



# Global Environment Facility

## Summary of Document GEF/C.31/9

### Business Plan FY08-10 and Corporate Budget Request for FY08

#### Recommended Council Decision

The Council, after having reviewed the *GEF Business Plan for FY08 and the FY08 Corporate Budget*, document GEF/C.31/9, takes note of the business plan and approves a FY08 Corporate Budget of \$15.868 million comprising:

- (a) \$13.249 million for the GEF Secretariat;
- (b) \$1.989 million for the STAP; and
- (c) Special initiatives for the Review of GEF-related Administrative Expenses in the Implementing Agencies in the amount of \$0.380 million and for the Development of Tools to Assess the Impact of Climate Change on Project Results and Sustainability in the amount of \$0.250 million.

The Council approves the Terms of Reference for the Review of GEF-related Administrative Expenses in the Implementing Agencies.

#### EXECUTIVE SUMMARY

1. The Secretariat has previously presented for Council consideration separate documents for the GEF Business Plan and the Corporate Budget. The Business Plan informed Council of the progress made towards meeting the goals and targets of each replenishment period, reflecting on the achievements of the prior years, anticipating the expected challenges in the coming years, and outlining the activities to be carried out to meet those challenges. The Corporate Budget requested the Council to authorize resources for meeting the expected costs associated with the activities to be carried out in the forthcoming fiscal year. In order to more closely tie the request for budgetary resources to the strategic directions and proposed activities of the GEF, this document presents both the business plan for the GEF-4 period and the corporate budget for the next fiscal year.

2. With the successful conclusion of the fourth replenishment of the GEF Trust Fund in August 2006, the GEF is now focused on delivering the agreed results. The priorities and activities for the 4-year period of GEF-4 (FY07-FY10) are guided by the policy

recommendations of the replenishment. To better focus and integrate the GEF's response to the policy recommendations, the CEO presented to the Council, at the December 2006 meeting, a five-point sustainability compact consisting of five key elements (strategy, innovation, equity, accessibility, and focus) aimed at raising the impact of GEF investments to a new level of results and making the GEF a leading force for sustainable development for all people.

3. The Business Plan describes the status of policy development underway, or to be undertaken, in the following areas to: (a) implement the policy recommendation of the fourth replenishment; and (b) to further develop the GEF as an institution based on the five-point sustainability compact. It builds upon the significant achievements in FY07 including (a) the largest replenishment of the GEF Trust Fund, (b) the convening of the Third GEF Assembly, (c) the largest level of annual funding in GEF's history, (d) presentation for Council review and approval revised focal area strategies, a policy on comparative advantages of GEF Agencies, a revised project cycle, and a results-based management framework and (e) implementation of the key elements of the sustainability compact: elimination of the corporate budget for the implementing agencies and a corresponding increase in the agency project cycle management fee, establishment of a new pipeline for 2007, shift to actual incremental cost-based project preparation grants, revised guidelines for programming Small Grants Program resources, launch of a new GEF website, and the initiation of a process of direct consultation with recipient countries.

4. The GEF corporate budget requests \$15.868 million for the Secretariat and STAP for FY08 to meet the costs of activities to be carried out and outputs to be delivered in FY08 based on the business plan. The corporate budget includes \$0.630 million for special initiatives. This represents a decrease of \$0.841 million (5.3%) compared to the FY07 approved budget of \$16.709 million for the two entities. While the FY08 budget request includes an increase in the core corporate budget for the Secretariat and STAP of \$1.343 million, this is offset by a decrease in the amount requested for special initiatives of \$2.184 million.

5. Beginning in FY08, the GEF Implementing Agencies will be compensated for their services through the provision of project cycle management fees on GEF-financed projects that they manage. In addition, starting in FY08, the Trustee is also presenting a separate budget request for the cost of the services it provides, (GEF/C.31/13, *FY08 Budget for the Trustee*).

When the separate budget requests of the Evaluation Office and the Trustee are included, the total budget request inclusive of all special initiatives for FY08 is \$22.061 million. This represents a decrease of \$8.92 million (29%) compared to the approved total FY07 budget of \$30.981 million. Most of the savings results from the Council decision to no longer provide a corporate budget for the Implementing Agencies.