



GEF

Global Environment Facility

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Agenda Item 12

GEF FY04 CORPORATE BUDGET

Recommended Council Decision

The Council reviewed document GEF/C.21/11 *GEF FY04 Corporate Budget*, and approves the proposed FY04 corporate budget of \$22.978 million, subject to the comments made during the Council meeting, comprising:

- (a) an amount of \$22.606 million for the resource requirements of the seven GEF units (GEF Secretariat, Monitoring & Evaluation Unit, the three Implementing Agencies, Trustee, and the Scientific and Technical Advisory Panel) in the provision of corporate management services; and
- (b) an amount of \$0.372 million for the proposed continuation of the special initiative for enhancing country-level coordination and country ownership of GEF-financed activities by strengthening national operational focal points.

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EXECUTIVE SUMMARY

- (i) Council approval is sought for a proposed FY04 Corporate Budget of \$22.978 million comprising: \$22.606 million for the resource requirements of the GEF Units (GEF Secretariat, Monitoring & Evaluation Unit, the three Implementing Agencies, Trustee, the Scientific and Technical Advisory Panel); and \$0.372 million for the Special Initiative to provide support to national focal points in recipient countries through country offices of the Implementing Agencies.
- (ii) The FY04 Corporate Budget supports the planned corporate management activities and deliverables for the first year of the GEF FY04-FY06 Corporate Business Plan by providing the GEF Units with the required budgetary resources. The continuation of the special initiative is aimed at sustaining GEF support to enhance country-level coordination and country ownership of GEF-financed activities by strengthening national operational focal points until the Council reviews and approves a strategy for further strengthening focal points as called for by the Second GEF Assembly.
- (iii) The proposed budget incorporates a nominal upward adjustment of 3.0 percent to accommodate the impact of annual price increases upon the units' costs. In the last few years, GEF had principally maintained a no-growth budgetary policy except in cases where Council decisions and strategic or operational initiatives had required additional resources. In such cases, increases were separately justified on their substantive merits.

I. INTRODUCTION

1. The GEF Annual Corporate Budget is determined by the rolling three-year GEF Business Plan. This annual corporate budget provides the seven GEF Units¹ with the budgetary framework and resources for programming their corporate services for the fiscal year². The FY04 Corporate Budget supports the planned activities and deliverables for the first year of the GEF FY04 - FY06 Business Plan³, which establishes a strategic planning framework for projecting levels of financing among priorities in the different GEF focal areas. It also outlines the activities necessary to support the strategic planning framework.

2. The corporate budget provides the annual funding for the core corporate management activities and special initiatives, which support the accomplishment of the objectives of the Business Plan. These corporate management activities (institutional relations, policy and program development, communications and outreach, management and finance, and monitoring and evaluation) are carried out by the GEF Units, as further discussed in Section II. Special Initiatives, typically task-managed by the GEF Secretariat, are discussed in Section III. The expense categories, typically and commonly used by all GEF Units, are examined in greater detail in Section IV. The FY04 Corporate Budget is presented in summary in Section V.

¹ GEF Secretariat; Monitoring and Evaluation Unit; the three Implementing Agencies' coordination functions; Trustee; and the Scientific and Technical Advisory Panel (STAP).

² Additionally, during the year, as appropriate, the GEF CEO may authorize supplemental budgetary resources, within the existing approval authority given to him by Council, on the basis of estimated year-end expenditures.

³ *GEF Corporate Business Plan FY04-FY06*. GEF/C.21/9.

II. FY04 CORPORATE BUDGET BY CORPORATE MANAGEMENT ACTIVITIES

3. This section discusses the proposed FY04 Corporate Budget in terms of the GEF Units' resource requirements for the planned corporate management activities that support GEF's business and operational work program. The proposed FY04 budget incorporates a nominal upward adjustment of 3.0 percent to accommodate the impact of annual price increases upon the units' costs. In the last few years, GEF has principally maintained a no-growth budgetary policy except in cases where Council decisions and strategic or operational initiatives had demanded additional resource requirements and were separately justified on their substantive merits.

Common Corporate Management Activities

4. This section outlines (i) the typical yearly proceedings and events supported by each corporate management activity; and (ii) the corporate tasks, specifically programmed for FY04, that will be carried out in common by the GEF Units with the exception of Trustee.

5. Institutional Relations: GEF Units are consulted in the course of GEF policy paper development, participate at the GEF Council and STAP meetings, and help service GEF corporate responsibilities vis-à-vis the global conventions, their secretariats, and subsidiary bodies. In FY03, the GEF Units substantially contributed to the preparations for, and participated in various meetings and conferences pertaining to, the Third Replenishment of the GEF, the 2002 World Summit on Sustainable Development (WSSD), the Second GEF Assembly and the two Council Meetings.

6. Policy and Program Development: GEF Units contribute to operational policy and program development through participation in inter-agency task forces on operational and technical issues (e.g., streamlining of the project cycle and incremental costs methodology, development of operational criteria for reviewing GEF project proposals, increasing private sector involvement in GEF operations); promote partnerships and project development with the executing agencies under the expanded opportunities initiative; and seek to leverage and mobilize additional external resources.

7. Outreach and Communications: To increase awareness of GEF, GEF Units participate in corporate outreach efforts coordinated by the GEF Secretariat, at major international events (e.g., workshops, exhibits, production and dissemination of communication material, press releases) and coordination of publications.

8. Management and Finance: In FY03, the GEF Secretariat and the Implementing and Executing Agencies, collaborated extensively in a review and analysis of the GEF Fee-Based System and the current fee structure. They collaboratively and consultatively prepared a revised GEF fee structure that would be applied to GEF projects from July 1, 2003. The resulting proposal (GEF/C.21/10, *A Proposal for a Revised Fee Structure*) is being presented to Council at this May 2003 meeting for review and approval.

9. **Monitoring and Evaluation:** GEF Units will devote resources to corporate monitoring & evaluation activities, including the Project Implementation Review, GEF Lessons Notes, M&E Standards and Guidelines, thematic reviews and the development and revision of program-level indicators. GEF Units also undertake activities to generate and disseminate lessons learnt and best practices in order to improve GEF portfolio quality and enhance project replication efforts. Under the corporate budget, staff from the GEF Secretariat and the Implementing Agencies will engage in the following monitoring and evaluation activities: the Specially Managed Project Reviews (SMPRs), a study on the nature and role of local benefits in GEF projects, knowledge management efforts, and the development of program indicators and program studies in climate change, biodiversity and international waters.

GEF Secretariat

10. GEF Secretariat's estimated FY03 expenditures and proposed FY04 Corporate Budget are summarized in Table 1, and are discussed in the following paragraphs.

Table 1: Proposed FY04 GEF Secretariat Budget

<i>FY02 Actual</i>			<i>FY03 Budget</i> ⁴		<i>FY03 Estimated</i>		<i>FY04 Proposed</i>	
<i>StfYrs</i>	<i>\$m</i>	Corporate Management Activity	<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>
5.0	1.591	Institutional Relations	4.0	1.376	5.2	1.536	4.0	1.417
12.5	3.759	Policy & Program Development	16.6	4.728	15.1	4.102	16.6	4.871
1.9	0.657	Outreach & Communications	3.8	1.467	3.0	0.785	3.8	1.511
4.9	2.155	Management & Finance	5.2	1.591	5.0	1.683	5.2	1.639
24.3	8.162	TOTAL	29.6	9.163	28.3	8.106	29.6	9.438

FY03 Performance Highlights

11. GEF Secretariat, in consultation and collaboration with the Implementing Agencies, substantively managed and coordinated: two Council meetings; two work programs together with expedited approvals of projects, the final meeting on the Third Replenishment of the GEF Trust Fund in August 2002, preparations for and GEF participation in the World Summit on Sustainable Development (WSSD), and the Second GEF Assembly in Beijing, China. An introductory seminar was organized for new Council Members and Alternates prior to the Council meeting in May, 2003.

12. *Country Relations.* In FY03, nine Country Dialogue Workshops (CDWs) were held during this last year of the project. Since the inception of the program, 39 national and 4 regional or sub-regional workshops have been held, involving 68 countries. On average, one CDW has been conducted every three weeks. Although funds were provided in the budget for the organization of two regional meetings of national focal points, it was deemed not expedient to organize these workshops during FY03 because of the WSSD and the Assembly, and on-going

⁴ The FY03 Budget incorporates (i) \$8.263 approved under GEF/C.19/11, *GEF FY03 Corporate Budget*; and (ii) \$0.900 million, approved under GEF/C.19/15, *Capacity and Organizational Efficiency Study of the GEF Secretariat*, to cover the additional resources associated with the establishment of three new positions in the GEF Secretariat.

work responding to the recommendations of the Assembly, the Policy Recommendations agreed as part of the Third Replenishment, and the Second Overall Performance Study (OPS2). As such, the unused funds previously approved by Council are being returned to the GEF Trust Fund. In working with NGOs, the Secretariat focused particularly on NGO participation in the Assembly, newly accrediting 200 NGOs for that reason alone. As usual, NGO consultations were held prior to each of the Council meetings. During the NGO Consultations and at the GEF Assembly, the Secretariat facilitated a process to improve the performance of the GEF/NGO network and to enhance public involvement in GEF activities, including new guidelines for members of the network, and central and regional focal points. The Secretariat continued to facilitate the involvement of NGOs, indigenous groups, and other stakeholders in projects and in the Country Dialogue Workshops.

