

GLOBAL
ENVIRONMENT
FACILITY

GUIDELINES FOR MANAGEMENT
OF THE GEF
VOLUNTARY FUND

GEF Council Meeting
Washington, D.C.
July 18 - 20, 1995

GEF/C.5/11
June 21, 1995

RECOMMENDED DRAFT COUNCIL DECISION

The Council approves the establishment of the GEF Voluntary Fund (VF) as described in document GEF/C.3/11 and invites the World Bank, as Trustee of the GEF Trust Fund, to administer the VF. The Council invites the Secretariat to actively seek voluntary contributions to the VF from interested non-governmental and other sources and to use the resources from the VF to finance a broad range of consultation activities in accordance with the guidelines set forth in document GEF/C.5/11. The Secretariat is requested to report on the activities of, and status of commitments to, the VF in the GEF Annual Report.

BACKGROUND

1. At its meeting in May 1995 the Council requested "... the Secretariat to take steps to create a voluntary fund for the purpose of financing two global NGO consultations and, if desirable, other consultations in relation to Council meetings."¹ The Council requested further the Secretariat to disburse \$50,000 from its administrative budget into the fund, and to actively seek additional, voluntary funding from interested non-governmental sources. It called on the Secretariat to manage the voluntary fund under guidelines to be approved by the Council at its July 1995 meeting. This note presents the proposed Voluntary Fund (VF) guidelines for Council's review and approval.

PURPOSE

2. The purpose of the Voluntary Fund is to finance a broad range of "consultation" activities. It would primarily fund global NGO consultations at the time of the regular Council meetings, as well as regional consultations and other fora related to GEF's main concerns, subject to the availability of funds. The following examples illustrate the range of "consultation" activities that would be funded by the VF;

- (a) NGO consultations in Washington at the time of regular Council meetings;
- (b) Regional and/or sub-regional consultations on the implementation of the GEF operational strategy;
- (c) GEF co-sponsored technical meetings related to one or more of the GEF focal areas;
- (d) Travel costs of least developed country participants in selected GEF-related meetings;
- (e) Contributions to relevant publications such as the Earth Negotiations Bulletin with special reference to the linkages between the negotiations in various fora concerning GEF's focal areas.

CONTRIBUTIONS

3. All contributions to the VF will be voluntary and grant-based. Contributions will be comprised of:

- (a) An annual contribution from the administrative budget of the GEF Secretariat as approved by the GEF Council (initially, for FY96, an amount of \$50,000);
- (b) Contributions from non-governmental sources, such as non-governmental entities, foundations, and the private sector; and

¹ *Joint Summary of the Chairs*, GEF Council Meeting, May 3-5 1995, Decision on Agenda Item 11(c), paragraphs 19-23.

(c) Contributions from governments.

4. Contributions made pursuant to paragraphs 3(b) and 3(c) above shall be in accordance with an Agreement signed by each contributor and the Trustee of the GEF Trust Fund which will administer the VF. Annex A sets forth the form for such an Agreement.

GUIDELINES FOR NGO CONSULTATIONS PRIOR TO REGULAR MEETINGS OF THE COUNCIL

5. The GEF Secretariat will be responsible for making the administrative arrangements for the NGO consultations prior to each regular meeting of the Council. The consultations will be convened for one to two days. The primary purpose of the NGO consultations will be to provide the NGO community with an opportunity to present its views on matters under consideration by the Council.

6. The consultations will be open to representatives from all NGOs accredited to the GEF, Members, Alternates, the Secretariat, Implementing Agencies and all those invited to Council meetings in accordance with paragraphs 9 to 13 of the Rules of Procedure for the GEF Council.

7. If sufficient funds are available, the VF will normally cover the travel and subsistence costs of attendance of 12 NGO representatives from recipient countries to the NGO consultations. The NGOs will select the representatives to be financed from the VF. The Secretariat will facilitate the appropriate travel arrangements. Financing for the travel and per diem of these 12 representatives will include financing for four NGO representatives from recipient countries invited to attend the Council meetings.²

8. Conference servicing costs of convening a consultation will also be financed from the VF.³

INSTITUTIONAL ARRANGEMENTS

9. The World Bank, as Trustee of the GEF Trust Fund, will serve as administrator of the VF.

10. Contributions to the VF will be made in U.S. dollars.

11. In order to assist in the defrayment of the costs of administration and other expenses incurred by the Trustee, the Trustee may invest and reinvest the voluntary contributions from non-governmental and other sources and retain for its own account the income from any such investment. The contribution from the GEF administrative budget will be drawn from the GEF Trust Fund, and income from any investment of such contribution will be credited to the VF.

² See *Joint Summary of the Chairs*, GEF Council Meeting, November, 1-3, 1994, Decision on Agenda Item 6, paragraph (c).

³ See document GEF/C.3/5, *Criteria for Selection of NGOs to attend/observe Council Meetings and Information on NGO Consultations*, which describes conference servicing costs.

12. Contributions are to be deposited in US dollars into the IBRD cash account, where they shall be kept separate from IBRD funds. Separate records will be kept. The Trustee will provide quarterly consolidated financial statements which will be forwarded to the Secretariat, with a copy to each contributor.

