and Knowledge Management Work Plan for GEF-5*, presented in November 2012.

Work Plan for GEF-5 (see Document GEF/C.40/Inf.3), which was approved by the Council in June 2011.

33. The Secretariat provided the GEF Council with its first progress report on implementation of RBM and KMI in November 2011; the following sections serve as an update on progress since then.

Results-based Management

34. Significant progress has been made on the GEF-5 RBM work plan. The reform of the AMR process is complete, and the current report is being presented to Council in document GEF/C.42/05/Rev.01, *Annual Monitoring Report 2011: Part II*. The Secretariat and Agencies will continue to refine and improve the system, but the major elements are now in place for a more responsive, robust reporting system.

35. Progress and future steps in other areas under the work plan include:

- (a) Mapping Portal: The Secretariat presented this interactive web-based map to Council in November 2011. Since then, the Secretariat has enhanced the map's utility, upgraded its data accessibility, and improved its presentation. Next, the Secretariat, STAP and Agencies will collaborate to develop a more complex mapping for results platform. The goal is to have a map that includes a select set of outcome indicators in place by June 2013.
- (b) Quality at Entry: At a meeting on November 15th, 2011 the Secretariat's Results Based Management team and the Evaluation Office's Performance team jointly decided to collaborate on conducting respective quality at entry assessments, with the view of institutionalizing such processes. The two teams are focused on building capacity so that the Secretariat's monitoring function can be strengthened. For its pilot quality at entry exercise, the RBM team used an assessment instrument developed by the EO to analyze 59 Medium-Sized Projects (MSPs) approved by the GEF CEO in FY11. The EO assessed 137 Full-Sized Projects (FSPs) endorsed by CEO in FY11. The review of MSPs by the Secretariat's RBM team was seen as a good starting point to introduce the quality at entry process to the Secretariat's monitoring activities. The EO is presenting the findings of the FSP assessment are presented in Council document GEF/ME/C.42/01, *Annual Performance Report 2011*. The Secretariat's MSP review will be presented in AMR 2012: Part II, scheduled to be presented to Council in spring 2013.
- (c) Targeted Learning: The GEF has refined its existing focal area learning objectives, which has included the development of guiding questions, which are applied to the desk analysis of mid-term and implementation completion reports for *AMR 2011: Part II*. Work plans for each focal area have been developed on how a combination of desk studies, in-depth analysis, and learning missions will be undertaken for GEF-5. Several learning missions have been or will be undertaken in FY12 and FY13. Each mission will produce a report and *AMR 2012: Part II* will report on the entire process and lessons learned.

36. The RBM team continues to work closely with the Secretariat's information technology (IT) team to develop an automated system for collecting and reporting on data. In FY13, an RBM dashboard will be in place within PMIS to enable the Secretariat to better track project status. The focal area tracking tools are also in the process of being programmed into the PMIS, and by the end of FY13, indicators and targets from individual GEF-5 projects and programs will be accessible through PMIS.

Knowledge Management Initiative

37. The first year of implementation of the GEF's Knowledge Management Initiative (KMI) for GEF-5,⁸ focused on activities to identify the main features of the new GEF knowledge management system should have and to integrate knowledge processes into the Secretariat's daily operations. Towards these goals, the Secretariat undertook an assessment of knowledge sharing and learning needs of GEF stakeholders. The assessment used a participatory approach, receiving quantitative data from almost 300 respondents the survey questionnaire and qualitative inputs by 25 people (GEF staff and partners) interviewed by phone. The study has shown that there is a strong demand from GEF staff and partners to boost KM activities, which are perceived as genuine enablers of the GEF's overall effectiveness.

38. The outcome of the assessment helped sharpen the initial work plan, including new activities and modifying others, so that it is aligned with the priorities identified through the survey. The updated work plan aims at achieving three main outcomes:

- (a) Outcome 1: To methodically collect and compile lessons learned from projects and programs financed from GEF resources, as well as from its partners and client countries to improve their use and dissemination.
 - i. Reform of the AMR Process.
 - ii. Targeted Learning Process for Portfolio Monitoring.
- (b) Outcome 2: Share data, information, and knowledge with a wide range of stakeholders to promote innovation and best practice.
 - i. GEF website is expanded and a Knowledge Platform is included.
 - ii. Dissemination of knowledge and information with external stakeholders.
- (c) Outcome 3: Build internal capacity and foster staff professional development.
 - i. Develop a GEF Intranet to support collaboration and manage corporate information.
 - ii. Create personal development opportunities for staff.

39. The first outcome has remained identical since the initial work plan, and progress in achieving is reported in paragraph 32 above, under Results-based Management. The Secretariat's external affairs team (EXT), working closely with the IT team, is starting to carry out activities

⁸ See Council Document GEF/C.40/Inf.3, *GEF Knowledge Management Initiative: Strategic Framework and Work Plan for GEF-5*, presented in May 2011.

under the second and third outcomes, which will continue over the next year. The following knowledge sharing tools and new knowledge products will be developed:

- (a) A GEF Intranet will be developed as a collaborative platform to be used for document drafting and sharing, posting of internal GEF Secretariat policies, management of corporate photo and contact databases, and an event registration system;
- (b) Key knowledge products (i.e. knowledge video interviews and reports and lessons learned from the learning missions);
- (c) New Country Profile pages to display in a more effective and consolidated manner all information related to countries;
- (d) GEF staff training to produce better knowledge products; and
- (e) GEF project cards that summarize each new endorsed/approved project. This will be linked to the PMIS and it will include GEF project activities, data, main documents, websites, and other audiovisual material.

Strengthening GEF Information Technology Systems

40. At its June 2009 meeting, the Council approved the engagement of a consultant to review and assess, independently, the Information Technology (“IT”) and database systems of the Trustee, the Secretariat, and the Agencies. A consultant, Deloitte & Touche LLP (“Deloitte”), was engaged to perform this independent assessment. Under the Council-approved Terms of Reference, Deloitte assessed the robustness and the overall performance of the GEF's financial and program management systems, identifying 23 critical issues that need to be addressed. At the November 2011 Council meeting, an information document presented Deloitte's recommendations, which were concentrated in two primary areas: (i) the IT systems and databases used to record and manage the GEF project pipeline; and (ii) reporting and data sharing across the GEF partners. The GEF Council requested that the GEF Trustee and the GEF Secretariat work together to identify cost-effective options for GEF Systems development for consideration at the June 2012 Council meeting. These options, details of which are provided in GEF/C.42/Inf.12, *Options for Strengthening GEF Systems: Addressing the Findings and Recommendations of the Independent Review of GEF Systems*, include:

- (a) Status quo with no additional costs;
- (b) Continued enhancement of the PMIS (Project Management Information System), costing \$450,000;
- (c) Move part of the PMIS functionality into an SAP platform, costing \$600,000; and
- (d) Move the full PMIS functionality into the World Bank's corporate systems, including SAP, costing \$1,000,000.

41. The Secretariat and the Trustee agree to move the PMIS back-end functionality to a SAP platform, while enhancing PMIS front-end functionality. Specifically, the underlying data of PMIS would be moved to an SAP-based platform, and data structure and flows would be harmonized between the Trustee and the Secretariat. This would integrate and reconcile critical GEF project information with the information and transactional capabilities of the Trustee's

system. It would enable some real-time workflow and sharing of data between the Secretariat and the Trustee and eliminate most manual reporting.

42. The total cost of moving the PMIS back-end functionality to an SAP platform is estimated to be \$600,000. Of the requested amount, \$500,000 will be funded from the general GEF Trust Fund, while the remaining \$100,000 will be pro-rated equally between LDCF and SCCF. NPIF has been excluded from cost attribution based on its low transaction count. Since this proposal could not be finalized before the LDCF/SCCF budget document was issued, a revised budget will be tabled with additional request during LDCF/SCCF discussions.

43. To ensure the GEF's business needs are fully met, the Secretariat will work with the Trustee and the World Bank's IT team to define business requirements. The Secretariat will approve all business requirements before development and implementation of SAP occurs. The Secretariat and the Trustee, along with World Bank IT colleagues, will jointly oversee the transitioning of the PMIS back-end functionality into an SAP platform. At the first Council meeting in 2013, the Secretariat and Trustee will jointly report on the status of this work. It is anticipated that at that time, some of the Deloitte recommendations, and some of the audit/control deficiency issues that have arisen will have been addressed, and that a status update to Council with respect to project completion will be made as necessary.

Achieving Transformative Impact

44. The second element of the GEF's drive to improve its efficiency and effectiveness is to achieving greater impact on the ground through more strategic program delivery aimed at achieving transformational impact. All GEF-5 policy reforms and other measures described in this document are intended to contribute towards this goal, particularly the greater use of programmatic approaches, NPFs, improvements in RBM, and closer collaboration with key partners. The GEF entities, Agencies, and recipient countries are using all tools and mechanisms at their disposal to develop and implement important initiatives called for in the GEF-5 focal area strategies and programming paper. The sections below, we highlight several of the trends seen in GEF programming and some of the important initiatives approved or under development that will contribute to transformational impact.

Multi-Focal Area & Multi-Trust Fund Programs and Projects

45. There has been a significant shift during GEF-5 towards projects and programs seek to achieve multi-global environmental benefits by combining resources from several focal areas to achieve greater impact, in a more integrated manner. If one includes the June 2012 Work Program, the GEF Council approvals of multi-focal area project approvals will total \$681.25 million, or 44% of the entire GEF portfolio. This is double the percentage in GEF-4 of 22%. One of the reasons for this increase in MFA approaches is the ability of countries to combine their STAR allocations from different focal areas and program them for single, larger, and more transformative projects. The GEF's SFM/REDD+ mechanism is also an important incentive for this type of programming.

46. Contribution of multi-trust fund projects and programs is also significant in catalyzing the transformative impact. GEF Trust Fund resources have been combined with LDCF and/or SCCF in a number of innovative projects and programs to achieve global environmental benefits as

well as climate change adaptation benefits. Integration of GEF Trust funds with the LDCF and SCCF ensures that GEF Trust Fund investments are resilient to climate change. This work program presents four such multi-trust fund initiatives. The reliance on both multi-focal area and multi-trust fund approaches is expected to continue during the remainder of GEF-5.