13. *Policy & Program Development.* The focus of the preparations for the May 2003 Council meeting has been on proposals to follow up on the recommendations of the Assembly, Policy Recommendations agreed in the process of the Third Replenishment and endorsed by the Council, and OPS2 regarding: the new business plan, a framework for programming resources for enhanced performance and results at the country level, revisions to the fee-based system, policy on co-financing, terms of reference of an independent monitoring and evaluation unit, an operational program for sustainable land management, and an action plan for responding to the remaining recommendations.

14. The Secretariat has been actively involved in the international environmental conventions, and has participated in technical meetings, Intergovernmental Negotiating Committees, or Conferences of the Parties - as appropriate - of the Convention on Biological Diversity, the United Nations Framework Convention on Climate Change (UNFCCC), the United Nations Convention to Combat Desertification, and the Stockholm Convention on Persistent Organic Pollutants. Staff also contributed to a number of other meetings of international importance to GEF such as the World Summit for Sustainable Development (WSSD), for which GEF convened four roundtables as part of the preparatory process; the Commission on Sustainable Development, which will review how to address the Plan of implementation agreed by the WSSD; and the Third World Water Forum in Japan.

15. Other work included: participation in the Specially Managed Project Reviews (SMPRs), which are led by the M&E Unit; implementation of the format for the newly agreed Project Executive Summary for GEF proposals -- the first projects using this format being submitted in May, 2003; and coordination with UNEP on biosafety capacity building activities, including participation in the Steering Committee of the UNEP umbrella project and review of twelve demonstration projects for capacity building for the implementation of biosafety frameworks related to the Cartagena Protocol. Work has also proceeded on preparing necessary memorandums of understanding and financial procedures agreements with IADB and ADB for purposes of providing direct access to GEF financing for projects.

16. *Management & Finance.* In FY03, the GEF Secretariat primarily focused on managing the review and analysis of the GEF Fee-Based System and current fee structure and designing and developing a revised GEF fee structure to be proposed for Council approval and

implementation from July 1, 2003. This exercise involved extensive consultations with the three Implementing Agencies and seven Executing Agencies in order to ensure a viable fee structure. The Project Management Information System was further strengthened and coordination with the implementing agencies' databases improved. Other financial management initiatives had to be delayed owing to a lack of staff resources.

17. *Outreach & Communications.* Outreach for the GEF Assembly utilized the exhibit prepared for WSSD and additional material. A special video entitled "Shine a Light" was produced and launched at the opening ceremony of the Assembly. There were 158 journalists in the GEF Assembly press corps. As a result, media coverage of the Assembly was extensive, both within and outside China. As a capacity building measure, the travel to Beijing and subsistence of three developing country journalists were funded by a bilateral donor. The WSSD and Assembly activities were complementary to the regular outreach program of production, presentation and dissemination of displays and targeted publications, expansion of the GEF website, and public and media relations. Four television public service announcements were produced and distributed worldwide in a special collaborative effort of the GEF, the World Bank, and the Consultative Group on International Agricultural Research.

18. *Budgetary surplus.* At the end of FY03, GEF Secretariat budget was under spent in the category of staff salaries and benefits. Although newly budgeted positions had been filled during the year, some positions that had been made vacant through normal turnover were left unfilled in order to provide the new CEO with flexibility in staffing. In addition, workshops that had been planned as follow up to the policy work on capacity development were held over to the next fiscal year. This budgetary surplus will be returned to the GEF Trust Fund.

FY04 Proposal Highlights

19. In FY04, the Secretariat will coordinate and manage two Council meetings and up to four work programs.

20. *Institutional Relations.* GEFSEC will work with the convention secretariats to coordinate and enhance relations with conventions. This will include preparing proposals to implement more effectively the guidance of the Parties; to streamline such guidance; to promote better the synergies among the global environment conventions; and to coordinate enabling and capacity building activities to achieve greater effectiveness, efficiency, and mainstreaming of global environmental concerns in the sustainable development agenda.

21. Through the proposed project "National Dialogue Initiative," up to eleven sub-regional meetings will be organized, primarily around constituency groupings, to engage as many member countries as soon as possible in the strategic priorities and operational modalities of the GEF. Countries' views on the design and scope of country level consultations during the second component of the project will also be solicited. Since these sub-regional meetings will provide an opportunity for focal points to exchange views, no additional regional meetings of focal points are proposed for FY04. However funding for one or two such regional meetings will be requested in the corporate budget for FY05.

22. Consultations with the NGO network before each Council Meeting will be continued, and we will help conclude the process of restructuring the GEF/NGO network in order to improve its quality and performance and enhance its membership and representation. The Secretariat will continue seeking opportunities for NGOs to contribute to GEF work including through projects, country dialogue, and policy development.

23. *Policy & Program Development.* Work would begin immediately on implementing the new policies approved by the Council including the strategic priorities, the framework for programming resources, the revised fee-based system, and the co-financing policy. GEF Secretariat will oversee the implementation of the action plan to follow up on the recommendations of the Policy Recommendations agreed as part of the Third Replenishment. The Action Plan will also address recommendations of the World Summit for Sustainable Development (WSSD), and the Second Overall Performance Study of the GEF (OPS2). The Secretariat will also work with UNEP to prepare proposals on making the best use of STAP, as requested by the Council.

24. As always, GEF will be actively supporting in all the major meetings of the conventions it serves as well as certain other key international meetings. These will include the Seventh Session of the Intergovernmental Negotiating Committee of the Stockholm Convention on Persistent Organic Pollutants (Geneva, July 2003), the Sixth Meeting of the Conference of Parties to the Convention to Combat Desertification (Havana, August/September 2003), the Fifth IUCN World Parks Congress (Durban, September 2003), the Ninth Meeting of the Conference of Parties to the UN Framework Convention on Climate Change (Milan, December 2003), the Seventh Meeting of the Conference of Parties to the Convention on Biological Diversity (Kuala Lumpur, March 2004), the 9th Meeting of the Subsidiary Body on Scientific, Technical and Technological Advice (Montreal, Canada, November, 2003), and other technical expert groups or regional consultations as needed.

25. Working with the Implementing Agencies and the Executing Agencies, GEF will begin to develop a pipeline of projects in the two new focal areas approved at the Second Assembly, as well as pipeline of projects consistent with strategic priorities in other focal areas.

26. There would be an enhanced focus on capacity building activities consistent with strategic priorities approved by the Council; work would continue with Implementing Agencies on the preparation of the National Capacity Needs Self-Assessments (NCSAs) and the previous experience in preparing these will be reviewed and lessons disseminated. Following the review of private sector operations by the M&E Unit and the presentation of a policy paper to Council in May 2002, work will continue on preparing and then implementing the GEF private sector strategy.

27. *Management & Finance.* GEF Secretariat will work with the three implementing agencies and seven executing agencies to enhance the financial management processes in GEF. In particular, these will focus on the development and presentation of the costs of proposed GEF projects and the scope and costs of project execution services being provided on GEF projects under the project cost. GEF Secretariat and the agencies will also actively monitor and consult

on (i) the implementation of the revised fee structure to ensure its efficient and effective application as intended; (ii) the project cycle management services to re-affirm their recent definitions, and (iii) any outstanding questions on the definition of GEF Investment projects and Technical Assistance projects. Further refinement will also be made to the Project Management Information System (PMIS) in conjunction with a revision of the GEF website, and a financial management database will be developed to enhance and support GEF financial management.

28. *Outreach & Communications.* The GEF's outreach and communication strategy and work plan for FY04 are rooted in the Beijing Declaration of the Second GEF Assembly which charts the GEF's work over the replenishment period FY03-FY06. The outreach objective is to market the GEF, demonstrating how project activity in all six focal areas can generate global environmental benefits while addressing livelihood, and sustainable development issues. Part of this message will show how the GEF's portfolios in land degradation and persistent organic pollutants (POPs) will grow in current and future work programs. The Secretariat-based outreach and communication program of publication and audiovisual production, website development and maintenance, and information dissemination will continue, as will joint activities with the implementing agencies and the new executing agencies designated under the expanded opportunities policy. FY04 will see a continuation of the GEF's outreach activity in the form of exhibits, publications, videos, and workshops at key international meetings (see paragraph 24). A special effort will be made to provide targeted communication support to appropriate regional activities under the National Dialogue Initiative. Familiarization seminars will be held for staff of GEF partners in the Implementing and Executing Agencies, and introductory seminar organized for new Council Members and Alternates prior to the Council meetings. The arrival of a new GEF Chief Executive will create its own communication and outreach demands and challenges as the new person sets out to imprint his/her own particular image and vision among all GEF constituencies.

