



# Global Environment Facility

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GEF Council  
June 22-24, 2009

Agenda Item 16

## GEF BUSINESS PLAN AND CORPORATE BUDGET FOR FY10

**Recommended Council Decision**

The Council, after having reviewed the *GEF Business Plan and Corporate Budget for FY10* (GEF/C.35/8), takes note of the business plan and approves a FY10 Corporate Budget of \$26.825 million comprising:

- (a) \$17.809 million for the Secretariat;
- (b) \$2.108 million for the STAP;
- (c) \$2.884 million for the Trustee; and
- (d) \$4.024 million for the Evaluation Office.

In approving the FY10 budget for the Trustee, the Council agrees with the proposal to resume the financing of audit costs incurred by the Global Environment Facility (GEF) Agencies in respect of audits of the financial statements on GEF resources received by Agencies for projects and project preparation activities.

## EXECUTIVE SUMMARY

1. The GEF is moving towards the last year of its fourth replenishment period (GEF-4). The policy recommendations of the replenishment provide guidance for the priorities and activities for the 4-year period of GEF-4 (FY07-10). To-date, almost all recommendations have been implemented. In addition, the five-point sustainability compact consisting of five key elements (Strategy, Innovation, Equity, Accessibility, and Focus) as presented by the CEO to the Council at the December 2006 meeting has facilitated the GEF's response to the policy recommendations.

2. The Business Plan describes the status of policy development and implementation already underway, or planned, in order to: (i) fully implement the remaining policy recommendations of the fourth replenishment; and (ii) implement the GEF operations in the last year of GEF-4 and the preparation of replenishment negotiations for GEF-5.

3. During the last year of GEF-4 replenishment period covered under this business plan, the Trustee has been requested by the GEF Council to initiate the discussions for the Fifth Replenishment of Resources for the GEF Trust Fund and to collaborate with the Secretariat in that process. The planning meeting for the Fifth Replenishment for GEF-5 took place in November 2008 in Washington, DC. To ensure uninterrupted funding of GEF operations and activities, it is expected that the negotiations for the GEF-5 replenishment be concluded in early 2010. GEF-4 resources will fund activities until June 30, 2010.

4. In the June 2007 Council meeting, Council requested the GEF Secretariat, STAP, Trustee and Evaluation Office to collectively aim to operate during the GEF-4 commitment period within a cost cap of \$93.5 million to cover administrative costs. This cap was originally understood to include core budget plus special initiatives. Due to the number of requests for additional initiatives and activities over the course of GEF-4 and the demands from different GEF units, it is proposed that the \$93.5 million cap, from henceforth, refers to the core budget only. The special initiatives would be considered to fall outside the core administrative costs under the cap. To date, the total of special initiatives that have been developed in response to Council or Convention requests totals \$4.78 million. Inclusion of these special initiatives and increases for the GEF units would make it impossible to keep all the core budget and special initiative costs within the cap. If we exclude the special initiatives, the total core budget requested up until the end of GEF-4 would be \$91.3 million.<sup>1</sup>

5. Among the four GEF units, both STAP and Evaluation Office have requested a nominal increase of 3 percent in their core budget. The Secretariat is seeking an increase above the nominal annual increase of 8.9 percent for its core budget. The adjustment is mainly due to responses to request by Council for the Secretariat to take on staff in response to starting up the new Poznan Technology Transfer Program. In addition, the need for increased financial oversight has been recognized by some Council Members, and this has led to a proposed additional position in the Secretariat. These new positions and the recognition of the costs of additional program staff and a manager for the Earth Fund have all caused an increase in the

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<sup>1</sup> The costs of the core budget for GEF-4 with the special initiatives would be \$ 94.03 million.

Secretariat's proposed core budget. During GEF-4 Trustee has been increasing its request for funding each year over the last three years in GEF-4 with an average increase of 21.5 percent, but only 13 percent in FY10.<sup>2</sup> The Trustee is requesting the 13 percent increase with its core FY10 budget, in part due to the expected costs associated with management of the replenishment process and the projected higher balance in the investment portfolio of the GEF Trust Fund.

6. In summary, the total budget requests for all the four GEF entities for FY10 are \$23.73 million for the core budget, and \$26.83 million when the various special initiatives, including the budget for the fourth assembly, are included. The Secretariat, the Scientific and Technical Advisory Panel (STAP), the Trustee and the Evaluation Office have in total requested an increase of 7.8 percent<sup>3</sup> in their core FY10 budgets to partly account for inflation.

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<sup>2</sup> Increases are as follows: FY07-FY08 by 35%; FY08-FY09 by 15.96%; FY09-FY10 by 13.02%. Average=21.5%.