Increased use of Programmatic Approaches

47. Greater reliance on programmatic approaches is another tool that the GEF will continue to use to achieve greater transformative impact. The shift to large, multi-focal area and multi-trust fund programmatic approaches began with the *Sahel and West Africa Program Supporting the Great Green Wall Initiative*, which the Council approved a year ago and is funded from the LDCF, SCCF, and the GEF Trust Fund. Since that time, the Council has approved nine additional programs, and the June 2012 Work Program two programmatic approach projects under the GEF's public-private partnership program, one in Africa and one in Latin America. Including these two programs, as of the end of June, total approved funding for programmatic approaches should total about \$405 million, or around 20% of total approvals to date.

48. In addition to the Great Green Wall Initiative, other notable programmatic approaches approved to date include:

- (a) Global Sustainable Fisheries Management and Biodiversity Conservation in the Areas Beyond National Jurisdiction (ABNJ) program, which will help the international community to address the governance challenge that no one nation has jurisdiction for management of fisheries in marine Areas Beyond National Jurisdiction which make up 40% of the surface of our planet. (GEF Funding of \$49.5 million, and co-financing of \$222.7 million).
- (b) MENA-Desert Ecosystem and Livelihoods Program, which will enhance livelihoods for communities that live in desert ecosystems while preserving their biodiversity and other ecosystem goods and services. This program draws resources from the LD, BD, and CC-M focal areas (total GEF funding of \$21.2 million) and SCCF funding of \$2.8 million. It leverages \$226 million in co-financing.
- (c) The Asian Sustainable Transport and Urban Development Program, which will help Asian countries deal with the challenges of rapid urbanization by investing in sustainable transport and urban planning to reduce greenhouse gas (GHG) emissions. (GEF funding: \$16.11 million).
- (d) Arctic Program: The Secretariat has been providing upstream guidance to Russia on that country's intent to submit to GEF an ambitious multi-focal area program for the Arctic to serve the development needs of the region as well as address and prevent potential environmental impacts of anticipated economic development of this sensitive region of high global importance.
- (e) GEF-Russian Federation Partnership for Sustainable Environmental Management of the Arctic under a Rapidly Changing Climate, which aims to adopt and implement governance reforms for sustainable development of the Arctic in the Russian Federation, based on a Strategic Action Programme for the Protection of

the Russian Arctic Environment that was developed with GEF support. (GEF grant funding of \$25.4 million).

SFM/REDD+ Incentive Mechanism

49. The GEF's SFM/REDD+ incentive mechanism was designed to encourage countries to combine resources from their STAR allocations to invest in transformative projects and programs that reduce pressures on forest resources and generate sustainable flows of forest ecosystem services. These investments will also strengthening the enabling environment to reduce GHG emissions from deforestation and forest degradation and enhance carbon sinks from Land Use, Land-Use Change and Forestry (LULUCF) activities.

50. Including the June work program, \$90.7 million in SFM/REDD+ incentive mechanism resources (out of \$250 million available) will have been invested in about 31 projects and four programmatic approaches. The \$90.7 million in incentive mechanism resources have mobilized approximately \$372 million in GEF resources, and \$3.46 million in co-financing. The contributions from the different focal areas and trust funds are: \$158 million from Biodiversity, \$86 million from Land Degradation, \$82 million from Climate Change Mitigation, \$26.8 million from the LDCF/SCCF, and \$19.8 million from International Waters.

Supporting Climate Change Resilience and Adaptation

51. During the remainder of GEF-5, the GEF will accelerate its efforts in ensuring that its investments are resilient to climate change risks. The GEF will institute systematic process through which climate risks to the GEF investments will be identified and necessary mechanisms to ensure climate change resilience will be integrated into project design and review. Building on the initial work led by the STAP Secretariat in 2011, the GEF Secretariat in collaboration with the STAP and the GEF Agencies will further examine the tools and methods that could be applied to enhance climate change resilience of the GEF project portfolio. Three GEF Secretariat staff members have been selected to work with the STAP on this work. The group will aim to produce an information paper to Council in November 2012.

52. The GEF will continue to harness synergies among the GEF Trust Fund, LDCF and SCCF so that both Global Environmental Benefits and adaptation benefits are achieved. Leveraging such synergies will not only ensure climate resilience in the GEF Trust Fund investments, but it will also enhance the adaptation impact of LDCF and SCCF projects in the vital sectors such as natural resource management. The Great Green Wall, MENA-DELP, and Lake Chad programs are all examples of such a synergistic multi-trust fund approach.

Scientific and Technical Advice

53. During the FY13-14 period, the STAP will continue to develop advisory products on key scientific and technical issues and tools that the Secretariat, Agencies, and country-level partners can use to improve the quality of GEF projects. The STAP's work along these lines will be guided by its FY13 work program, which is provided in Council document GEF/C.40/Inf. 12, *STAP Work Program for FY2013*. The GEF entities and agencies will also discuss how the GEF's approach to applied/targeted research can be improved.

54. The GEF and LDCF/SCCF Councils have agreed for the STAP to STAP provide scientific and technical advice on LDCF/SCCF adaptation projects, and a new Climate Change Adaptation Panel Member is expected to start providing advice to the GEF in this regard in May. This panel member will also provide advice on climate resilience in GEF Trust Fund operations.

Deepening Relations with Conventions and International Institutions

55. The GEF serves as a/the operating entity of the financial mechanisms of four international environmental conventions. Pursuant to a key reform of the GEF-5 replenishment, the GEF Council approved in a strategy titled *Strengthening Relations with the Conventions in the GEF Network*, contained in document GEF/C.40/14. This document summarized the multiple activities and processes through which the GEF currently cooperates with the Conventions and their related fora and bodies. The GEF will continue to implement this strategy during the remainder of GEF-5, including efforts aimed at: (i) strengthening existing avenues for communication and developing new ones, (ii) developing more and enhanced avenues for cooperation, and (iii) responding to significant, new convention guidance during replenishment periods. The GEF will also continue to engage closely with other key international institutions and processes, including, among others, the United Nations Forum on Forests, the *Strategic Approach to Integrated Chemicals Management* (SAICM), and intergovernmental negotiations towards a global agreement on Mercury.

56. Council document GEF/C.42/03, *Relations with the Conventions and Other International Institutions*, reports comprehensively on the GEF's engagements with the Conventions and other institutions and processes. The sections below describe some of the key initiatives that the GEF will continue over the next two years to contribute to the key priorities of the Conventions and other international processes.

Establishment of Green Climate Fund Secretariat

57. At its 17th session, the Conference of the Parties (COP) to the UNFCCC requested the UNFCCC Secretariat and the Global Environment Facility Secretariat to jointly take the necessary steps to set up the interim Secretariat of the Green Climate Fund (GCF). Since December 2011, the GEF Secretariat and UNFCCC Secretariat have collaborated to successfully establish the Interim GCF and preparations have been undertaken to hold the first GCF Board Meeting. During FY13, the GEF Secretariat will continue to collaborate with the UNFCCC Secretariat to support the Interim GCF Secretariat. The GEF Secretariat proposes to assign relevant staff members on a part-time basis, as necessary, towards this exercise. The administrative costs of GEF Secretariat staff will be borne by the budget approved by the GCF Board for its Interim Secretariat. GEF Secretariat staff will be engaged in helping the GCF Board develop some of the most critical strategies, policies, and procedures to make the GCF operational by June 2013.

Support for Technology Transfer

58. Technology transfer is pivotal in addressing global environmental challenges under the Conventions and in all GEF focal areas. Indeed, the broad dissemination and adoption of new

know-how, practices, and technologies is fundamental to the GEF's ability to have sustainable, catalytic impact in transforming recipient countries' development pathways. The GEF has supported technology transfer through its projects, with a particularly strong emphasis in its climate change and chemicals projects, but also with regard to the access and benefit sharing of genetic resources.

59. Under the UNFCCC, the GEF is participating in the efforts to operationalize the Technology Mechanism established under the Cancun Agreements reached at UNFCCC COP-16. In March 2012, the GEF submitted a proposal response to the call from the UNFCCC for proposals to host the Climate Technology Centre (CTC), which will make the Technology Mechanism fully operational in 2012. The GEF proposal supports activities at the global, regional, and national levels. Among the nine submissions, as of April 2012, three proposals, including the GEF's, had been shortlisted. The final decision on the CTC host is expected to be made at COP-18.

60. If selected by Parties to host the Climate Technology Center, the GEF will coordinate the center and network efforts to further build on its ongoing support for technology transfer. For instance, the GEF Council approved the Poznan Long-Term Strategic Program on Technology Transfer, which includes an element to provide support for Climate Technology Centers and a Climate Technology Network. During GEF-5, the GEF Council has already approved the Pilot Asia-Pacific Climate Technology Network and Finance Center. Three additional regional technology centre and network projects are also being presented to the Council at its June 2012 Meeting. These projects are supported by both the GEF Trust Fund and the SCCF and will enable integrated and innovative support for mitigation and adaptation in Africa, Latin America, and the Caribbean. Furthermore, national technology transfer projects utilizing the STAR allocation have been submitted for Council approval.

Implementation of the Nagoya Protocol Implementation Fund

61. In February 2011, the GEF Council approved the creation of the Nagoya Protocol Implementation Fund (NPIF), and in May 2011, the Council approved arrangements for the operation of the NPIF, which are contained in document GEF/C.40/11/Rev.1, *Outstanding issues related to the Nagoya Protocol Implementation Fund*. To date, the Council has approved one medium-sized project in Panama funded by the NPIF. During the remainder of GEF-5, the GEF expects that most funding under the NPIF will be provided through medium-sized national projects that will support countries efforts to ratify and implement the Nagoya Protocol. Further information on the NPIF can be found in Council document GEF/C.42/Inf.07, Progress Report on the Nagoya Protocol Implementation Fund.