Monitoring & Evaluation

29. GEF Secretariat's Monitoring & Evaluation estimated FY03 expenditures and proposed FY04 Corporate Budget options are summarized in Table 2, and discussed in the following paragraphs.

Table 2: Proposed FY04 Monitoring & Evaluation Budget

<i>FY02 Actual</i>		<i>Corporate Management Activity</i>	<i>FY03 Budget</i>		<i>FY03 Estimated</i>		<i>FY04 Proposed</i>	
<i>StfYrs</i>	<i>\$m</i>		<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>
4.4	1.258	Studies, Reviews/PIR, SMPR	4.1	1.385	4.0	0.975	3.2	1.115
1.1	0.435	Communication/Knowledge Mngmnt	1.5	0.490	1.9	0.900	1.8	0.590
-	-	Program Studies - three focal areas	-	-	-	-	0.8	0.230
5.4	1.693	TOTAL	5.6	1.875	5.9	1.875	5.8	1.935

FY03 Performance Highlights

30. Besides the completion of the Second Study of GEF's Overall Performance, the major activity in FY03 was the Project Performance Review process, which also included the Secretariat Managed Project Review (SMPR) and the Terminal Evaluation Review (TER). The results of the PPR and SMPR are presented in two information documents to the 2003 May Council meeting. Two cross-cutting evaluations which will be finalized in FY03, and also reported as information documents at that Council meeting, are the Financial Arrangements for Sustainability in Biodiversity Projects and GEF's Engagement with the Private Sector. The final report of the private sector evaluation will be presented at the October 2003 meeting. The unit has initiated a study on the Nature and Role of Local Impacts in GEF Programs and Projects (see below). Considerable efforts have been made on the dissemination of M&E findings and lessons, and to clarify concepts, modalities and the role for the M&E Unit in knowledge management. The work will be continued in the current work program.

FY04 Proposal Highlights

31. Under the Policy Recommendations of the Third Replenishment of the GEF Trust Fund, endorsed by the Council, it was recommended that the Monitoring and Evaluation (M&E) Unit be strengthened and made independent (GEF/C.20/7). The *Terms of Reference for an Independent M&E Unit* are presented in GEF/C.21/12. The main recommendations are that the GEF M&E Unit would: (i) report directly to the GEF Council on M&E matters, and that the Council will have an extended role in reviewing GEF achievements and results; (ii) cooperate and coordinate closely with related efforts of the GEF Secretariat, the Implementing and Executing Agencies and STAP to strive for a shift from an approvals culture to one based on quality of implementation and outcomes, specified in the strategy *Driving for Results* (GEF/C.16/5); (iii) in full cooperation with GEF entities, clarify criteria and standards for improved measurements of GEF results at the project, program, policy and overall levels; and (iv) in full cooperation with other GEF entities, ensure improved feed-back of lessons learned and develop a knowledge management strategy based on user needs and priorities and a wide range of learning tools and methods.

32. The annual *Project Performance Report* (PPR) will, as last year, use three information sources: the Project Implementation Review (PIR), the Specially Managed Project Review (SMPR – previously the Secretariat Managed Project Review) and Terminal Evaluation Review (TER). The PIR is based on Implementing Agency reporting on all ongoing project activities. The SMPR will involve field and desk reviews of a cohort of about 15 projects. Under the TER, all the Implementing Agencies' terminal evaluations during the last year will be reviewed according to the GEF review criteria. The results and lessons will be used in relevant M&E studies.

33. Concerning *cross-cutting studies*, the study on the Nature and Role of Local Benefits in GEF Programs and Projects will be an important item on the current work program and will be completed during FY05. The study will both take stock of what benefits GEF-supported projects have at the community level and assess the links between these local benefits and the attainment

of global environmental benefits, which GEF is mandated to provide. The study is co-funded by bilateral aid funds.

34. *Knowledge management* is now a permanent feature of the corporate M&E work programs. During the fiscal year the GEF M&E team will, in cooperation with the GEF Secretariat, the Implementing Agencies and STAP, initially develop a pilot knowledge management program in the climate change focal area. The work will subsequently be extended to other focal areas. The program will consider a range of learning tools and methods, such as enhanced lesson learning web-based systems, training seminars, distance learning, participation in evaluations by project and counterpart country staff, mentoring, etc. Some of the key initial questions to be analyzed are: user needs, effective channels and mechanisms for dissemination, two way communication and networking, and the role of M&E compared to other GEF entities and external institutions.

35. *Enhanced performance measurements* include the upgrading of M&E components in projects and further development of program indicators. Ongoing efforts on biodiversity and international waters indicators will be completed in FY03, and additional work in sustainable use in biodiversity in FY04. More specific indicators for capacity development and stakeholder involvement will also be developed.

36. *Program studies* will be completed in GEF focal areas in preparation for the Third Study of GEF's Overall Performance (OPS 3). This comprises biodiversity, climate change, international waters, ozone, integrated ecosystems, and persistent organic pollutants (POPs). The program studies will be wide-ranging and make use of all available data such as PIR, SMPR, cross-cutting evaluations, and terminal evaluations, in addition to field work.

37. The program studies in biodiversity, climate change and international waters will be run from the second quarter of FY04 through the second quarter of FY05. The budget figures are based only on desk studies in FY04 and field studies in FY05. The focal area studies in ozone, integrated ecosystems and POPs will be initiated and completed in FY05. The GEF Secretariat, the Implementing Agencies, and STAP will be substantially involved in the conduct of the studies.

Implementing Agencies Corporate Management Activities

38. The Implementing Agencies' budgets are expressed in terms of the staff-year efforts and corresponding dollar-value for the five corporate management activities. In FY04, the Implementing Agencies are expected to consolidate GEF resource requirements for the corporate activities of institutional relations, policy & program development, outreach and communications, management & finance and monitoring & evaluation. With growing project portfolios, it becomes critically important for the Implementing Agencies to properly distinguish between their GEF corporate activities funded by their annual corporate budgets and their project-cycle management services for GEF projects, funded by their project fees. The proposed FY04 corporate budget for the three Implementing Agency coordination units, totaling \$8.539 million, is summarized in Table 3, and further discussed in the following paragraphs.

Table 3: Proposed FY04 GEF Implementing Agencies' Budgets

FY03 Budget		Corporate Management Activity	Implementing Agencies							
Total			UNDP		UNEP		IBRD		Total	
StYrs	\$m		StYrs	\$m	StYrs	\$m	StYrs	\$m	StYrs	\$m
3.2	0.901	Institutional Relations	0.4	0.104	1.5	0.370	1.1	0.319	3.0	0.793
17.5	4.426	Policy & Program Development	6.8	1.807	5.3	1.306	5.7	1.644	17.8	4.757
2.5	0.722	Outreach & Communications	0.6	0.153	0.9	0.222	1.0	0.278	2.5	0.653
6.1	1.466	Management & Finance	1.8	0.489	2.1	0.517	1.8	0.411	5.7	1.417
3.3	0.777	Monitoring & Evaluation	1.0	0.212	1.2	0.295	1.4	0.412	3.6	0.919
32.6	8.292	TOTAL	10.6	2.765	11.0	2.710	11.00	3.064	32.6	8.539

UNDP-GEF

39. The UNDP-GEF Coordination Unit's estimated FY03 expenditures and proposed FY04 Corporate Budget is summarized in Tables 4, and discussed in the following paragraphs.

Table 4: Proposed FY04 UNDP-GEF Budget

FY02 Actual		Corporate Management Activity	FY03 Budget		FY03 Estimated		FY04 Proposed	
St/Yrs	\$m		St/Yrs	\$m	St/Yrs	\$m	St/Yrs	\$m
0.4	0.098	Institutional Relations	0.4	0.101	0.4	0.101	0.4	0.104
6.8	1.703	Policy & Program Development	6.8	1.754	6.8	1.754	6.8	1.807
0.6	0.145	Outreach & Communications	0.6	0.149	0.6	0.149	0.6	0.153
1.8	0.461	Management & Finance	1.8	0.475	1.8	0.475	1.8	0.489
1.0	0.242	Monitoring & Evaluation	1.0	0.206	1.0	0.206	1.0	0.212
10.6	2.649	TOTAL	10.6	2.685	10.6	2.685	10.6	2.765

FY03 Performance Highlights

40. UNDP-GEF's corporate management activities covered delivery of a portfolio expected to total \$154 million for 34 full-sized and 13 medium-sized projects during FY03, while the ongoing portfolio is expected to reach \$1.3 billion in total cumulative resources covering over 280 full-sized and medium-sized projects by the end of FY03.

41. Throughout the year, UNDP-GEF working on fostering and strengthen partnerships with the regional development banks, private sector, NGOs, and other UN System Agencies. In addition, much attention was given to support the development of portfolios in POPs, Biosafety, and Land Degradation in response to country level demand. UNDP-GEF also engaged with the GEF Secretariat in undertaking the unified project management information database system (PMIS) based on lessons of UNDP-GEF's own database development, and mobilized co-financing resources worth up to an estimated \$200 million.