<sup>3</sup> Requested FY10 budget increases by 8.9%, 2.98%, 13.02%, and 2.99 % respectively for the GEF Secretariat, STAP, Trustee and Evaluation Office.

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## BACKGROUND

1. At the April 2008 meeting of the GEF Council, the Secretariat presented for Council consideration, the *GEF Business Plan FY09-10 and FY09 Corporate Budget* (GEF/C.33/11). The Council took note of the business plan and approved a FY09 Corporate Budget of \$18.192 million for the Secretariat, STAP and the Trustee. The Council also reviewed the *Four-Year Work Program and FY09 Budget of the GEF Evaluation Office* (GEF/ME/C.33/1) and approved \$3.907 million to cover the cost of operating the GEF Evaluation Office and implementing its work program, including relevant work for Fourth Overall Performance Study (OPS4) to be included in the Terms of Reference (TOR) for OPS4. With respect to FY11 through FY14 of the GEF Evaluation Office, Council took note of the proposed work program and activities and requested the Office to prepare annual budgets for Council consideration and approval in each of its Spring meetings.
2. The GEF is now entering the last year of the fourth replenishment period. Most of the key policy recommendations agreed as part of the replenishment are well under implementation. Implementation of GEF-4 policy recommendations have been complemented by concurrent implementation of the CEO's five-point sustainability compact, as presented to the Council in December 2006.
3. The Business Plan and Corporate Budget for FY10 contains: (i) reports to the Council on achievements during the FY08-09 period; (ii) proposes directions for FY10; and (iii) presents specific activities and associated budget requests for FY10 for the GEF Secretariat, the STAP and the Trustee. Separate budget proposal for Council consideration has been prepared by the GEF Evaluation Office.

### Achievements during FY08-09

4. FY08 included the following key achievements:
  - (a) The 13<sup>th</sup> Meeting of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) serving as the meeting of the Parties to the Kyoto Protocol invited the GEF to provide secretariat services to the Board established to manage the Adaptation Fund;<sup>4</sup>
  - (b) In the Land Degradation focal area, more than 70 percent of its resources have been invested through four programmatic approaches (PAs): the Strategic Investment Program for Sub-Saharan Africa (SIP), the Strategic Program for Sustainable Forest Management in the Congo Basin, the Sustainable Land and Ecosystem Management Program in India (SLEM) and the Program on Integrated Nature Resources Management in the Middle East and North Africa Region (MENARID);
  - (c) Sustainable Land and Ecosystem Management in India (SLEM): This Program was approved by Council in November 2007 and draws resources from land degradation and biodiversity focal areas. The SLEM will apply a multi-sectoral

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<sup>4</sup> Decision 1/CMP.3

approach to land management, related biodiversity conservation and climate change/adaptation issues in several states of India. All projects have been submitted as a Project Identification Form (PIF) or are currently in the process of being endorsed or approved as fully appraised projects;

- (d) Strategic Investment Program (SIP): The SIP was designed as a GEF PA based on the TerrAfrica partnership to provide the value-added of up-scaling and mainstreaming of sustainable land management (SLM) for delivering global environmental benefits in agro-ecosystems in the context of sustainable development. With TerrAfrica partners committed to supporting SLM efforts by African leadership through more effective coordinated and aligned investment at multiple scales - from local to national and multi-country -, the GEF SIP established a sub-continent-wide PA for catalyzing innovations that also deliver benefits for the environment and human well-being;
- (e) MENARID: The Program Framework Document (PFD) was endorsed by Council in April 2008. The Program draws resources from the Land Degradation and International Waters focal areas with the following objectives: i) promoting an integrated approach to natural resources management in the drylands of the Middle East and North Africa (MENA) region for improving the economic and social well-being of the targeted communities through the restoration and maintenance of key ecosystem functions; and (ii) addressing groundwater protection in this dry region. MENARID will work towards mainstreaming the principles of SLM into production sector frameworks and policies, improved governance for natural resource management, and coordinated investments that will include among others, promoting an enabling environment to support the SLM agenda at national and regional scales;
- (f) GEF Congo Basin Forest Program: The GEF Secretariat led a meeting in Libreville in February 2008 on the invitation of the Authorities from Gabon. Ministers from the region endorsed the principles and adopted a roadmap to build a programmatic approach on Sustainable Forest Management (SFM) in the Congo Basin. A large part of the year was devoted to the implementation of the Libreville roadmap to facilitate the dialogue: on one hand at national level to raise project ideas, and on other hand, with Agencies to find a consensus on project building. The approach was fully participatory. Numerous preparatory meetings and one steering committee were held in Libreville, Johannesburg and Douala in April and June, 2008;
- (g) Strategic Program for West Africa (Biodiversity): The feasibility and support for this Program was explored during GEF constituency meetings during the April 2008 Council meeting. The CEO formally launched the preparation of a program on May 28, 2008 with ministers and heads of delegations from the region attending the 9<sup>th</sup> Conference of the Parties of the UN Convention on Biological Diversity (CBD). A series of follow-up consultations took place which led to the preparation of a Program Framework Document(PFD) submitted to Council in November 2008;