Mercury Agreement Intergovernmental Negotiation Committee (INC)

62. In 2009, the UNEP Governing Council established an intergovernmental negotiation committee (INC) to negotiate an agreement on Mercury. These are important negotiations for the GEF because it has made substantial contributions in the area of chemicals, including the funding of several projects in the past (in the international waters focal area and related to POPs/Mercury co-reduction) that aimed to reduce Mercury use and releases. Moreover, \$20 million was allocated during GEF-5 for Mercury, and the GEF adopted a strategy for its Mercury

program in 2010. The June 2012 Work Program includes a project dealing with Mercury releases.

63. The GEF Secretariat has attended the INC meetings, which began in June 2010 and are expected to conclude in 2013. The GEF Council has the opportunity to convey to the negotiations its willingness to operate the financial mechanism of the eventual agreement, which is one of two options under consideration. Council Document GEF/C.42/Inf.10, *Operational Program for Mercury and Options for a Financial Mechanism*, updates the Council on the status of the negotiations and presents options the Council may wish to consider for a potential operational program on Mercury.

64. The GEF will continue to attend the INC meetings and provide information that negotiators may request. It will also continue to implement its mercury programming strategy during the remainder of GEF-5.

Strengthening Partnership

Enhancing Private Sector Engagement

65. The GEF Council approved a *Revised Strategy to Enhance Engagement with the Private Sector* (see Council Document GEF/C.41/19.Rev.01,) in November 2011. This strategy focuses on the use of non-grant instruments to create Public Private Partnership (PPP) Programs with the Multi-lateral Development Banks (MDBs) that stimulate and leverage private sector investment. The strategy also creates incentives for countries to create full-size projects using STAR allocation employing non-grant instruments and creates opportunities for countries to create medium-sized projects to promote innovation and entrepreneurship. The Council requested the Secretariat to work with agency partners to develop Operational Modalities for the PPP Programs under the revised strategy and encouraged agencies to prepare PPP Programs for potential inclusion in the June 2012 Work Program.

66. The Secretariat developed the operational modalities for PPPs in coordination with the Agencies, and they are presented in Council Document GEF/C.41/Inf.08, *Operational Modalities for Public Private Partnership Programs*. The June 2012 Work Program includes two PPP programs from the African Development Bank and the Inter-American Development Bank that were developed under these modalities. These two PPP Programs are financed with \$35 million in GEF-5 Private Sector set-aside resources and leverage more than \$500 million of co-financing. They will support the enhancement of private sector engagement in Africa and Latin America in the climate change and biodiversity focal areas and will generate reflows to the GEF Trust Fund. More details on each of these PPP Programs are provided in Annex C of the cover note for the June Work Program.

67. For the remainder of GEF-5, the Secretariat will continue to work with the MDBs to program the remaining \$42 million Private Sector set-aside resources for additional PPP Programs for consideration in future work programs. The Secretariat and Agencies will work with countries wishing to implement other elements of the private sector strategy.

Cooperation with and Support for Civil Society Organizations

68. The GEF-5 Replenishment negotiations emphasized the positive and influential role that civil society organizations (CSOs) play within the GEF. In November 2010, Council approved a strategy for CSO engagement (GEF/C.39/10/Rev.1, *Enhancing the Engagement of Civil Society Organizations in Operations of the GEF*). Under this strategy, the GEF is strengthening cooperation with CSOs at the local and regional levels as well as seeking more effective inputs on GEF policies and programs from CSO partners. Over the past year, the Secretariat has organized 13 Extended Constituency Workshops, and the GEF financially supported the attendance of 165 CSO representatives at the events (out of 297 applications received).

69. The GEF has been fostering increased interaction between CSOs and GEF Operational Focal Points (OFPs), making project identification and monitoring processes more transparent and inclusive. OFPs are required to convene at least one annual meeting with members of the GEF NGO Network in their country. The Secretariat has been ensuring that these meetings are being planned as part of OFP work programs that receive support from the CSP.

70. The GEF published the *A to Z Guide to the GEF for CSOs*, which provides updated information and guidance for CSOs and other interested parties on the GEF project cycle, types of GEF projects, focal and multifocal area objectives, the GEF Small Grants Program, and public participation, including partnership opportunities.

71. At the policy level, the Secretariat has strengthened its outreach to CSOs, including through the CSO consultations held prior to each Council Meeting. During the summer and fall of 2011, CSOs provided valuable input to the Secretariat towards improving the *Policy on Minimum Agency Standards for Environmental and Social Safeguards*, which was approved by Council in November 2011. Among other things, CSO input resulted in the GEF adopting a minimum standard on Accountability and Grievance Systems in its minimum Environmental and Social Safeguard Standards (ESS). During the past year, the Secretariat financially supported the attendance of sixty CSOs to CSO consultation meetings.

72. The Secretariat held productive consultations with CSOs at UNCCD COP-10 and UNFCCC COP-17, including special sessions with GEF CEO. Additionally, one regional consultation meeting with the GEF NGO Network was organized, where 35 participants were sponsored and attended the meeting.

73. The GEF SGP continues to provide significant support to CSOs by financing innovative projects. In 2009, the Council agreed on an approach to upgrade SGP country programs according to three major categories. Funding access for country programs differs in these categories, with the first obtaining priority access to core funds, the second with decreased access to core funds (but increased access to STAR funds), and the 3rd (upgraded country programs) being fully funded by full sized projects supported by STAR allocations. Through April 2012, PIFs for nine upgraded country programs have been approved, of which six projects have been CEO endorsed and have started implementation.

Enhancing Engagement with Indigenous Peoples

74. The GEF, from its early days, has acknowledged the important role that Indigenous Peoples play in GEF policy, program and process development, as valuable contributors,

partners and stakeholders in every stage of the project cycle. For several years, Indigenous Peoples have expressed a desire to further enhance its engagement with the GEF. In response to the request, the GEF has formulated and presented an information paper to the June 2012 GEF Council on the Principles and Guidelines for Engagement with Indigenous Peoples to ensure that the GEF and its partner agencies make appropriate efforts to include and promote Indigenous Peoples in applicable processes and projects. This paper has been prepared by the GEF Secretariat drawing on input from Indigenous Peoples representatives and through a consultative process with a variety of experts and stakeholders. Swiss government provided financial assistance to support the consultation process with Indigenous Peoples

75. The purpose of this paper is to reaffirm the existing GEF Principles related to Indigenous Peoples, including those articulated in *GEF Policy on Agency Minimum Standards on Environmental and Social Safeguards and Policy on Public Involvement in GEF Projects*, and to further elaborate new guidelines that provide additional clarity and practical guidance on the application of these policies to GEF Partner Agencies and all stakeholders interested in GEF-financed projects. The paper also establishes mechanisms through which the GEF will strengthen its engagement with Indigenous Peoples. The mechanisms include, among others, the designation of an Indigenous Peoples focal point for effective engagement with the Indigenous Peoples as well as the creation of an Indigenous Peoples Advisory Group to provide advice on the operationalization of this Principles and Guidelines paper.

Outreach to the Scientific Community

76. During GEF-5, the STAP and GEF Secretariat have effectively collaborated to introduce the experience of the GEF to the broader scientific community. As mentioned in Council Document GEF/C.42/Inf.07, *The Report of the Chairperson of STAP*, the STAP and the GEF Secretariat jointly represented the GEF at the Planet under Pressure Conference in London in late March 2012, where representatives from the global change scientific community convened to provide input for the Rio+20 Conference. STAP Panel Members and GEF Secretariat staff influenced the final *State of the Planet Declaration* and also authored or provide input to some of the nine “Rio+20 Policy Briefs” released at the meeting. STAP and the Secretariat plan to host a science event at the margins of the Rio + 20 Summit in June 2012 and will continue to collaborate to introduce the GEF’s experience to the broader global scientific community.

IV. FY13 GEF Trust Fund Corporate Budget

77. The GEF corporate budget finances the administrative and other costs of the Secretariat, STAP, the Trustee, and the EO under the GEF Trust Fund. This includes the costs of EO evaluations, GEF Trust Fund special initiatives, and the STAP’s annual work program and administrative costs. Consistent with previous practice, this document contains detailed FY13 budget requests for the Secretariat, the STAP, and the Trustee. It also indicates the level of resources being requested by the GEF EO, including for its multi-annual work program, as presented to Council in document GEF/ME/C.42/06, *Work Program and Budget of the GEF Evaluation Office*.

78. As shown in Table 1 below, the requests of the core budgets of the four central GEF entities amount to \$26.778 million, which is a 0.8% increase compared to the approved FY12 budgets.

79. The GEF Trustee expects an increase of \$131,000 (4%) in estimated expenses in FY12 through end of June 2012. While there were efficiency gains under standard Trustee services, the cost increase is due to higher investment management cost in FY12 due to higher than anticipated liquidity balance of the GEF Trust Fund and additional external audit cost incurred in the context of issuance of financial statements of the GEF Trust Fund. The investment management fee varies with the average liquidity balance of the GEF Trust Fund. The liquidity balance of the GEF Trust Fund has increased from an average of \$3.0 billion in FY11 to \$3.5 billion in FY12. The higher than anticipated audit cost relates to additional field work that had to be undertaken by the external auditors in response to control deficiencies identified in the course of audit. A detailed explanation of the FY12 cost is available in Annex 4.

Table 1: FY13 Core Corporate Budget Requests

GEF Entities and Budget Items	FY12 and FY13 Core Budgets <i>USD Millions</i>		
	FY12 Budget (Approved)	FY13 Budget (Request)	Percent Change
Secretariat Core Budget	18.525	18.525	0.0%
STAP Core Budget	2.244	2.311	3.0%
<i>Trustee - Standard Services</i>	2.929	3.082	5.2%
<i>External Audit of GEF Trust Fund</i>	0.117	0.120	2.6%
Trustee Total	3.046	3.202	5.1%
Evaluation Office Core Budget	2.740	2.740	0.0%
Total - All Requests	26.555	26.778	0.8%

80. As explained in paragraphs 40-43 above, the Trustee is proposing to undertake a special initiative to strengthen GEF information technology systems for a cost of \$600,000. Of this, \$500,000 will be funded by the GEF Trust Fund. The GEF EO is requesting \$3 million in additional resources to fund its multi-year evaluation activities.