42. UNDP-GEF produced a number of publications in contribution to outreach products sponsored by GEF Secretariat, and also undertook the development and distribution of materials, such as press releases and Guidebooks. Special attention was given the World Summit for Sustainable Development (WSSD) during FY03, including collaborating in the preparation of specific functions and exhibits designed to reflect the GEF partnership with IAs. In particular, UNDP-GEF highlighted its projects in South Africa through an Ubuntu Village Exhibition (UNDP-GEF/SGP), a SABONET event (UNDP-GEF), and a Film and Documentary Festival co-sponsored by UNDP-GEF/SGP and UNDP-LIFE.

43. In Monitoring and Evaluation (M&E) activities, UNDP-GEF contributed the study on financial mechanisms for sustainability in biodiversity and the evaluation of social impacts of GEF projects; SMPRs; the knowledge management/dissemination strategy; biodiversity and international waters program indicators; and the PIR.

FY04 Proposal Highlights

44. Over the past three years, UNDP-GEF's project portfolio has grown both in size and complexity, which has added to the workload related to reporting. In addition efforts by GEF to strengthen Institutional Relations, M&E, Outreach and Knowledge Management has contributed to a level of effort that is significantly beyond the budgetary resources provided in the proposed no-growth budget. Accordingly, UNDP will have to consider ways and means to ensure a better match in the coming years.

45. UNDP-GEF's business plan for the current replenishment period is still being firmed up but corporate activities will not differ markedly in nature from the past during the coming year. In the area of Institutional Relations, UNDP-GEF was very active in the past year for instance in relation to the replenishment negotiation and the WSSD. Much effort is currently going into the preparation of policy papers for the May council and implementation of decisions and related partnership building with the Executing Agencies.

46. With regard to *Policy and Programme Development*, UNDP-GEF will continue to engage with the GEF Secretariat in undertaking the initiative to operate the unified project management information database system (PMIS). It will also provide support to GEF's effort to strengthen the coordination of the GEF Government Operational Focal Point in participating countries. Similarly, UNDP-GEF will continue to provide overall support for National Dialogue Initiative, and the Small Grants Program.

47. In strengthening its partnerships with the regional development banks, private sector, NGOs, and other UN System Agencies, UNDP-GEF has been designated Implementing Agency for a significant number of projects submitted by agencies under the expanded opportunity in the interest of the GEF, and will likely continue to handle a number of such projects in the coming year.

48. In the area of *Communications and Outreach*, UNDP-GEF maintains the current activity level. Follow up to the World Summit for Sustainable Development will also require input and resources and further efforts are planned with regard to knowledge management through means such as electronic networking, websites and databases.

49. With respect to *Management and Finance*, UNDP-GEF's corporate management and finance workload has increased with the growth of both the project portfolio and of special activities. Moreover, reporting and management requirements are growing and will continue to do so with the changes in the fee structure and disbursements, the growing fee portfolio management, and the new requirements regarding co-financing.

50. In *Monitoring & Evaluation* activities, UNDP-GEF will participate in thematic reviews, and SMPRs, which will cover more projects in the coming year. The quantity of projects included in the PIR has more than doubled since the beginning of the reviews in 1995. Through UNDP-GEF's participation in the PIR exercise, a number of important issues such as overall progress and results, advances in capacity development, and compliance with GEF priorities as reflected in the review criteria will be examined, thus helping to advance the corporate GEF agenda. Strong stakeholder participation remains essential for success of this exercise and continues to place demands and staff-time.

UNEP-GEF

51. UNEP-GEF's estimated FY03 expenditures and proposed FY04 Corporate Budget are summarized in Table 5 and discussed in the following paragraphs.

Table 5: Proposed FY04 UNEP-GEF Budget

<i>FY02 Actual</i>			<i>FY03 Budget</i>		<i>FY03 Estimated</i>		<i>FY04 Proposed</i>	
<i>St/Yrs</i>	<i>\$m</i>	Corporate Management Activity	<i>St/Yrs</i>	<i>\$m</i>	<i>St/Yrs</i>	<i>\$m</i>	<i>St/Yrs</i>	<i>\$m</i>
1.5	0.332	Institutional Relations	1.5	0.359	1.5	0.359	1.5	0.370
5.3	1.303	Policy & Program Development	5.3	1.269	5.3	1.269	5.3	1.306
0.9	0.179	Outreach & Communications	0.9	0.215	0.9	0.215	0.9	0.222
2.1	0.485	Management & Finance	2.1	0.502	2.1	0.502	2.1	0.517
1.2	0.255	Monitoring & Evaluation	1.2	0.287	1.2	0.287	1.2	0.295
11.0	2.554	TOTAL	11.0	2.632	11.0	2.632	11.0	2.710

FY03 Performance Highlights

52. The UNEP-GEF FY03 corporate program will be delivered as planned and within budget. During FY03, UNEP prepared a work program of approximately \$ 94 million comprising 10 full sized projects, 32 medium-sized projects, 70 enabling activities, 19 PDFBs and 30 PDFAs. At the end of FY03, the UNEP-GEF total work program (full size projects, medium-sized projects and enabling activities) will amount to \$ 608 million, including \$ 315 million of GEF financing. In addition UNEP's work programme includes seventeen other projects implemented in partnership with other agencies.

53. During FY03, UNEP-GEF provided corporate services for the preparation and convening of the two GEF Council meetings and the Second GEF Assembly, as well as the meetings of the Conference of the Parties and Subsidiary Scientific and Technical Bodies of the conventions for which GEF acts as the financial mechanism, including the meetings of the INC on POPs and Intergovernmental Committee of the Cartagena Protocol on Biosafety. UNEP continued to take a lead in all corporate activities related to the Cartagena Protocol on Biosafety. UNEP provided additional GEF corporate service activities during the 22nd session of its Governing Council and Global Ministerial Environmental Forum, and at the World Summit on Sustainable Development.

54. UNEP-GEF contributed to the preparation of the new GEF policy documents and in particular those related to land degradation and POPs, and to the preparation of strategic priorities of the GEF. UNEP also contributed to the development of a revised fee system for the GEF. Contribution was made to all focal area task force and inter-agency meetings as well as the implementation of the preliminary action plan on the implementation of the recommendations of the second Overall Performance Study. In addition to its regular monitoring and evaluation activities, UNEP-GEF contributed to the preparation and finalization of the Project Implementation Review and the Secretariat Managed Project Reviews for 2002 and the initiation of similar activities for 2003. UNEP-GEF continued to support implementation of the expanded opportunities initiative, including promoting projects prepared by executing agencies with expanded opportunities. UNEP-GEF also took an active part in the GEF Country Dialogue Workshops and continued to serve as a member of its steering committee.

FY04 Proposal Highlights

55. During FY04, UNEP-GEF will continue to be actively involved in GEF corporate activities, including the following:

56. *Institutional Relations.* UNEP-GEF will continue to contribute actively to the preparations of the policy documents to be submitted for the GEF Council meetings to be held in November 2003 and May 2004. UNEP-GEF will continue to expand the involvement of NGOs and research organisations in the GEF program of work, including through medium-sized projects. UNEP-GEF will continue to promote partnerships with the GEF Executing Agencies under the policy of expanded opportunities and will take an active part in the planned GEF National Dialogue Initiative. UNEP-GEF will also continue to support GEF corporate activities

at the Conferences of the Parties and the Subsidiary Scientific and Technical Bodies of the Conventions for which the GEF acts as the financial mechanism.

57. *Policy and Program Development.* UNEP-GEF will work actively to implement the decisions of Council and policy recommendations associated with the third replenishment of the GEF, including the strategic priorities and framework for programming resources. It will continue to provide inputs to the preparation and development of further GEF policy documents to be submitted for Council review at the two Council meetings in FY04.

58. UNEP-GEF will ensure that its operational activities, to be submitted during FY04, will be fully in line with the new GEF strategic priorities as agreed by Council. It will continue to develop its pipeline for all focal areas with special emphasis on developing the GEF work program in the new focal areas, Land Degradation and POPs, and supporting the enhanced focus on capacity building.

59. *Outreach and Communications.* UNEP-GEF will continue to support corporate outreach efforts aiming to promote understanding and awareness of the GEF, and demonstrate the achievement of global environmental benefits within the context of sustainable development. UNEP-GEF will continue to assist on issues related to discussion, preparation and dissemination of information on GEF activities and procedures, including through publications and an enhanced web-based service.

60. *Management and Finance.* UNEP-GEF will continue to manage and report on the UNEP-GEF project portfolio and finances and will work with the GEF Secretariat to enhance the financial management process. The newly revised fee system will be fully adopted and monitored. Procedures will be reviewed to ensure that all new requirements on monitoring and reporting of cofinance are fully adopted and other additional reporting requirements are met.

61. *Monitoring and Evaluation.* UNEP-GEF will contribute to the implementation of the GEF Monitoring and Evaluation work program for FY04. Support will be provided to implementation of a secretariat managed project review (SMPR), terminal evaluation review (TER), thematic reviews, knowledge management and the program studies in preparation of OPS3.