13. Decisions concerning the use of the VF funds will be made by the CEO in accordance with the guidelines set out in this note, subject to any revisions agreed to by the Council. The CEO will include a report on the use of the VF in the GEF Annual Report.

14. Annual audits, paid for by the VF, will be executed in accordance with standard practices of the Trustee. The audit reports of the VF will be forwarded for information to the CEO who will transmit them to the Council so as to assure full transparency of fund management.

CONTRIBUTOR AGREEMENT

Draft

June 16, 1995

[Name]
 [Position]
 Donor
 Address

RE: Trust Fund No. 29008

1. INTRODUCTION

We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development ("IBRD") acting as trustee of the Global Environment Facility Trust Fund (GEF Trust Fund) (the "Trustee") the intention of _____ (the "Donor") to make available to the Trustee the sum of _____ (_____ dollars), as a grant for the purposes of the GEF Voluntary Fund (the "Trust Fund") as approved by the GEF Council in the Decision annexed hereto.

2. DEPOSITS

The funds to be made available by the Donor under this Agreement shall be deposited with the Trustee promptly following confirmation of this Agreement by the Donor. Such deposit will be made in U.S. dollars. The funds shall be deposited into IBRD's Cash Account "T" (the "T"-Account) (ABA _____) maintained with the Federal Reserve Bank of New York ("FRBNY") in New York City. When making such a deposit the Donor will notify the Foreign Department of FRBNY to advise the Trustee's Cash Management Department as to the amount received, that it is from _____ for _____ (Trust Fund No. _____), and the date of deposit. In addition, the Donor will fax the Trustee's Office of the Trust Funds Administrator (fax no. (202) 522-3397) a copy of its deposit instruction to FRBNY. The Trust Fund will be kept separate and apart from the funds of the IBRD and IDA. The funds provided by the Donor under

this Agreement may be commingled with other funds provided by other donors for the Trust Fund and with other trust fund assets administered by the IBRD or IDA.

3. REPORTING REQUIREMENTS OF THE TRUSTEE

The Trustee will maintain separate records and ledger accounts in respect of the Trust Funds in the T-Account and disbursements made therefrom. Within 90 days of each December 31, March 31, June 30 and September 30, as long as any grant funds remain in the T-Account the Trustee will prepare a consolidated financial statement in U.S. dollars with respect to the Trust Fund and forward a copy to each Donor and to the GEF Secretariat. The Trustee shall cause each June 30th a financial statement to be audited by the Trustee's external auditors, and will forward a copy to the Donor. The Trustee may deduct the cost of each such audit from the grant funds. If the grant funds are insufficient to fully cover the cost of any such audit, the Donor will pay the Trustee such amount as is required to reimburse the Trustee for the cost of such audit.

4. TRUSTEE'S AUTHORITY TO DRAW

The Bank shall draw on the T-Account for the financing of costs, as set forth in Section 1 and in the Decision of the GEF Council annexed hereto in accordance with the written instruction to the Trustee from the Secretariat of the GEF. The funds shall be kept in U.S. dollars.

5. DISPOSITION OF INVESTMENT INCOME

In order to assist in the defrayment of the costs of administration and other expenses incurred by the Trustee, the Trustee may invest and reinvest the funds provided by the Donor under this Agreement pending their disbursement and retain for its own account the income from any such investment.

6. FIDUCIARY RESPONSIBILITIES OF THE TRUSTEE

The Trustee will exercise the same care in the discharge of its functions under this Agreement as it exercises with respect to the administration and management of its own affairs and shall have no further liability to the Donor in respect thereof.

7. UNUSED FUNDS

Except as the Donor and the Trustee may otherwise agree, the Donor's pro-rata share of any portion of the Trust Fund remaining in the T-Account upon the completion of all disbursements under the Trust Fund will be returned to the Donor.

8. **COORDINATION RESPONSIBILITIES**

The offices responsible for coordination of all matters related to the implementation of this Agreement shall be the following:

For the Trustee:

For the Donor:

9. **EFFECTIVENESS**

The Donor and the Trustee will consult each other on the terms of this Agreement at any time at the request of either party. The terms of this Agreement may be amended by written notice between the parties. This Agreement can be terminated by either party with six (6) months prior notice in writing. Upon such termination, unless the parties decide otherwise: (a) any agreement entered into between the Trustee and third parties will not be affected by the termination and the Trustee shall be entitled to continue withdrawals from the T-Account in respect of such agreements as if this Agreement had not been so terminated; and (b) the Donor's pro-rata share of any balance in the T-Account will be returned to the Donor and the Trustee's functions pursuant hereto will be considered terminated. Promptly after termination, the Trustee will furnish to the Donor a final and financial statement of the Trust Fund.

Sincerely yours,

IBRD, Trustee of the
Global Environment Facility
Trust Fund

CONFIRMED AND AGREED:

by: _____

Name:

Title:

Date:

CONTRIBUTOR AGREEMENT

[The text of the Council decision will be reproduced in this annex.]