Table 2: FY13 Multi-Year & Special Initiative Requests

GEF Entities and Budget Items	FY12 and FY13 Budgets <i>USD Millions</i>	
	FY12 Budget (Approved)	FY13 Budget (Request)
Secretariat Special Initiatives	0.260	0.000
Trustee Special Initiatives	0.100 ⁹	0.500
Evaluation Office: Multi-Year Evaluations	2.000	3.000
Total - All Requests	2.360	3.500

⁹ Though this \$100,000 was approved as part of FY12 budget, it is to cover costs incurred in FY11.

Projected GEF Trust Fund Corporate Budget Requests under GEF-5

81. The GEF Fifth Replenishment provided \$120 million to cover corporate budget expenses, including the costs of the Evaluation Office and the Trustee. Combining the core budgets and the special initiative/multi-annual budget requests, the total corporate budget request for FY13 is \$30.278 million. In Table 3 below, the Secretariat has projected likely expenditures over this four year period, taking into account estimated FY12 expenditures and the requested budget for FY13, as well as the following factors:

- (a) A projection that the core budgets of the four units will rise in line with inflation, estimated at 3% per annum in FY14-15;
- (b) Estimated costs for the Fifth GEF Assembly of \$2.11 million.¹⁰

Table 3: Projection of the GEF Trust Fund Budget Requests under GEF-5

GEF Entities	Projected Corporate Budget Requests; FY12-15 (\$ millions)				
	FY12 (Estimated)	FY13 (Projection)	FY14 (Projection)	FY15 (Projection)	FY12-15 TOTAL
Secretariat Core Budget	17.025	18.525	19.081	19.653	74.284
Secretariat Special Initiative	0.260	0.000	0.000	0.000	0.260
Secretariat Total	17.285	18.525	19.081	19.653	74.544
STAP Core Budget	2.244	2.311	2.380	2.452	9.387
STAP Total	2.244	2.311	2.380	2.452	9.387
Trustee Standard Services	3.000	3.082	3.174	3.270	12.526
External Audit of GEF Trust Fund	0.177	0.120	0.124	0.127	0.548
Trustee Special Initiative	0.000	0.500	0.000	0.000	0.500
Trustee Total	3.177	3.202	3.298	3.397	13.074
Evaluation Office Core Budget	2.740	2.740	2.910	2.990	11.380
Evaluation Office Multi-Year Evaluations	2.000	3.000	1.600		6.600
Evaluation Office Total	4.740	5.740	4.510	2.990	17.980
Fifth GEF Assembly	0.000	0.000	1.055	1.055	2.109
Total Corporate Budget	27.446	30.278	30.324	29.547	117.595

82. The Secretariat is cautiously optimistic that the corporate budget can remain within the \$120 million limit for GEF-5 if each of the four entities continues to exercise vigilance in keeping costs low.

Secretariat FY13 Activities, Outputs, and Budget

83. Under the GEF Trust Fund, the Secretariat is requesting a core FY13 budget of \$18.525 million, which is a zero nominal increase compared with the FY12 and FY 11 budgets. Using the US Consumer Price Index as a deflator, and assuming 3% inflation for FY13, the GEF Secretariat estimates that this represents approximately a 5.7% real decrease since June 2010.

¹⁰ The estimate for the costs of the Fifth Assembly is based on the cost of the Fourth Assembly (\$1.874 million), adjusted for inflation (3% per annum) over four years.

84. The Secretariat is not requesting new staff positions for FY13. It believes that a nominally flat budget, as detailed in Table 3 below, should provide sufficient resources to cover the costs of managing the CSP as well as activities under direct access. The Secretariat will continue to benefit from several positions that are filled by secondees from GEF participant country governments or are funded by these countries through the World Bank's Junior Professional Officer Program.

85. The Secretariat experienced an under-run in expenses during FY12 compared to the approved budget in six principle areas. Spending on staff salaries and benefits will be lower than budgeted because it took time to fill new positions approved for the Secretariat and because other vacancies developed.

86. Further detail on activities supported under the FY12 budget and expenses during FY12 are included in Annex 3: FY12 GEF Secretariat Activities and Highlights.

Table 4: Proposed FY13 GEF Secretariat Budget

<i>FY11 Actual \$m</i>	Expense Category	<i>FY12 Budget \$m</i>	<i>FY12 Estimated \$m</i>	<i>FY13 Proposed \$m</i>
<u>12.127</u>	<u>Staff Costs</u>	<u>13.583</u>	<u>12.450</u>	<u>13.825</u>
10.600	Salaries and Benefits	12.000	10.975	12.225
1.440	Travel	1.483	1.390	1.500
0.087	Training	0.100	0.085	0.100
<u>0.517</u>	<u>Consultant Costs</u>	<u>0.500</u>	<u>0.636</u>	<u>0.450</u>
0.000	Fees (long-term)	0.000	0.000	0.000
0.450	Fees (short-term)	0.450	0.627	0.400
0.067	Travel	0.050	0.009	0.050
<u>0.709</u>	<u>Council Costs</u>	<u>0.730</u>	<u>0.451</u>	<u>0.574</u>
0.215	Logistics	0.221	0.256	0.260
0.203	Council Travel	0.209	0.155	0.160
0.217	NGO Consultations (Logistics and Travel)	0.224	0.027	0.100
0.074	Council Member Support Program	0.076	0.012	0.054
<u>0.210</u>	<u>Contractual Services</u>	<u>0.420</u>	<u>0.030</u>	<u>0.100</u>
<u>0.900</u>	<u>Publications, Media, Web and External Outreach</u>	<u>0.900</u>	<u>0.999</u>	<u>1.100</u>
<u>2.122</u>	<u>General Operations Costs</u>	<u>2.392</u>	<u>2.460</u>	<u>2.476</u>
1.400	Office Space, Equipment, and Supplies	1.650	1.650	1.730
0.656	Communications and Internal Computing	0.676	0.777	0.676
0.066	Representation and Hospitality	0.066	0.033	0.070
<u>16.585</u>	<u>TOTAL</u>	<u>18.525</u>	<u>17.025</u>	<u>18.525</u>

Core Secretariat Outputs and Activities

87. The Secretariat's FY13 GEF Trust Fund budget will enable the Secretariat to undertake its critical activities in terms of institutional governance, program management, and relations with countries and key partners. The following is a list of the most important of the activities that it will undertake.

- (a) Governance: The Secretariat will prepare for Council's approval and/or consideration the following papers and outputs at the two Council meetings to be held in FY13 (November 2012 and Spring 2013) :
 - i. Managing relations with the conventions, including preparation of reports to them;
 - ii. Organization of meetings of the GEF Council, and the LDCF/SCCF Council,

- iii. Initiation of the GEF-6 replenishment negotiations.
 - iv. Preliminary preparations for the Fifth GEF Assembly, to be held in 2014.¹¹
 - v. Preparation of the FY14-15 business plan and FY14 corporate budget; and
 - vi. Preparation of all other papers and reports for the Council, including programming reports, reports on STAR implementation, and the AMR.
- (b) Program Management: The Secretariat will continue to facilitate management of the GEF-wide portfolio of projects funded by all Trust Funds under GEF management so as to maximize achievement of results, including:
- i. managing the GEF project cycle, including preparing two work programs for upcoming Council Meetings;
 - ii. Preparation of intersessional work programs on a rolling basis;
 - iii. Reviewing and approving project preparation grants, MSPs and EAs;
 - iv. Implementation of the direct access program for convention reports and national communications;
 - v. reviewing project documents for CEO endorsement; and
 - vi. Implementing the RBM framework and the Knowledge Management Work Plan.
- (c) Convention Meetings: The Secretariat will lead to GEF's participation in meetings and activities under the Conventions, including the following key meetings:
- i. World Conservation Congress: to be held in Jeju, Korea in September 2012;
 - ii. CBD COP-10: to be held in Hyderabad, India in October 2012;
 - iii. UNFCCC COP-17: to be held in Qatar in November-December 2012;
 - iv. Stockholm Convention COP-6: to be held in Geneva in May 2013.
- (d) Other Key International Meetings: the Secretariat will also represent the GEF at other important international meetings, including the following:
- i. Meetings of the Intergovernmental Negotiating Committee (INC) to Prepare a Globally Binding Agreement on Mercury.
 - ii. The third session of the International Conference on Chemicals Management, under the SAICM process, to be held in Nairobi in September 2012.

¹¹ The Secretariat has already started receiving statements of interest for holding this meeting from national and local governments in both developing and developed countries.

- iii. Meetings related to sustainable forest management, including those of the UN Forum on Forests, UNREDD, and the Forest Carbon Partnership Facility.
- (e) Relations with Constituents and Partners: The Secretariat will continue to facilitate dialogue with national focal points, civil society representatives, and other partners. This will include the following activities:
 - i. Implementation of the CSP, including facilitation and provision of support for related meetings;
 - ii. organizing two regular CSO consultations prior to each Council meeting and at least one additional consultative meeting with the GEF NGO Network to enhance cooperation and partnership with CSOs;
 - iii. supporting major GEF initiatives with outreach tools and media strategies;
 - iv. publishing the GEF Annual Report and updating operational reports on GEF projects; and
 - v. addressing instances of complaints, disputes and conflicts emerging in GEF operations.

STAP FY13 Activities, Outputs, and Budget

88. The Scientific and Technical Advisory Panel (STAP) will continue to provide operational project cycle support through the review of all full sized projects at PIF stage, along with program framework documents – in accordance with GEF standards¹². In addition, STAP will carry out a series of assessments and research initiatives as agreed in consultation with the GEF Secretariat and GEF Agencies¹³, as outlined below, and develop corresponding reports and advisory products which will be presented to the GEF Council and made widely available. These advisory products are designed to support the impact and sustainability of GEF investments, and where agreed test key assumptions imbedded within the GEF focal area strategies. These advisory activities also assist the implementation of the GEF knowledge management strategy, particularly through quantifying impact in the GEF program and supporting for the delivery of GEF focal area learning objectives.

89. Note – a number of new STAP Panel Members will be coming on board in FY 2013, specifically in the areas of Land Degradation, Climate Change Mitigation, International Waters, and Adaptation. The work program activities in these domains as outlined below will be reviewed by these incoming experts. Should modifications to the work program be proposed subsequent to this review process, a notification of this change will be sent to the GEF network with an appropriate comment period.