62. UNEP-GEF plans to deliver its FY04 corporate programme within the same budget envelope as FY03, with only a 3% inflation adjustment.

IBRD-GEF

63. IBRD-GEF's estimated FY03 expenditures and proposed FY04 Corporate Budget are summarized in Table 6, and discussed in the following paragraphs.

Table 6: Proposed FY04 IBRD-GEF Budget

<i>FY02 Actual</i>			<i>FY03 Budget</i>		<i>FY03 Estimated</i>		<i>FY04 Proposed</i>	
<i>St/Yrs</i>	<i>\$m</i>	Corporate Management Activity	<i>St/Yrs</i>	<i>\$m</i>	<i>St/Yrs</i>	<i>\$m</i>	<i>St/Yrs</i>	<i>\$m</i>
0.9	0.298	Institutional Relations	1.30	0.441	1.30	0.442	1.10	0.319
9.3	1.538	Policy & Program Development	5.40	1.403	5.40	1.334	5.70	1.644
2.1	0.408	Outreach & Communications	0.80	0.286	1.20	0.444	1.00	0.278
1.8	0.317	Management & Finance	2.20	0.489	1.80	0.399	1.80	0.411
1.1	0.211	Monitoring & Evaluation	1.30	0.356	1.30	0.356	1.40	0.412
15.1	2.772	TOTAL	11.00	2.975	11.00	2.975	11.00	3.064

FY03 Performance Highlights

64. IBRD-GEF’s FY03 corporate program will be delivered largely as planned and within budget. Program coordination efforts include delivery of an IBRD-GEF program expected to total approximately \$260 million for 31 full-size and 20 medium-size projects. The IBRD-GEF coordination team continues to take the necessary through regional Work Program Agreements to ensure greater resource predictability for the regions and has facilitated regional programming in new and emerging areas. During FY03, the IBRD-GEF coordination team provided operational advice to regional operations staff on application of Bank policies and procedures to GEF projects, as well as on the GEF project cycle; completed a review of the Bank/GEF pipeline to match GEF-3 priorities and funding targets, as input to the GEF business planning process; and finalized the proposed policy change on the currency denomination of some GEF grants.

65. FY03 saw expanded allocation of IBRD-GEF coordination staff time for the development of an increasingly complex set of GEF Council papers, including the fee review and strategic priorities for the business plan. IBRD-GEF was involved in the organization of the GEF Assembly and associated panels, workshops and related outreach activities. IBRD-GEF continued its efforts to operationalize collaborative arrangements with new Executing Agencies under the Expanded Opportunities initiative. IBRD-GEF’s contributions to the Corporate M&E Program included inputs to the FY02 Project Implementation Review; participation in the SMPRs, as well as the private sector review, biodiversity financial sustainability review; and development of GEF program indicators. IBRD staff participated in 13 GEF Country Dialogue Workshops and continued to support GEF Focal Points through IBRD country offices.

66. As a follow up to the Financial Procedures agreed with the GEF Trustee, several supporting reports were developed to meet the reporting requirements. The IBRD-GEF coordination team conducted a comprehensive review of IBRD-GEF allocations, commitments and disbursements, in collaboration with Trustee. As a result IBRD-GEF was able to release \$47.4 million in committable resources to the GEF Trust Fund, in addition to the \$118.4 million that had been previously reported to GEFSEC.

FY04 Proposal Highlights

67. The IBRD-GEF FY04 program plans to focus on the following corporate management activities:

- i. GEF Corporate Activities: The IBRD-GEF coordination team will provide the Bank's input to the development of GEF Council papers, policies and strategies; participate in GEF M&E reviews; contribute to GEF corporate outreach activities; and engage with the GEF STAP.
- ii. Support to Task Teams on Operational Policies and Procedures: The IBRD-GEF coordination team will support project tasks teams by providing overall program guidance on GEF project processing and good practice, and on the application of Bank policies and procedures to GEF operations. IBRD-GEF will work with relevant Bank units to better integrate GEF products in the Bank's institutional systems for project information/data management and documentation.
- iii. Work Program Delivery: The IBRD-GEF coordination team will focus on preparing, negotiating and monitoring GEF Work Program Agreements for delivery of GEF work programs by the regions and their associated GEF budget allocations – consistent with GEF strategic priorities, funding targets and project fee systems, as well as the objective of mainstreaming with IBRD's country dialogue. This should encompass management of the delivery of a projected IBRD-GEF work program of about \$325 million as well as management of an active portfolio of over 190 projects with commitments of \$1.8 billion. IBRD-GEF coordination team will also implement Bank and GEF financial procedures for allocations, commitment and disbursement of GEF resources to the Regions' programs.
- iv. Mainstreaming in the Country Dialogue: The IBRD-GEF coordination team will support mainstreaming of the global environment in the Bank's country sector work by raising awareness and understanding among country and sector management units on the linkages between the global environment and the Bank's poverty reduction mission.
- v. Enhanced efforts at portfolio management: IBRD-GEF coordination team will ensure compliance with the GEF monitoring and evaluation procedures and promote the integration of the GEF program in Bank portfolio management and quality assurance processes. It will conduct the annual Project Implementation Review with the regions, identifying portfolio improvement actions for follow-up with the regions. The IBRD-GEF coordination team will also oversee implementation of the Bank/GEF knowledge management plan to enhance portfolio quality through dissemination of lessons and to support pipeline development in new and emerging areas.

68. Overall, it is expected that over 50% of IBRD-GEF budget resources will be allocated for policy and program development and coordination, consistent with IBRD's core business as an Implementing Agency. IBRD-GEF expects increased transaction costs for the delivery of the work program, given the need to match country-driven programming with corporate GEF strategic priorities. An increase is anticipated for M&E activities, particularly for the SMPRs.

69. IBRD-GEF plans to deliver its FY04 corporate program within a budget envelope 3% higher than its FY03 budget in order to accommodate inflation.

Scientific and Technical Advisory Panel

70. The Scientific and Technical Advisory Panel's (STAP) estimated FY03 expenditures and proposed FY04 Corporate Budget is summarized in Table 7, and discussed in the following paragraphs.

Table 7: Proposed FY04 STAP Budget

<i>FY02 Actual</i>			<i>FY03 Budget</i>		<i>FY03 Estimated</i>		<i>FY04 Budget</i>	
<i>StfYrs</i>	<i>\$m</i>	Corporate Management Activity	<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>
		STAP Secretariat -						
0.6	0.163	Institutional Relations	0.6	0.196	0.6	0.196	0.6	0.150
0.5	0.135	Policy & Program Development	0.5	0.164	0.5	0.164	1.3	0.325
0.7	0.190	Outreach & Communications	0.7	0.229	0.7	0.229	0.7	0.175
0.2	0.055	Management & Finance	0.2	0.065	0.2	0.065	0.7	0.175
2.0	0.543	Sub-Total	2.0	0.654	2.0	0.654	3.3	0.825
		STAP Members -						
	0.378	Honoraria & Logistical/Secretarial Support		0.500		0.500		0.570
	0.511	STAP Meetings/Workshops		0.610		0.610		0.425
0.0	0.889	Sub-Total	0.0	1.110	0.0	1.110	0.0	0.995
2.0	1.432	TOTAL	2.0	1.764	2.0	1.764	3.3	1.820

FY03 Performance Highlights

71. Membership of STAP rose from 12 to 15 members at the start of the term of STAP III in July 2002. A joint meeting between STAP II and STAP III was held as well as a GEF Familiarization Seminar. Two meetings of STAP were held in FY03, namely the first and second meeting of STAP III. A triennial work program, in line with the triennial Business Plan of the GEF, and a detailed work program for FY04 were prepared. One brainstorming on OP#7 and one workshop on POPs were held. STAP also started the process of a review of targeted research in the GEF, and the preparation of a handbook on carbon sequestration. In addition STAP convened a panel on Science and the Global Environment at the Second GEF Assembly. STAP participated in and contributed substantively to a number of M&E activities, namely the PIRs and the private sector review. Continuation of STAP's input in assessment and science-oriented projects was ensured through participation of the new panel members in project steering committee meetings. STAP developed a new roster of experts through re-selection of experts on the roster established in 1996, and the inclusion of new experts, in response to the current and evolving expertise needs of the GEF.

FY04 Proposed Highlights

72. STAP will continue with the implementation of its work program with planned activities in POPs, land degradation, international waters, biodiversity and climate change, as well as in cross-cutting issues. It is expected that STAP will provide advice and produce technical reports on major scientific issues of relevance to GEF. The review of targeted research by STAP will be completed at the end of FY04. STAP will contribute to the development of the proposal on the role of STAP, to be prepared by UNEP and the GEF Secretariat in consultation with the other Implementing Agencies, and to be submitted to the GEF Council in FY04. STAP will continue enhancing the quality of the STAP roster of experts. STAP will also continue to work closely with M&E on all its review and best practices related work. STAP will continue to develop and build strong relationships with the wider scientific and technical community particularly in recipient countries.