- (h) Biosafety Program: The Program was endorsed by Council in April 2008. The Program will provide participating countries with effective tools to manage and minimize the risks from the transfer, handling and use of Living Modified Organisms (LMOs), allowing countries to make informed decisions and access the benefits of modern biotechnology, thus contributing to all three objectives of the CBD;
- (i) Marine Coral Triangle Initiative: Endorsed by Council in April 2008, this Program included seven International Waters areas aimed at reducing habitat degradation caused by pollution, coastal erosion and sedimentation and reorient the social and economic drivers of excessive and destructive fisheries and marine resources extraction to address the goals of improved food security, long-term coral reef conservation and climate adaptation;
- (j) The public-private partnership fund, now renamed as the “Earth Fund”, was launched in December 2007, with International Finance Corporation (IFC) as the Lead Agency;
- (k) An exercise was initiated to develop tools or methodologies for all GEF-financed projects to be screened for their resilience to the adverse impacts of climate change;
- (l) As part of the new GEF management information system, the “Country Profile” - a web-based facility for countries to track status of project proposals started up at the end of December 2007 and has continued ever since;
- (m) A communications strategy was approved by the Council at the November 2007 meeting and is currently under implementation;
- (n) The new project cycle of 22 months from Council approval of concept to CEO endorsement of full-sized projects (FSPs) has been put in place with a 10-day service standard for the Secretariat response on incoming proposals; and
- (o) Total programming of GEF resources amounted to \$1,433.43 million, with co-financing of \$7,331.92 million.

5. FY09 built upon progress achieved in FY08, with the following key achievements:

- (a) At the 14<sup>th</sup> Meeting of the COP to the UNFCCC, the GEF presented a strategic program to scale up the level of investment for technology transfer to help developing countries address their needs for environmentally sound technologies. This program was endorsed by COP14 and renamed Poznan Strategic Program on Technology Transfer;
- (b) On chemicals: The GEF geared effort towards the preparation of the Stockholm COP, including the report to the COP and a brochure on the portfolio of the GEF;
- (c) GEF Congo Basin Forest Program: the PFD was endorsed by Council in November 2008, including 13 project ideas with a total GEF resources request of \$54.7 million;



- (d) Strategic Program for West Africa (Biodiversity): the PFD was endorsed by Council in November 2008, including 21 projects with a total GEF resources request of \$35.927 million;
- (e) Biosafety Program: Since its endorsement by Council in April 2008, a total of 18 projects have been approved totaling \$21.6 million;
- (f) Focus on Large Marine Ecosystems (LMEs): LMEs serve as transboundary ecosystem-based units for improved management of coasts and near-coast oceans. The GEF has now supported foundational capacity building for 19 LMEs globally, representing more than one-half of all LMEs on Earth shared by developing countries. One hundred and twenty countries are working together on these LMEs to improve sustainability of coastal and marine living resources;
- (g) In Natural Resources, the programming of focal areas is progressing very well, with 71%, 91% and 91% of the available funding in GEF-4 for biodiversity, international waters and land degradation, respectively, already allocated;
- (h) Efforts have been continued on developing tools and/or methodologies for all GEF-financed projects to be screened for their resilience to the adverse impacts of climate change; preliminary results will be presented in the June 09 Council meeting;
- (i) The Biodiversity focal area completed development of portfolio level tracking tools to monitor GEF support for the development and implementation of biosafety frameworks and management frameworks for invasive alien species; and
- (j) Total programming of GEF resources amounted to \$737.46 million (six focal areas + global and regional exclusions (GRE)), with co-financing of \$3,876.2 million.

6. In summary, the implementation of the Policy Recommendations of the Fourth Replenishment is on schedule; with almost 99 percent of the policy recommendations under implementation (please refer to Annex 1 for details). All elements of the CEO's Sustainability Compact are under implementation (please refer to Annex 2 for details). Please refer to Annex 3 for details of programming during FY07-09 and to Annex 4 for details of activities implemented during FY09 within the Corporate Budget approved for FY09.