¹² Please see GEF/C.39/Inf.3; *GEF Project and Programmatic Approach Cycles*; Paragraphs 87 – 89 and Annex 11.

¹³ Please see GEF/C.42/Inf.14 - STAP Work Program for FY 2013

Technical Work

90. STAP will engage on the work products in FY13 listed below.

Biodiversity

- (a) Prepare a white paper on the financial sustainability of protected area systems;
- (b) Develop guidance to address climate risk in mosaic approaches to protected area and landscape management, to ensure resilience and persistence of biodiversity (linked to upcoming work on Adaptation);
- (c) Contribute to the IPBES planning process, along with upcoming Plenary meetings;

Chemicals

- (a) Assist the GEF to support developing countries to overcome significant capacity gaps in monitoring and measurements of persistent organic pollutants (POPs), responding to the increased number of POPs regulated by the Stockholm Convention;
- (b) Work closely with the GEF Secretariat to develop appropriate guidance for projects on Emerging chemicals issues (notably Mercury, E-waste, et. al. as is identified by the STAP-commissioned survey of Emerging Chemicals Management Issues, and demand from Conventions);
- (c) Development of a quantitative tool for national/regional assessment and prioritization of chemical management issues;

Land Degradation

- (a) Continue assisting the GEF to provide a tool for project managers to track changes in total system carbon;
- (b) Establish a scientific rationale which can be used to strengthen the knowledge base of project interventions with expected carbon benefits specifically related to soil organic matter and its contribution to multiple global environmental benefits. Develop guidance on the valuation of land-based ecosystem services (inclusive of freshwater).

Climate Change Mitigation

- (a) Develop regional mitigation technology profiles to inform development of climate change mitigation strategy for GEF-6;
- (b) Develop GHG accounting methodology for GEF projects promoting use of biomass for energy;
- (c) Provision of operational advice on integrating climate vulnerability/resilience into GEF portfolio activities to deliver GEBs in a sustainable and cost-effective way;

International Waters

- (a) Extend STAP's work on marine debris in cooperation with the CBD and other partners;
- (b) Develop guidance on the application of marine spatial planning in GEF transboundary water projects;
- (c) Improve understanding of the global nitrogen cycle, its disruption, and potential strategies to address this challenge within the GEF Program;

Multi-Focal Area

- (a) With an eye towards GEF 6, develop a paper on the Urbanization phenomenon in developing countries to identify the environmental impacts and opportunities of rapidly expanding urban environments, exploring, *inter alia*, potential ways to inform GEF Focal Area strategies to properly capture opportunities and avoid negative impacts on GEBs;

Adaptation (LDCF/SCCF)

- (a) A Panel Member for Adaptation has recently been recruited and will be joining STAP within the coming weeks. Once this new panel member is on board and fully integrated into the work of the STAP, the panel will engage with relevant GEF Secretariat and Agency staff in developing a work program on adaptation issues.

Corporate Work

91. The following activities in the STAP work program reflect overall responsibilities that are typically of a recurrent nature.

- (a) Contribute to the periodic review of GEF Focal Area Strategies and the GEF Global Benefits Indices (Climate, Biodiversity and Land Degradation) – particularly with regard to GEF 6;
- (b) Organize a review of the GEF Targeted Research Modality, including the role of science in GEF programming, with a view to revising the Targeted Research Modality as needed;
- (c) Engage with the Evaluation Office on a number of selected impact evaluations during GEF 5, assist in the design of impact evaluations as required;
- (d) Support implementation of the GEF KM Strategy through refining learning objectives in all focal areas and support for their implementation;
- (e) Convene at least two meetings of the Science Panel in September 2012 and April 2013 and additional expert group meetings as required to support the GEF's work;
- (f) Participate in selected Expanded Constituency Workshops on a selective basis;

- (g) Maintain surveillance and screening of programs and projects entering the GEF Project Cycle to provide independent scientific advice to GEF Agencies and the GEF Council.

FY13 STAP Budget

92. STAP's expected FY12 expenditures and proposed FY13 corporate budget are summarized in the table below, together with FY11 actual expenses. The FY12 work program for STAP is on track to be implemented within the approved budget. Since the reform of STAP in fiscal year 2007, the annual change in the corporate budget of STAP has either remained flat or increased to reflect the rate of inflation.

93. Demands on STAP's resources have increased significantly since the beginning of GEF 5, and will continue to increase in FY2013 for the reasons outlined below:

- (a) A significant increase in the number and complexity of projects in the GEF work program for review;
- (b) Extending STAP's current responsibilities to include review of LDCE/SCCF projects, along with the development and implementation of a program of work on adaptation;
- (c) An ever increasing demand for STAP expert services as reflected in the growing Work Program;
- (d) Increasing demands for STAP to be involved in GEF corporate activities (AMR and learning objectives, knowledge management, evaluation exercises, participation in expanded constituency workshops).

94. As noted in the STAP budget submission for FY 2012 (GEF/C.40/05/Rev.1) STAP successfully improved productivity and quality of outputs over the past 5 years with no significant increase in resources. Improvements in productivity will continue to be sought, however, it is unlikely that this can be maintained indefinitely in light of the significantly increased work load noted above.

95. STAP is cognizant of the fiscal constraints facing many countries at this time. As such, STAP is proposing zero real growth in its budget for FY13, or a 3% increase in nominal terms (\$67,000) to account for inflation. Please also refer to paragraph 7 of the Report of the Chairperson, which provides greater detail on the financial situation of STAP (GEF/C.42/Inf.07).

FY12 Accomplishments

96. A full record of achievement covering STAP activities in FY12 is provided in Council Document GEF/C.42/Inf.07, *The Report of the Chairperson of STAP*.

Table 5: Proposed FY13 STAP Budget

<i>FY11 Actual \$m</i>	STAP -- Secretariat Expense Category	<i>FY12 Budget \$m</i>	<i>FY12 Estimated \$m</i>	<i>FY13 Proposed \$m</i>
<u>1.065</u>	<u>Staff Costs</u>	<u>1.078</u>	<u>1.078</u>	<u>1.086</u>
0.955	Salaries and Benefits	0.958	0.958	0.966
0.100	Travel	0.110	0.110	0.110
0.010	Training	0.010	0.010	0.010
<u>0.215</u>	<u>Consultant Costs</u>	<u>0.275</u>	<u>0.275</u>	<u>0.287</u>
0.000	Fees (long-term)	0.000	0.000	0.000
0.160	Fees (short-term)	0.210	0.210	0.220
0.055	Travel	0.065	0.065	0.067
-	-	-	-	-
<u>0.258</u>	<u>General Operations Costs</u>	<u>0.243</u>	<u>0.243</u>	<u>0.245</u>
0.129	Office Space, Equipment, and Supplies	0.121	0.121	0.119
0.039	Communications and Internal Computing	0.031	0.031	0.035
0.090	Corporate Services	0.090	0.090	0.090
0.000	Representation and Hospitality	0.001	0.001	0.001
<u>1.538</u>	<u>SUB-TOTAL</u>	<u>1.596</u>	<u>1.596</u>	<u>1.618</u>
	STAP -- Members			
	Expense Category			
	Honoraria & Logistical/Secretarial			
0.343	Support	0.306	0.306	0.280
0.075	MOUs with Expert Institutions	0.090	0.090	0.150
0.180	STAP Meetings	0.210	0.210	0.220
0.036	STAP Publications	0.042	0.042	0.043
<u>0.634</u>	<u>SUB-TOTAL</u>	<u>0.648</u>	<u>0.648</u>	<u>0.693</u>
<u>2.172</u>	<u>TOTAL</u>	<u>2.244</u>	<u>2.244</u>	<u>2.311</u>

Trustee FY13 Activities, and Outputs, and Budget

97. The World Bank as Trustee provides a range of standard services, broadly defined in the Instrument, in the following categories: financial and risk management; investment and cash flow management; management of GEF partner relationships and transactions; accounting and reporting; legal services; commitment and disbursement of trust fund resources; systems infrastructure and maintenance; and resource mobilization.

98. According to Annex B of the Instrument for the Establishment of the Restructured Global Environment Facility (in paragraph 8), the reasonable expenses of the Trustee in administering the Trust Fund and administratively supporting the Secretariat are reimbursed annually, on the basis of estimated cost, subject to end-of-year adjustment. The Trustee's budgeting process was

discussed and agreed with Council during the June 2007 Council meeting. The projected budget for the coming fiscal year is based on the Trustee's expected upcoming work program; at the end of each year, differences between the projected budget and actual time and costs are reported to Council.

99. In May 2011, Council approved a budget estimate of \$3.05 million to cover Trustee's projected expenses in FY12. The Trustee estimates that expenses for FY12 are expected to be \$3.18 million reflecting an overall increase of \$131,000 (4%) compared to the approved budget. The increase is primarily due to higher investment management costs (the liquidity balance has increased from an average of \$3.0 billion in FY11 to \$3.5 billion in FY12). In addition, there was an incremental audit cost of \$60,000 related to extended field work that had to be undertaken by the auditors in finalizing the GEF Trust Fund financial statement for the year ended June 30, 2010 (details are provided under Annex 4).

Trustee FY13 GEF Trust Fund Budget

100. In addition to standard trustee services, the FY13 work program will include the following items:

- (a) Ongoing implementation of the GEF-5 replenishment, including working with donors to facilitate deposit of Instruments of Commitment, coordinating the installment payment process, managing deferral (pro-rata) rights of contributors, ensuring compliance with replenishment resolution policies, and addressing donor inquiries regarding GEF-5 cash outlays, credits and discounts, initiation of the GEF-6 replenishment negotiations.
- (b) Enhancements in the internal controls related to the preparation of financial statements for the GEF Trust Fund under IFRS.
- (c) Conclusion of negotiations to revise and update Financial Procedures Agreements with GEF Agencies.
- (d) Administrative support to the GEF Secretariat in the context of expansion the pilot on accreditation of new agencies.