Trustee

73. Trustee's estimated FY03 expenditures and proposed FY04 Corporate Budget are summarized in Table 8 and further discussed in the following paragraphs.

Table 8: Proposed FY04 Trustee Budget

<i>FY02 Actual</i>		<i>FY03 Budget</i>	<i>FY03 Estimated</i>	<i>FY04 Proposed</i>
<i>\$m</i>	Corporate Management Activity	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
0.425	Resource Mobilization and Management	0.436	0.436	0.451
0.074	Legal services	0.077	0.077	0.810
0.174	Accounting & Reporting	0.180	0.180	0.185
0.117	Investment Management	0.117	0.117	0.117
0.035	External Audit on the GEF Trust Fund	0.038	0.038	0.040
0.825	TOTAL	0.848	0.848	0.874

FY03 Performance Highlights

74. In FY03, in collaboration with the GEF Secretariat, the Trustee completed the discussions for the third replenishment of the GEF Trust fund, and facilitated the adoption of the GEF-3 Replenishment Resolution by the Executive Directors of the World Bank. The Trustee implemented the Resolution and has received Instruments of Commitment and payments for the GEF-3. (The Advance Contribution Scheme became effective on February 4, 2003, and the GEF-3 became effective on March 24, 2003). In October 2002, the Trustee attended the Council meeting and the GEF Second Assembly in Beijing, China.

75. As part of the Trustee's regular review of fiduciary controls and procedures of the activities of the GEF Trust Fund, the Trustee conducted a COSO⁵ workshop attended by the

⁵ COSO stands for the "Committee of Sponsoring Organizations of the Treadway Commission". It is a voluntary private sector organization dedicated to improving the quality of financial reporting through business ethics, internal

Implementing Agencies and the Secretariat to assess the roles, responsibilities and accountabilities of the Trustee's partners and the associated inherent financial and operational risks. The Trustee will develop an action plan in FY04, in consultation with its partners, based on the outcome of the COSO workshop.

76. The Trustee has taken a number of steps to strengthen the controls for the financial management of the GEF Trust Fund, integrity of data submitted to the Trustee and compliance with Trustee's reporting requirements. To begin, the Trustee enhanced its existing business system to improve the capacity to project and monitor GEF Trust Fund commitment authority. Subsequently, the Trustee, in collaboration with its partners, conducted a comprehensive review of all GEF allocations, commitments, and disbursements since the inception of the GEF Trust Fund. Finally, the Trustee, in consultation with its partners has enhanced the financial procedures for management of the GEF Trust Fund in accordance with good financial practices and fiduciary responsibilities of the Trustee. These updated financial procedures will be reflected in Financial Procedures Agreements signed between the Trustee and agencies, which have direct access to GEF Trust Fund resources.

FY04 Proposal Highlights

77. Capitalizing on the COSO Workshop conducted during FY03, an action plan will be developed that will focus on streamlining the operational control procedures for the management of the GEF Trust Fund and further strengthening financial management and reporting including developing appropriate policies to mitigate risks and enhancing transparency in financial reporting. The Trustee intends to strengthen coordination and collaboration with its GEF partners by holding annual financial consultations.

78. The proposed FY04 budget is prepared on the basis of a 3% cost increase over the previous year's approved budget as requested by the Secretariat. In the coming year, the Trustee will examine with the Secretariat the current cost structure with a view to ensuring that the needs of managing the GEF Trust Fund are met while costs associated with Trustee functions are appropriately compensated to recover the full cost in connection with its trust fund administration activities⁶.

controls, and corporate governance. In 1992, an integrated framework for internal control was issued by the Committee, and accepted widely by enterprises of all kinds as a common reference point which entities can use to assess the quality of their internal control system.

⁶ IBRD has introduced a full cost recovery policy generally for trust fund administration activities.

III. SPECIAL INITIATIVES

Review of FY03 Special Initiatives

Second GEF Assembly – Second Phase

79. The Second GEF Assembly was held in Beijing, China, from October 16-18, 2002. Very generous support and hospitality was provided by the government of the People's Republic of China. There were 1,244 participants, including 64 ministers, from 127 delegations; and representation from 255 NGOs and major groups. Forty-two workshops and seminars were also organized outside of the plenary meetings. Six panels (for Eminent Persons, Implementing and Executing Agencies, China, STAP, Parliamentarians and NGOs) were organized and 18 exhibitors also mounted displays. The Assembly concluded with the adoption of the *Beijing Declaration*. Because of the generous support from China and cost efficiencies, savings of \$0.353 million will be returned to the GEF Trust Fund.

Strategic Collaboration and Framework for Capacity Building for the Global Environment

80. During FY03 the GEF Secretariat and Implementing Agencies continued to work with countries in preparing their national self assessments of capacity building needs. Resources were provided in the FY03 budget for the organization of regional consultations with countries that had launched their NCSAs and other stakeholders to obtain feedback on the process, emerging priorities and other lessons that can contribute to the development of a GEF strategy on capacity building. During FY03, only a few countries had actually initiated work on their NCSAs although many countries were preparing the necessary project proposals to finance the activities. Therefore, it was agreed that the regional consultations would be postponed until FY04 when a sufficient number of countries had obtained experience in the NCSA process. The resources allocated in the FY03 for this purpose have been carried over to FY04.

Review of Special Initiatives Approved Prior to FY03

81. The following paragraphs review a number of special initiatives, approved in previous fiscal years, for which activities were undertaken in FY03.

World Summit on Sustainable Development

82. As reported to the Council at its meeting in October 2002 (GEF/C.20/Inf.5, *GEF Contributions to the World Summit on Sustainable Development*), as a joint effort of the GEF Secretariat and the Implementing Agencies, the GEF organized a number of outreach activities at the WSSD. The program included a number of components such as displays, billboards, side events, and media coverage along with the GEF's formal input into the WSSD process and the Summit itself, which contributed greatly to promoting the achievements of the GEF during the WSSD.

83. As a joint effort of the Secretariat and the Implementing Agencies, the GEF organized a number of outreach activities at the WSSD including the design and placement of billboards at prominent locations in Johannesburg, a 74 square meter multimedia display at the Ubuntu Village exhibition site, and a separate exhibit at the WaterDome mounted in collaboration with the International Maritime Organization (IMO) and the United Nations Industrial Development Organization (UNIDO). These activities reinforced the participation of GEF and Implementing Agency staff in WSSD events and in several press encounters. The savings will be returned to the GEF Trust Fund.

Country Level Coordination and country Ownership of GEF-Financed Activities

84. Assistance was also provided directly to national focal points in 128 countries through a country office of one of the Implementing Agencies (see GEF/C.21/Inf.12).

Proposed FY04 Special Initiative

85. The FY04 Corporate Budget incorporates funding for the proposed contribution of a special initiative, summarized in Table 9 and described in the following paragraphs.

Table 9: Proposed FY04 Special Initiatives

Special Initiatives	\$m
Country-Level Coordination and Country Ownership of GEF-Financed Activities	0.372
TOTAL	0.372

Country-Level Coordination and Country Ownership of GEF-Financed Activities

86. The Council, at its meeting in May 1999, approved \$1.815 million to support national focal points and constituency coordination for a three year period. Under this initiative, support was provided to the focal points and recipient country Council Members through the local offices of an Implementing Agency for a three year period. As of January 2003, national focal points from 128 countries had received support or were undergoing discussions with an Implementing Agency to arrange for the provision of such support. A report on the support provided is before the Council in document GEF/C.21/Inf.12, *Review of GEF Assistance to National Focal Points*.

87. At the Second GEF Assembly, Participants agreed that national operational focal points should be strengthened to effectively carry out their responsibilities in the GEF. It is proposed that the Secretariat prepare for Council review and approval at its meeting in May 2004 proposals to strengthen national operational focal points. Pending approval of such proposals, it is proposed that the on-going support to national focal points and constituency coordination be continued through the end of FY04 and evaluated by an independent evaluator. The lessons learned from providing this support will be an important input into crafting the proposals for Council review. An additional \$350,000 is requested in FY04 to continue the support to focal points and Council Members. A sum of \$22,000 is requested for an independent evaluation of the support.

IV. PROPOSED FY04 CORPORATE BUDGET BY EXPENSE CATEGORY

Corporate Expense Categories

88. The proposed FY04 Corporate Budget is further discussed in this section in terms of the corporate expense categories, which are typically and commonly used by the GEF Units. These common expense categories, which have been agreed with all GEF Units, are defined and described below. Within each GEF Unit, these expense categories are governed by the relevant policies, guidelines and practices of the respective parent agency providing administrative support to that GEF Unit.

- (a) Staff Salaries and Benefits: Salaries and staff benefits pertaining to regular and term staff.
- (b) Staff Travel: Travel related to corporate activities such as Convention-related meetings, Council, inter-agency/bilateral/multi-lateral meetings and international conferences/workshops.
- (c) Consultant Fees and Travel: Consultant fees and associated travel to support corporate work program and activities.
- (d) Contractual Services: Contractual provision of goods and services by vendors; primarily related to publications costs (design, printing, translation).
- (e) Meetings/Conferences/Workshops: Meeting services and travel for recipient-country Council Members and Alternates and NGOs to attend GEF Council meetings and workshops convened by GEF Secretariat; and includes costs of interpretation and hospitality.
- (f) Office Equipment: Office technology and communication equipment.
- (g) General overheads: Office occupancy services (e.g., office space, utilities, communications, systems support, and equipment supplies and fixtures) provided by the respective parent agency and charged to each GEF Unit on some agreed basis (e.g., square footage of space occupied).
- (h) Institutional services: Central services (e.g., personnel, treasury, accounting & audit, security, travel, information systems, general services, etc.) provided by the respective parent agency and charged to each GEF Unit on some agreed basis (e.g., a percentage of net staff salaries).

GEF Secretariat

89. GEF Secretariat's estimated FY03 expenditures and proposed FY04 Corporate Budget are summarized in Table 10, and discussed in the following paragraph.

Table 10: Proposed FY04 GEF Secretariat Budget

<i>FY02 Actual</i>	<i>Expense Category</i>	<i>FY03 Budget</i>	<i>FY03 Estimated</i>	<i>FY04 Proposed</i>
<i>\$m</i>		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
4.401	Staff Salaries and Benefits	5.744	5.124	5.916
1.184	Staff Travel	0.637	0.441	0.656
0.690	Consultant Fees and Travel	0.412	0.352	0.425
0.569	Contractual Services	0.404	0.457	0.416
0.260	Meetings/Conferences/Workshops	0.800	0.574	0.824
0.464	Office Equipment	0.480	0.479	0.495
0.412	General Overheads	0.435	0.467	0.448
0.182	Parent Agency Institutional Services	0.251	0.212	0.258
8.162		9.163	8.106	9.438

FY03 Estimated

90. At the end of FY03, GEF Secretariat budget was under spent in the category of staff salaries and benefits. Although newly budgeted positions had been filled during the year, some positions that had been made vacant through normal turnover were left unfilled in order to provide the new CEO with flexibility in staffing. In addition, workshops that had been planned as follow up to the policy work on capacity development were held over to the next fiscal year.

FY04 Proposed

91. For FY04, the GEF Secretariat expects to fill all the vacant positions. No increases above the FY03 budgeted amounts are expected beyond projected price increases and annual salary adjustments.

Monitoring & Evaluation

92. The Monitoring & Evaluation Unit's estimated FY03 expenditures and proposed FY04 Corporate Budget is summarized in Table 11, and discussed in the following paragraphs.

Table 11: Proposed FY04 Monitoring & Evaluation Budget

<i>FY02 Actual</i>	<i>Expense Category</i>	<i>FY03 Budget</i>	<i>FY03 Estimated</i>	<i>FY04 Proposed</i>
<i>\$m</i>		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
0.679	Staff Salaries and Benefits	0.975	0.720	1.004
0.159	Staff Travel	0.160	0.086	0.210
0.449	Consultant Fees and Travel	0.500	0.791	0.459
0.259	Contractual Services	0.060	0.071	0.050
0.035	Meetings/Conferences/Workshops	0.007	0.008	0.000
0.048	Office Equipment	0.081	0.110	0.110
0.022	General Overheads	0.048	0.048	0.060
0.042	Parent Agency Institutional Services	0.044	0.041	0.042
1.693		1.875	1.875	1.935

FY03 Estimated

93. Overall expenditures and most cost items are estimated to be as budgeted. Expenditures pertaining to staff were lower than anticipated because one of the M&E specialists in the unit moved to another position and the new person will only start at the end of the fiscal year. There was hence a need to increase the short-term consultant services. This also caused a drop in staff travel. The expenditures for office equipment was increased due to a high number of telephone conferences related to the new review modality, the SMPR.

FY04 Proposed

94. Staff salaries reflect the expenses for five professional level staff members as approved in the FY03 budget. Due to a recent increase in the number of regular staff, the expenses for consultants will be lower in FY04. The increase in staff influences expenses for staff travels.

Implementing Agencies

95. The proposed FY04 corporate budget for the three Implementing Agency coordination units, totaling \$ 8.539 million, is summarized in Table 12 and further discussed in the following paragraphs.

Table 12: Proposed FY04 GEF Implementing Agencies' Budgets

<i>Total</i>	<i>Expense Categories</i>	<i>Implementing Agencies</i>							
		<i>UNDP</i>		<i>UNEP</i>		<i>IBRD</i>		<i>Total</i>	
		<i>FY03</i>	<i>FY04</i>	<i>FY03</i>	<i>FY04</i>	<i>FY03</i>	<i>FY04</i>	<i>FY03</i>	<i>FY04</i>
		<i>Budget</i>	<i>Prosd</i>	<i>Budget</i>	<i>Prosd</i>	<i>Budget</i>	<i>Prosd</i>	<i>Budget</i>	<i>Prosd</i>
<i>\$m</i>		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
4.768	Staff Salaries and Benefits	1.213	1.248	1.767	1.800	2.000	2.060	4.980	5.109
0.810	Staff Travel	0.271	0.279	0.280	0.300	0.270	0.285	0.821	0.864
0.291	Consultant Fees and Travel	0.166	0.171	0.050	0.050	0.150	0.156	0.366	0.377
0.145	Contractual Services	0.026	0.027	0.050	0.100	0.065	0.070	0.141	0.197
0.116	Meetings/Conferences/Workshops	0.022	0.023	0.060	0.060	0.030	0.020	0.112	0.103
0.120	Office Equipment	0.016	0.017	0.155	0.100	0.020	0.023	0.191	0.139
0.878	General Overheads	0.407	0.419	0.170	0.200	0.290	0.290	0.867	0.909
0.808	Parent Agency Institutional Services	0.564	0.581	0.100	0.100	0.150	0.160	0.814	0.841
7.936	TOTAL	2.685	2.765	2.632	2.710	2.975	3.064	8.292	8.539

UNDP-GEF

96. UNDP-GEF's estimated FY03 expenditures and proposed FY04 Corporate Budget are summarized in Table 13 and discussed in the following paragraph.

Table 13: Proposed FY04 UNDP-GEF Budget

<i>FY02 Actual</i>	<i>Expense Category</i>	<i>FY03 Budget</i>	<i>FY03 Estimated</i>	<i>FY04 Proposed</i>
<i>\$m</i>		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
1.180	Staff Salaries and Benefits	1.213	1.213	1.248
0.263	Staff Travel	0.271	0.271	0.279
0.161	Consultant Fees and Travel	0.166	0.166	0.171
0.025	Contractual Services	0.026	0.026	0.027
0.021	Meetings/Conferences/Workshops	0.022	0.022	0.023
0.016	Office Equipment	0.016	0.016	0.017
0.395	General Overheads	0.407	0.407	0.419
0.549	Parent Agency Institutional Services	0.564	0.564	0.581
2.617		2.685	2.685	2.765

FY03 Estimated

97. Staff salaries represent 11 full-time professional and 5 full-time support positions performing corporate management and coordination activities. The costs for consultant fees and travel represent the usage of support staff for corporate activities, as well as consultant services for the technical advisory tasks in all the thematic areas, plus monitoring and evaluation activities. General overheads relate to costs for office space, utilities and maintenance, communications, systems support, and equipment supplies and fixtures in supporting the corporate activities. Parent Agency Institutional Services represent all UNDP infrastructure support such as accounting, treasury, personnel, communications, travel, information systems, and audit.

FY04 Proposed

98. UNDP-GEF's FY04 corporate management and coordination staffing level remains at 11 full-time professional and 5 full-time support positions. UNDP-GEF's proposed FY04 budget includes an inflation cost increase of 3% corresponding to \$0.08 million, resulting in a total budget of \$2.765 million.

UNEP-GEF

99. UNEP-GEF's estimated FY03 expenditures and proposed FY04 Corporate Budget are summarized in Table 14 and discussed in the following paragraph.

Table 14: Proposed FY04 UNEP-GEF Budget

<i>FY02 Actual</i>	<i>Expense Category</i>	<i>FY03 Budget</i>	<i>FY03 Estimated</i>	<i>FY04 Proposed</i>
<i>\$m</i>		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
1.693	Staff Salaries and Benefits	1.767	1.767	1.800
0.347	Staff Travel	0.280	0.280	0.300
0.000	Consultant Fees and Travel	0.050	0.050	0.050
0.056	Contractual Services	0.050	0.050	0.100
0.080	Meetings/Conferences/Workshops	0.060	0.060	0.060
0.082	Office Equipment	0.155	0.155	0.100
0.196	General Overheads	0.170	0.170	0.200
0.100	Parent Agency Institutional Services	0.100	0.100	0.100
2.554		2.632	2.632	2.710

FY03 Estimated

100. Staff salaries represent 11 full-time professional and 15 full-time support positions performing corporate management and coordination activities. UNEP-GEF's planned corporate activities will be implemented within the budget allocation for FY03.