101. Since the beginning of FY12, the new fee policy requires the Bank to charge both for direct and for indirect provision of services to FIFs. The Bank units that are *indirectly* involved in the provision of trustee services to FIFs are referred to as the "*non-core*" units. They include the Trust Funds Policy and Operations department that provides overall policy and operational advice on FIFs; Human Resources department that supports staff hiring and performance management; General Service department that supports travel, corporate procurement, office space, etc.; Information Management and Technology group that supports the overall operations and maintenance of IT systems infrastructure in the Bank.

102. The Trustee's core budget request for FY13 amounts to \$3.202 million as shown below, a \$25,000 (0.8%) increase from the FY12 actual expense of \$3.177 million. As discussed in paragraphs 40-43, the Trustee is requesting \$500,000 from the GEF Trust Fund for a \$600,000 special initiative to improve GEF information technology systems. The remainder of \$100,000 will be pro-rated equally between LDCF and SCCF.

Table 6: Proposed Trustee Budget for GEF Trust Fund (FY13)

Trustee Services	FY11 Actual	FY12 Approved	FY12 Expected Actual	FY13 Proposed Budget (Total)
Standard Services ^a				
Financial Management and Relationship Management	1,183,300	1,369,000	1,280,300	1,346,000
Investment Management	1,081,200	1,177,000	1,331,400	1,346,000
Accounting and Reporting	168,000	196,000	201,800	200,000
Legal Services	165,000	187,000	186,500	190,000
Sub-total, Standard Services	2,597,500	2,929,000	3,000,000	3,082,000
Audit				
External Audit of Trust Fund	108,331	117,000	177,000	120,000
Agency Audits	0	0	0	0
Total Core Budget	2,705,831	3,046,000	3,177,000	3,202,000
Special Initiatives	0	0	0	500,000
Consultant Costs ^b	100,000	0	0	0
Total Costs, including Special Initiatives	2,805,831	3,046,000	3,177,000	3,702,000

a/ Non-Core unit costs are included in relevant activities under Standard Services.

b/ Represents additional cost approved for the independent review of the GEF systems.

Evaluation Office Budget Request

103. As explained in document GEF/ME/C.42/06, the EO requests a total of \$5.74 million in its FY13 budget submission. This includes a core annual budget of \$2.74 million and \$3 million in additional resources to fund multi-year evaluations over the remainder of GEF-5, including the Fifth Overall Performance Study (OPS-5). The EO estimates that it will need \$17.98 million over the FY12-15 period for these activities.

V. FY13 Nagoya Protocol Implementation Fund Budget

104. The GEF Secretariat and Trustee request a total of \$417,300 from the NPIF to support their respective activities to administer the trust fund. The separate budget requests and justifications are presented in the following sections.

Table 7: Total FY13 NPIF Budget Requests

GEF Entities and Budget Items	FY13 Budget (Request)
Secretariat - NPIF Administrative Budget	0.345
Trustee NPIF Budget	0.072
Total - NPIF Budget Requests	0.417

GEF Secretariat FY13 NPIF Budget

105. From inception of the NPIF through end-June 2012, GEF Secretariat staff have undertaken various activities to operationalize the NPIF, including drafting the arrangements for the operation of this multi-donor trust fund, providing guidance to GEF Operational Focal Points on the use of NPIF resources, and travel to meetings and workshops to educate recipient countries, experts, and other partners on the NPIF. The Secretariat has reviewed several proposals for NPIF funding, while one medium sized project has been funded to date. As shown in table 8 below, the Secretariat estimates that these efforts cost about \$218,000 to date, most of which been absorbed by the GEF Trust Fund. (Secretariat staff only recently began charging their time to the NPIF Trust Fund.)

106. From July 2012 onward, however, the pace of the Secretariat's work in implementing the NPIF will increase significantly as countries actively submit proposals for funding. The GEF Secretariat requests \$345,000 to support its activities for administering a NPIF during FY13. This budget is included in table 8, and is based on the following assumptions.

- (a) Staff Costs are projected at \$276,000. This will cover the work of three senior biodiversity specialists and one senior environmental specialist who will provide a combined total of 58.5 staff weeks in administering the NPIF program, reviewing proposals, and representing the GEF at key meetings relating to the NPIF.
- (b) Staff Travel for missions and meetings relating to NPIF implementation and programming is projected to cost \$39,000, which will cover seven trips at an average cost of \$6,500.
- (c) Publications and Outreach: \$20,000 has been budgeted for publications and outreach related to the NPIF.
- (d) General Operating Costs: An additional \$10,000 has been allocated, split evenly between meeting costs and representation and hospitality.

Table 8: GEF Secretariat FY13 NPIF Budget Request

Expense Category	<i>Estimated Expenses Inception through FY12¹\$m</i>	<i>FY13 Proposed \$m</i>
<u>Staff Costs</u>	<u>0.182</u>	<u>0.276</u>
Salaries and Benefits	0.182	0.276
<u>Staff Travel</u>	<u>0.036</u>	<u>0.039</u>
<u>Publications, Media, and External Outreach</u>	<u>0.000</u>	<u>0.020</u>
<u>General Operations Costs</u>	<u>0.000</u>	<u>0.010</u>
Meetings		0.010
TOTAL	<u>0.218</u>	<u>0.345</u>

1. These expenses were covered by the GEF Trust Fund.

Trustee FY13 NPIF Budget

107. As agreed with the donors under the Trust Administration Agreements, the Trustee receives an annual administrative fee to cover the reasonable actual expenses incurred by the Trustee in carrying out the Trustee function for the NPIF.

108. The core elements of the Trustee's work program during FY12 and FY13 include: (i) management of donor contributions; (ii) financial and investment management of resources; (iii) commitments and disbursements to the Agencies; (iv) infrastructure and systems support; (v) accounting and reporting for the financial and operational activities of the NPIF; and (vi) finalization of Financial Procedures Agreements (FPAs) between the Trustee and the Agencies. Table 9 below shows the breakdown of the Trustee fee by services provided to the NPIF.

109. Based on actual expenditure for the first nine month of FY12 and revised projections for the remaining three months, the Trustee requests the budget of USD 76,000 to cover NPIF start-up costs and the Trustee's work program since the inception of NPIF until June 30, 2012. In FY12 NPIF liquidity balance averaged to USD 13.1 million and currently stands at USD 13.9 million. It is expected to remain at the current level of USD 13.9 million through FY13.

110. To cover its expenses for FY13 related to the above work program, the Trustee requests a budget of USD 72,300 as presented in Table 9 below.

Table 9: GEF Trustee FY13 NPIF Budget Request

Trustee Services ^a	FY 12 Expected Actual	FY 13 Proposed Budget Total
Financial Management and Relationship Management	54,800	27,400
Investment Management ^b	5,100	5,400
Accounting and Reporting	16,100	15,900
Legal Services	-	23,600
Total Costs	76,000	72,300

a/ Non-Core units costs are included in relevant item of Trustee Services.

b/ Investment Management fees are calculated based on a cost of 3.5 basis points against the average annual balance of the portfolio.

Annex 1: Status of Implementation of GEF-5 Policy Recommendations

Date	Initial Plan of Action	Status as of this May 2012
June 2010 Council Meeting	<ul style="list-style-type: none"> • Council to consider proposals, prepared by the Secretariat, in consultation with the GEF Agencies, countries, and other stakeholder, for (i) reforming the CSP; (ii) funding voluntary national portfolio identification exercises; and (iii) funding national communications/reports to the conventions. 	<ul style="list-style-type: none"> • Completed: Secretariat prepared proposals on all three items, which were approved by Council in June 2010. The Secretariat assumed management of the reformed CSP since January 2011. The Secretariat has been implementing the NPFE program and program for direct funding access for convention reports and national communications since June 2011.
	<ul style="list-style-type: none"> • Council to consider a proposal prepared by the Secretariat, and the Trustee, for the involvement of additional agencies referred to in paragraph 28 of the Instrument in the preparation and implementation of GEF-financed projects. 	<ul style="list-style-type: none"> • Completed. In June 2010, the GEF Secretariat presented its first proposal for the involvement of additional agencies in the GEF network. Based on Council comments and the input of the Trustee and independent technical advisors, the Secretariat presented progressively refined proposals in November 2010 and June 2011. The Council formally adopted a pilot program for the accreditation of new agencies (to be called GEF Project Agencies) in June 2011 through a three stage procedure. The Secretariat will present 11 Applicants for Stage I approval by Council at its June 2012 meeting.
	<ul style="list-style-type: none"> • Council to consider a proposal, prepared by the Secretariat, in consultation with the GEF Agencies and other stakeholders, to streamline the project cycle that covers both the GEF cycle and the Agencies' own streamlining efforts. 	<ul style="list-style-type: none"> • Completed: The Secretariat presented, and Council approved, proposed reforms to further streamline the GEF project cycle in June 2010. Prior to the November 2010 Council meeting, the Secretariat and Agencies agreed to GEF business standards for their participation in the project cycle. In spring 2011, the Secretariat established a process to track the progress of project concepts submitted to agencies prior to the development of PIFs.
	<ul style="list-style-type: none"> • Council to consider a proposal, prepared by the Secretariat, in consultation with the GEF Agencies and other stakeholders, to refine programmatic approaches. 	<ul style="list-style-type: none"> • Completed: The Secretariat presented, and the Council approved, a proposal to refine modalities for programmatic approaches within the GEF.
	<ul style="list-style-type: none"> • Council to consider a document, prepared by the Secretariat, in collaboration with the Trustee, EO, GEF Agencies, and STAP, delineating the roles and responsibilities of GEF entities. 	<ul style="list-style-type: none"> • Completed: The Council approved a document delineating the roles and responsibilities of GEF entities as part of the Summary of Negotiations of the Fifth Replenishment of the GEF Trust at its May 2010 Council Meeting. (Annex 1 of the Policy Recommendations for the Fifth Replenishment of the GEF Trust Fund:

Date	Initial Plan of Action	Status as of this May 2012
		<i>Clarifying Roles and Responsibilities of the GEF Entities).</i>
November 2010 Council Meeting	<ul style="list-style-type: none"> • Council to consider a proposal prepared by the Secretariat, in consultation with the convention secretariats, to enhance the participation of the conventions in Council decision-making processes associated with relevant focal area strategies and work programming. 	<ul style="list-style-type: none"> • Completed: The Secretariat presented a proposal to Council in November 2010, prepared in collaboration with the Convention Secretariats. The Secretariat presented a revised proposal at its May 2011 meeting, which Council approved.
	<ul style="list-style-type: none"> • Council to review an evaluation of the GEF Earth Fund prepared by the GEF EO. 	<ul style="list-style-type: none"> • Completed: The Council reviewed the GEF EO's evaluation and asked the GEF Secretariat to prepare a strategy to enhance engagement with the private sector, taking into account the review's findings and input from the Agencies, for Council consideration at its May 2011 meeting.
	<ul style="list-style-type: none"> • Council to review a work plan, prepared by the Secretariat, in consultation with the EO, the GEF Agencies, and STAP, to (i) implement the GEF results-based management framework; and (ii) to establish a GEF-wide KM initiative. 	<ul style="list-style-type: none"> • Completed: In November 2010, the Council reviewed and approved the proposed work plan for implementing the GEF results-based management framework and establishing a GEF-wide KM initiative. The work plan called for the Secretariat to prepare, in consultation with the EO, the GEF Agencies, and STAP, a GEF-wide KM strategy. The Secretariat is presenting a proposal in this regard at the May 2011 Council meeting, as requested by Council.
May 2011 Council Meeting	<ul style="list-style-type: none"> • Council to consider a revised strategy to enhance engagement with the private sector. 	<ul style="list-style-type: none"> • Completed: Council approved a <i>Revised Strategy to Enhance Engagement with the Private Sector</i> revised strategy in November 2011, taking into account the findings of the EO review of the Earth Fund and input from the GEF Agencies. The first PPP programs under this strategy are presented in the June 2012 work program.
November 2011 Council Meeting	<ul style="list-style-type: none"> • Council to review a proposal, prepared by the Secretariat, in cooperation with the appropriate GEF entities and the GEF-NGO network, to enhance the engagement of CSOs in the work of the GEF. 	<ul style="list-style-type: none"> • Completed: November 2010, the Secretariat presented, and the Council approved, a strategy for enhancing engagement of CSOs in the work of the GEF.

Annex 2: Resources Programmed During FY12-13 AND GEF-5

Programming targets

1. The FY12 business plan established a total programming target of \$4.25 billion, including expenses for the corporate budget. Table 1 below compares the GEF-5 focal area the programming targets with levels of resources programmed through end-April 2012. It also shows the level of resources, by focal area, requested in the June 2012 Work Program.

2. With the approval of the June 2012 Work Program, GEF-5 project and program approvals will reach 44.62% of total resources for focal areas, themes and programs.

3. The FY11 corporate budget was funded with resources from the GEF-4 period. The table includes estimated FY12 corporate budget expenditures and the FY13 corporate budget request (including in the column for the June 2012 Work Program), and these are compared with the GEF-5 corporate budget allocation.

Table 1: GEF-5 Resources Programmed; FY2011-2014

Cumulative Approvals and Requested Resources through June 2012 (in USD thousands)

Focal Areas, Themes, and Programs	Programming Targets		Approvals through April 2012				Total including June 2012 Work Program		
	Amount	% of GEF-5 Total	FY11	FY12	Total	% of Focal Area	June 2012 Work Program & Budget	Totals w/ June WP	% of GEF-5 Resources by Focal Area
Biodiversity	1080.000	25.41%	75.184	273.562	348.746	32.29%	223.955	572.701	53.03%
Climate Change	1260.000	29.65%	131.507	161.290	292.796	23.24%	233.223	526.019	41.75%
International Waters	440.000	10.35%	0.220	114.184	114.404	26.00%	24.632	139.036	31.60%
Land Degradation	385.000	9.06%	52.168	71.194	123.361	32.04%	45.475	168.837	43.85%
Chemicals, of which <i>Persistent Organic Pollutants (POPs)</i>	425.000	10.00%	22.120	81.142	103.262	24.30%	58.702	161.964	38.11%
	375.000	8.82%	19.260	80.395	99.655	26.57%	48.722	148.376	39.57%
<i>Ozone Depletion</i>	25.000	0.59%	2.860	0.044	2.904	11.62%	2.882	5.786	23.14%
<i>Sound Chemicals Management & Mercury Reduction</i>	25.000	0.59%	0.000	0.703	0.703	2.81%	7.099	7.801	31.21%
CSP and Capacity Building ¹	70.000	1.65%	0.028	0.633	0.661	0.94%	0.000	0.661	0.94%
Small Grants Program	140.000	3.29%	140.000	0.000	140.000	100.00%	0.000	140.000	100.00%
SFM/REDD-Plus Program	250.000	5.88%	22.967	24.247	47.214	18.89%	43.477	90.690	36.28%
Outreach to Private Sector	80.000	1.88%	0.000	0.000	0.000	0.00%	37.800	37.800	47.25%
Total - Focal Areas, Themes, and Programs	4130.000	97.18%	444.193	726.252	1170.445	28.34%	667.264	1837.708	44.50%
Corporate Budget ²	120.000	2.82%	0.000	28.915	28.915	24.10%	29.778	58.693	48.91%
Total	4250.000	100.00%	444.193	755.167	1199.360	28.22%	697.042	1896.401	44.62%

1. The \$26 million for the CSP, including NPFES, was approved in June 2010 out of GEF-4 resources and does not show up in this table.

2. The FY13 budget request of \$29.778 million is listed under the June 2012 requests

Annex 3: GEF Secretariat - FY12 Review of Activities and Achievements

1. This annex provides further detail on the Secretariat's FY12 activities and outputs and spending under the Secretariat's FY12 budget. It includes both an accounting of the core budget as well as the status of the activities and outputs under the multi-year special initiatives approved in previous years.

A. Expenditure under FY12 Budget

2. The Secretariat projects that actual FY12 spending through June 2012 will total \$17.025 million. The shortfall of \$1.5 million was the result of staff salaries and benefits being \$1.1 million below the budgeted level. This was due to vacancies in some positions not being filled as quickly as expected. Council costs were less than projected, but costs for consultants and general operating costs were somewhat higher than expected.

Table 1: Comparison of FY11 and FY12 Expenditures

<i>FY11 Actual \$m</i>	Expense Category	<i>FY12 Budget \$m</i>	<i>FY12 Estimated \$m</i>
<u>12.127</u>	<u>Staff Costs</u>	<u>13.583</u>	<u>12.450</u>
10.600	Salaries and Benefits	12.000	10.975
1.440	Travel	1.483	1.390
0.087	Training	0.100	0.085
<u>0.517</u>	<u>Consultant Costs</u>	<u>0.500</u>	<u>0.636</u>
0.000	Fees (long-term)	0.000	0.000
0.450	Fees (short-term)	0.450	0.627
0.067	Travel	0.050	0.009
<u>0.709</u>	<u>Council Costs</u>	<u>0.730</u>	<u>0.451</u>
0.215	Logistics	0.221	0.256
0.203	Council Travel	0.209	0.155
0.217	NGO Consultations (Logistics and Travel)	0.224	0.027
0.074	Council Member Support Program	0.076	0.012
<u>0.210</u>	<u>Contractual Services</u>	<u>0.420</u>	<u>0.030</u>
<u>0.900</u>	<u>Publications, Media, Web and External Outreach</u>	<u>0.900</u>	<u>0.999</u>
<u>2.122</u>	<u>General Operations Costs</u>	<u>2.392</u>	<u>2.460</u>
1.400	Office Space, Equipment, and Supplies	1.650	1.650
0.656	Communications and Internal Computing	0.676	0.777
0.066	Representation and Hospitality	0.066	0.033
<u>16.585</u>	<u>TOTAL</u>	<u>18.525</u>	<u>17.025</u>

B. FY12 GEF Secretariat Activities and Highlights

3. Work Programs: As of end-April the Secretariat will have facilitated Council or CEO approval of \$726 million in GEF Trust Fund resources for GEF projects and programs through one regular work program and one intersessional work program (in February 2012). A work program of \$667 million is being presented to the Council in June 2012. If approved in its entirety, this would bring total approved resources for FY12 to \$1.393 billion.
4. Continued Implementation of GEF-5 and Other Reform Initiatives : As indicated in Annex I, most of the GEF-5 reforms were implemented in FY11. During, FY12, however, the Secretariat undertook the following activities to continue to implement GEF-5 reforms. It also undertook reform efforts in additional areas.
 - (a) Facilitation of GEF direct access funding to countries for certain activities. Considerable progress was made in disbursing funding for NPFs. The Secretariat began activities for the funding of Convention Reports through direct access.
 - (b) Continued implementation of the reformed and consolidated GEF Country Support Program.
 - (c) Continued work to strengthening of results based management and knowledge management in the GEF.
 - (d) Presentation to Council of a *Revised Strategy to Enhance Engagement with the Private Sector*.
 - (e) Drafting two proposals for better management of administrative costs, including the presentation to Council of a new policy on Agency fees.
 - (f) Drafting of a *Policy on Agency Minimum Standards for Environmental and Social Safeguards*. This was approved by Council in November 2011.
 - (g) Drafting of a policy document titled *Principles and Guidelines on Indigenous Peoples* through a process that included extensive consultation with Indigenous Peoples.
5. Facilitation of CEO Search: the Secretariat helped organize and facilitate the meetings of the GEF Search Committee to search for a new GEF CEO. The proposal of the search committee is being presented to the GEF Council at this meeting.
6. UNFCCC Meetings: Representation of the GEF at the COP-17 meetings in Durban, South Africa, which included the contributing to site visits at GEF projects.
7. Green Climate Fund Interim Secretariat: The GEF collaborated to establish the interim Secretariat of the Green Climate Fund.
8. UNCCD Meetings: Representation of the GEGF at COP-10 in Changwon, Republic of Korea. Technology. The GEF reported on its efforts to finance enabling activities under the Convention for the first time.

9. Results-based Management: With the presentation of Annual Monitoring Report 2011: Part II, the Secretariat has completed the first annual cycle of the new, strengthened approach to the AMR.

10. Country Support Program: During FY13, the Secretariat organized the CSP events mentioned in paragraphs 8 and 9 on page 3.

11. NPFES: As of mid-April, 2012, the Secretariat has provided funding for 32 NPFES, and 28 NPFD reports are now posted on the GEF website.

12. Secretariat Services for the Kyoto Protocol Adaptation Fund: The Secretariat has continued to provide services to the Adaptation Fund, including administration of the AF, review of project proposals, support of the accreditation process, outreach and communications, provision of HR support and IT support, and establishment of a RBM system.

C. Special Initiatives

13. The sections below report on activities conducted during FY12 under the various special initiatives previously approved by Council in previous years. Each table reports on total estimated spending through April 15, 2012.

Management Information System

14. The Council approved a special initiative budget in November 2005 for developing a new MIS for the GEF. Two phases of development and improvement of the MIS have been undertaken. The PMIS, accessible on-line, currently includes the data for all GEF projects, programs, and processes except for the SGP. All Secretariat staff can enter and access a large set of data from anywhere in the world. GEF Agencies and Operational Focal Points have read-only access. The Secretariat is working to improve the MIS so that GEF Agencies are able to directly enter project information in a secure website. The Secretariat will draw further funding under this special initiative to further advance the GEFSEC systems in addressing interfacing/interconnectivity needs identified during the systems assessment performed last year at the request of the Council.

Table 2: Management Information System Approved and Estimated Funds for FY12

Management Information System	<i>Approved</i>	<i>Estimate thru FY12</i>
SAP Back end	\$430,000	\$162,000
J2EE/Web Enabled Front End	\$130,000	\$77,000
Capital Expenditure and Licenses	\$80,000	\$0
Contingency	\$60,000	\$0
TOTAL	\$700,000	\$239,000

Results-based Management

15. In June 2006 (FY2007 budget), the Council approved a special initiative of \$200,000 to develop a results-based management (RBM) framework. In June 2009, the GEF Council approved an additional \$208,000 to further strengthen the GEF's capacity for RBM and learning through specific activities and studies. The Secretariat has combined these budget lines due to the direct alignment of their objectives.

16. The special initiatives on RBM focus on four main areas: (1) developing results frameworks for GEF-4 and GEF-5, and the first steps to integrate results data and portfolio monitoring into the PMIS system; (2) developing a process to enable the GEF Secretariat to undertake focused learning based on learning objectives and issues identified through the Secretariat's portfolio monitoring; (3) developing and further refining tracking tools; and (4) development of a methodology for improving how GEF incorporates human welfare issues (e.g. social and gender) in its projects, including recommendations on measurement of the GEF projects results on these issues. Activities include:

- (a) Capturing through the PIF, the funding utilized for the focal area outcome indicators, as agreed in the GEF-5 programming document;
- (b) Adding programming tracking tools in the PMIS and enabling tracking tool data collection and analysis through PMIS;
- (c) Programming and updating data currently being collected through PIRs, including status of projects, projects-at-risk, disbursements etc; and
- (d) Programming of overview reports and focal area level reports to provide periodic updates at the portfolio level and ensure more timely service delivery.¹⁴

17. The GEF Secretariat has undertaken the several learning missions, including the following:

- (a) Biodiversity: two learning missions. The first to Zambia in November, 2010, and a second in India in April, 2012 titled: *Enhancing Impacts and Results through Improved Understanding of Protected Area Management Effectiveness*;
- (b) Climate Change: Two learning missions, one to South Africa and a second to China in May 2012.
- (c) Land Degradation: Two learning missions, the first to Burkina Faso (*World Bank Sahel Integrated Lowland Ecosystem Management (SILEM)*), and a second to China in February 2012.
- (d) One International Waters learning mission to Romania and Turkey.

¹⁴ These reports refer to internal reports generated through the PMIS. No additional data is being requested from Agencies to generate such reports. These will be designed with program managers and the management team for their specific needs.

18. Funding from the Initiative paid for the launch of the GEF's well researched mapping portal. Additional funding supported the GEF's work on (1) a socio-economic and gender analysis guidance; (2) in developing a methodology for conducting quality at entry analysis, and (3) further refining and developing a more robust learning process across the focal areas.

Table 3: RBM Approved and Estimated Funds for FY12

Results-based Management	<i>Approved</i>	<i>Estimate thru FY12</i>
Focal Area Task Force Consultancies & Workshops	\$112,000	\$112,000
Learning Mission Travel Costs	\$221,000	\$50,400
Consultancies	\$75,000	\$68,600
TOTAL	\$408,000	\$231,000

Resource Allocation Framework

19. Between FY04 and FY07, the GEF Council approved a total of \$1,716,000 to support either the development of a performance-based allocation system (which developed in the RAF) or to refine the RAF, including its potential application to other focal areas.¹⁵ During the initial two years, in consultation with the Council, the Secretariat used resources from these budget allocations to develop a new system to allocate resources to countries called the STAR, including indicators that could be used to allocate resources to the land degradation and POPs focal areas. The STAR is now under implementation.

20. The Secretariat proposes carrying over the remainder to support future refinement of the STAR for GEF-6. This will include: (1) data collection and update for GEF benefit indices in biodiversity, climate change, and land degradation; (2) refinement of the GEF performance index; (3) continued research on the feasibility of extending the STAR to the POPs focal area, (4) Software programming development for the STAR; and (5) missions for meetings and workshops.

Table 4: Approved and Estimated Resource Allocation Funds for FY12

Resource Allocation Framework/STAR	<i>Approved</i>	<i>Estimate thru FY12</i>
PBA/RAF/STAR special initiatives	\$1,716,000	\$1,494,000
TOTAL	\$1,716,000	\$1,494,000

GEF Initiatives for Rio+20

21. In May 2011, the GEF Council approved \$260,000 for a special initiative to support activities related to the GEF's participation in the Rio+20 Summit to be held in Rio de Janeiro in June 2012. Based on Council document GEF/C.40/Inf.07, *GEF Initiatives for Rio+20*, \$210,000

¹⁵ \$656,000 was approved in FY04; a further \$550,000 was approved in FY06; and in FY07, a further \$150,000 was approved.

was allocated for activities to be undertaken by the GEF Secretariat. This included GEF publications that present frame lessons learned from the GEF's 20 years of operation, an analysis of Convention reports funded by the GEF, and funding to support GEF and STAP participation in scientific forums prior to and during the Rio+20 Summit. An additional \$50,000 was allocated to the GEF Evaluation Office for a synthesis evaluation of GEF EO evaluations to date, including the four Overall Performance Studies completed to date. The Evaluation Office is reporting on its usage of the \$50,000 separately.

22. This special initiative is supporting the writing and publication of a retrospective book titled *From Rio to Rio: A 20-year Journey to Green the World's Economy*. It highlights the key contributions that the GEF has made over the past 20 years in empowering developing countries to green their own economies and take action to improve the global environment. The initiative will also fund a scientific event at the Rio Summit including GEF Secretariat staff and STAP Panel Members. The Secretariat and proposes to fund the assessment of national reports to the Rio Conventions in FY13.

Table 5: Approved and Estimated GEF Rio+20 Contributions for FY12

GEF Contributions to Rio+20	<i>Approved</i>	<i>Estimate thru FY12</i>
GEF Publications for Rio+20	100,000	90,000
Assessment of National Reports to Conventions	90,000	0
Scientific Forums	20,000	10,000
TOTAL	210,000¹⁶	100,000

¹⁶ Total is not inclusive of the \$50,000 allocation of the Evaluation Office; EO is reporting on its usage of the \$50,000 separately

Annex 4: Trustee -- FY12 Review of Activities and Achievements

1. The World Bank as Trustee provides a range of standard services, broadly defined in the Instrument, in the following categories: financial and risk management; investment and cash flow management; management of GEF partner relationships and transactions; accounting and reporting; legal services; commitment and disbursement of trust fund resources; systems infrastructure and maintenance; and resource mobilization.

2. In addition to these services, additional activities supported by the Trustee in FY12 included: Implementation of the GEF-5 Replenishment; work with the Secretariat on policy initiatives, including expansion and accreditation of new GEF Agencies, updating the GEF Minimum Fiduciary Standards; and negotiation of revisions to the Financial Procedures Agreements with the GEF Agencies to reflect new procedures.

FY12 Projected vs. Estimated Actual

3. Based on actual expenses for the first nine months ending March 2012 and the revised projection for the remaining three months, the Trustee estimates that actual expenses for FY12 will be \$3.0 million for standard Trustee services. In addition, the audit expense is estimated to be \$177,000 in FY12. The overall Trustee expense for FY12 is expected to be \$3.18 million reflecting an overall increase of \$131,000 (4%) compared to the approved budget. While there are efficiency gains of \$83,000 under standard Trustee services, these are offset by increase in investment management cost of \$153,000 in FY12. The investment management fees are a variable costs calculated based on a cost of 3.5 basis points against the average annual balance of the Trust Fund. The GEF Trust Fund liquidity balance has increased from an average of \$3.0 billion in FY11 to \$3.5 billion in FY12. This additional liquidity balance has resulted in an increase in the investment management cost.

4. The audit expense is expected to be higher by \$60,000 than initially projected as a reflection of extended audit field work undertaken by the Bank's external auditor while finalizing the financial statements of the GEF Trust Fund for fiscal year ending June 30, 2010. The field work related to the reconciliation of transaction records between the Trustee, GEF agencies and the Secretariat - a need that came up during audit process and mainly during FY12 to gain comfort over the accuracy of the high volume manual transactions. The auditor issued a significant deficiency finding related to this reconciliation process. The auditor also commented that these deficiencies resulted in an immaterial misstatement to the FY10 GEF Trust Fund (Trustee) financial statements, as well as having contributed significantly to the delayed issuance of these financial statements.

FY11 Actual expenses

5. The actual amount of Trustee expenses incurred for FY11 was \$2.806 million. Consistent with the agreed practice, the Trustee had adjusted the approved budget for FY11 to reflect the actual expenses incurred during FY11. Accordingly, the Trustee has returned \$43,194 to the GEF Trust Fund in FY11 as a result of such adjustments.