FY04 Proposed

101. UNEP GEF's corporate staffing level for FY04 remains at 11 full-time professional and 15 full-time support positions. The planned UNEP-GEF corporate activities for FY04 will be implemented within the same budget allocation as for FY03 with a three percent increase in costs to cater for inflation.

IBRD-GEF

102. IBRD-GEF's estimated FY03 expenditures and proposed FY04 Corporate Budget are summarized in Table 15, and discussed in the following paragraphs.

Table 15: Proposed FY04 IBRD-GEF Budget

<i>FY02 Actual</i>	<i>Expense Category</i>	<i>FY03 Budget</i>	<i>FY03 Estimated</i>	<i>FY04 Proposed</i>
<i>\$m</i>		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
1.895	Staff Salaries and Benefits	2.000	2.000	2.060
0.200	Staff Travel	0.270	0.400	0.285
0.130	Consultant Fees and Travel	0.150	0.120	0.156
0.064	Contractual Services	0.065	0.065	0.070
0.015	Meetings/Conferences/Workshops	0.030	0.030	0.020
0.022	Office Equipment	0.020	0.020	0.023
0.287	General Overheads	0.290	0.240	0.290
0.159	Parent Agency Institutional Services	0.150	0.100	0.160
2.772		2.975	2.975	3.064

FY03 Estimated

103. IBRD-GEF corporate management activities are delivered by a small coordination unit of 4 full-time professional-level staff, supported by a wide range of specialist inputs drawn from across the institution (detailed in Annex A). FY03 travel estimate is expected to increase significantly to accommodate the cost of support to the GEF Assembly in China and the GEF corporate M&E program. Overall, IBRD-GEF expects to remain within its FY03 budget.

FY04 Proposed

104. Shifts among expense categories from FY03 levels are expected to be minor. The small increase projected for salaries and benefits is largely to accommodate inflation. With the staffing complement remaining stable, general overheads and institutional services costs also remain constant. A modest increase in consultant fees and travel, as well as contractual services, is also expected in order to provide technical support to the overall program, particularly for new GEF strategic priorities and knowledge management for enhancing portfolio quality. Travel is projected to return to a normal level after the build up to the GEF Assembly. Also, Meetings/Conferences/Workshops are expected to see a slight decline for the same reason.

Scientific and Technical Advisory Panel

105. The Scientific and Technical Advisory Panel's estimated FY03 expenditures and proposed FY04 Corporate Budget is summarized in Table 16, and discussed in the following paragraph.

Table 16: Proposed FY04 STAP Budget

<i>FY02 Actual</i>	STAP – Secretariat Expense Category	<i>FY03 Budget</i>	<i>FY03 Estimated</i>	<i>FY04 Proposed</i>
<i>\$m</i>		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
0.397	Staff Salaries and Benefits	0.293	0.293	0.520
0.058	Staff Travel	0.103	0.103	0.030
0.025	Consultant Fees and Travel	0.041	0.041	0.040
0.000	Contractual Services	0.028	0.028	0.030
0.000	Office Equipment	0.026	0.026	0.050
0.063	General Overheads	0.163	0.163	0.155
0.000	Parent Agency Institutional Services	0.000	0.000	0.000
0.543		0.654	0.654	0.825
<i>FY02 Actual</i>	STAP – Members Expense Category	<i>FY03 Budget</i>	<i>FY03 Estimated</i>	<i>FY04 Proposed</i>
<i>\$m</i>		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
0.378	Honoraria & Logistical/Secretarial Support	0.500	0.500	0.570
0.511	STAP Meetings	0.610	0.610	0.425
0.889		1.110	1.110	0.995
1.432	STAP Total	1.764	1.764	1.820

FY03 Estimated

106. It is estimated that the Workprogram for STAP as adopted for FY03 will be implemented within the budget allocation.

FY04 Proposed

107. The STAP work program for FY04 will be implemented within the same budget as approved for FY03, with a 3% increase in costs to cater for inflation.

V. PROPOSED FY04 CORPORATE BUDGET SUMMARY

108. The estimated FY03 expenditures and proposed FY04 Corporate Budget for all GEF Units are summarized in Table 17.

Table 17: Proposed FY04 Corporate Budget

<i>FY02 Actual</i>		<i>GEF Units</i>	<i>FY03 Budget</i>		<i>FY03 Estimate</i>		<i>FY04 Budget</i>	
<i>StfYrs</i>	<i>\$m</i>		<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>
24.3	8.162	Secretariat	29.6	9.163	28.3	8.106	29.6	9.438
5.4	1.693	Monitoring & Evaluation	5.6	1.875	5.6	1.875	5.8	1.935
10.6	2.649	UNDP-GEF	10.6	2.685	10.6	2.685	10.6	2.765
11.0	2.554	UNEP-GEF	11.0	2.632	11.0	2.632	11.0	2.710
15.1	2.772	IBRD –GEF	11.0	2.975	11.0	2.975	11.0	3.064
2.0	1.432	STAP	2.0	1.764	2.0	1.764	3.3	1.820
n.a.	0.825	Trustee 1/	n.a.	0.848	n.a.	0.848	n.a.	0.874
68.4	20.087	Sub-Total	69.8	21.942	68.5	20.885	71.3	22.606
		Special Initiatives						
		Second GEF Assembly		2.023				
		Collaboration and Framework for Capacity Building 2/		0.335				
		Country-Level Ownership and Coordination of GEF-Financed Activities						0.372
		Sub-Total						0.372
		TOTAL	69.8	24.300			72.7	22.978

1/ Services provided by Trustee appropriately are not measured in terms of Staff years.

2/ Approved by Council in December 2001.

GEF UNITS – FY03 STAFFING COMPLEMENT

GEF Secretariat

Front Office

CEO & Chairman

Assistant CEO

Sr. Operations Officer (Strategy)

Sr. Operations Officer (Project Cycle)

Corporate Team

Team Leader

Country Relations Manager

Sr. Operations Officer (Country Relations)

Sr. Environment Specialist, NGO Coordinator

Sr. Environment Specialist

Capacity Development Manager

Finance & Administration

Corporate Finance Manager

Resource Management Officer

Data Administrator

Information Technology Administrator

Communication & Outreach

Team Leader

Sr. Editor & Pub. Manager

Writer/Communications Associate

Biodiversity

Team Leader

Senior Social Scientist (Vacant)

Biodiversity Specialist (Vacant)

Senior Environment Specialist

Program Manager

Land & Water Resources

Team Leader

Sr. Adviser International Waters

Sr. Environment Specialist (POPs)

Sr. Environment Specialist

Sr. Environment Specialist

Climate Change

Team Leader

Sr. Environmental Specialist

Sr. Environmental Specialist

Environmental Specialist

Environmental Specialist (Private Sector)

Supported by 9 program and administrative assistants, a Program Coordinator, and a Resource Management Analyst

Monitoring & Evaluation

Team Leader

Sr. M & E Specialist

Sr. M & E Specialist

Sr. M & E Specialist

Sr. M & E Specialist

Supported by a program assistant

GEF UNITS – FY03 STAFFING COMPLEMENT

UNDP-GEF

Executive Coordinator
Deputy Executive Coordinator
Principal Technical Advisor - Biodiversity
Principal Technical Advisor - Climate Change
Principal Technical Advisor - International Waters
Principal Technical Advisor – Medium-size, Biodiversity Enabling & NGO Partnerships
Chief, Programme Operations Support
Finance Officer
Monitoring & Evaluation Officer
Corporate Policy & Strategy Officer
Economist – Environment & Partnerships

Supported by 5 Associates and Administrative Secretaries/Assistants

UNEP-GEF

Director
Deputy Director
Senior Programme Officer - Biodiversity
Senior Programme Officer - Climate Change
Senior Programme Officer - International Waters
Senior Programme Management Officer
Senior Programme Officer - POPs
Washington Liaison Officer
Data Management Officer
Programme Officer - Biodiversity
Programme Officer - International Waters

Supported by 15 Program and Administrative Secretaries/Assistants

GEF UNITS – FY03 STAFFING COMPLEMENT

IBRD-GEF

Program Leader (partially funded by GEF)
Senior Operations Officer
Operations Officer, Portfolio Management
Senior Budget Officer, (partially funded by GEF)
Budget Officer
Operations Analyst

Supported by one Program Assistant

Corporate management activities are carried out by the central GEF coordination team with the support of a wide range of specialist inputs drawn from across the institution. These staff resources are mainstreamed into IBRD's operations and are only partially funded from the GEF corporate budget. These include (a) technical specialists in the Environment Department for biodiversity, climate change, international waters, land degradation, ozone depletion and POPs; (b) GEF regional coordinators in the Africa, East Asia/Pacific, Europe/Central Asia, Latin America/Caribbean, Middle East/North Africa, and South Asia regions; and (c) IFC Environmental Projects Unit staff.

STAP Secretariat

STAP Secretary - Washington
Programme Officer – Washington
Programme Officer – Nairobi (part-time)
Programme Management Officer – Nairobi (part-time)

Supported by 2 programme and Administrative Secretaries/Assistants