#### **BUSINESS PLAN FY 10**

7. The Business Plan for FY10 proposes a course of action to mainstream the drive towards achieving results of GEF-4, and set the stage for the next phase of the GEF. The various elements of the business plan are categorized under the five major foci of the Sustainability Compact: (i) Strategy; (ii) Innovation; (iii) Equity; (iv) Accessibility; and (v) Focus.

8. The GEF Agencies and the Trustee are always expected to contribute to the planning and implementation of the activities presented in the business plan, as relevant. In many cases, they continue to play a role in delivering corporate products and services; in others, the role might be

of a more consultative nature. The Business Plan is detailed below with reference to the above five foci of the Sustainability Compact.

## **Strategy**

9. GEF strategy is embodied through two key elements: (i) the GEF focal area strategies and GEF's strategic approach to capacity building; and (ii) the new GEF System for Transparent Allocation of Resources (STAR) that replaces the Resource Allocation Framework (RAF) of GEF-4. During FY10, the Council, the Secretariat, and other GEF partners will also be engaged in the discussion of broader strategies for the next phase of the GEF (GEF-5).

### *GEF Focal Area Strategies*

10. A more strategic approach to programming (GEF/C.31/10), approved by the Council in June 2007 is under implementation. During FY10, the GEF Secretariat in collaboration with the GEF Agencies will undertake an evaluation of the programmatic approaches to assess their preparation and discuss progress towards their implementation. The GEF Secretariat will also present a new project cycle paper for GEF-5 which will include a revised policy on the GEF PA. The objective for 2010 is to facilitate the dialogue between GEF Agencies and countries to support the further implementation of projects under the program. Depending on the initial results on the ground, a follow-up phase in GEF-5 will be considered.

11. During the final year of GEF-4, some of the key strategic programs under preparation for GEF financing are:

- (a) Mediterranean Environmental Sustainable Development Program: one main focus of the International Waters focal area is the completion of this Program. The majority of project concepts will be presented to Council in FY 10. This Program is a next step in the progressive funding strategy being used by the GEF in the International Waters focal area to address progressively stronger country commitments for action in shared waterbodies.
- (b) Continuing GEF Emphasis on Small Island Development States (SIDS): The Pacific Alliance for Sustainability (PAS) program, which was endorsed by Council in April 2008, includes an International Waters project that provides assistance to protect surface and groundwater supplies of the SIDS, as well as to begin reducing land-based pollution of sensitive lagoons and reefs. This is the second cluster of International Waters focal area projects approved for SIDS that helps them protect drinking supplies and reduce land-based sources of pollution. With a similar project underway for the Caribbean SIDS and another under preparation for the African/Indian Ocean SIDS, the GEF International Waters objective to assist SIDS with these water-related concerns has resulted in a global International Waters initiative with assistance to virtually all GEF recipient SIDS — 33 in total for this global approach.
- (c) GEF Congo Basin Forest Program (linked to the SFM strategy). At the November 2009 Council, an information document will be prepared by the GEF Lead Agency of the Program and the GEF Secretariat to evaluate Program

implementation. The objective for 2010 is to facilitate successful implementation of the projects under the Program.

- (d) Strategic Program for West Africa (Biodiversity): Since its endorsement by Council in November 2008, much progress has been achieved in the preparation of projects under the Program. The objective for the final year of GEF-4 will be to facilitate the Program's ongoing development and implementation, and to complete the approval of the remaining projects under the Program.
- (e) Biosafety Program: The Program was endorsed by Council in April 2008 and a total of 18 projects have been approved to-date. It is expected that the remaining 17 projects under the Program will be prepared and submitted to GEF Secretariat during this last year of GEF-4 in FY10.
- (f) Land Degradation Focal Area: The GEF-5 strategy process is well under way and will define priority themes for investment in SLM in GEF-5. The strategy will be results-based with a focal area goal, strategic objectives, outcomes and outputs. Efforts will continue to refine the results based management (RBM) with the intention to develop a knowledge management system for cross-thematic and regional learning relevant to sustainable land management. Another focus is to consolidate the GEF-4 portfolio and to analyze the portfolio strengths and gaps to be addressed in GEF-5 as well as focusing on the quality of preparation of PAs.
- (g) Carbon Benefits Project (CBP): Modeling, Measurement and Monitoring: This project will develop a ready to use methodology for all GEF projects working in the area of natural resources management to measure carbon as a global environmental benefit. This methodology will be applied from GEF-5 onwards.

12. Other country-based programmatic approaches might emerge based on available funding in the last year of GEF-4 and identified country priorities in the focal areas of Biodiversity and Climate Change.

#### *System for Transparent Allocation of Resources (STAR)*

13. At the November 2008 Council meeting, the GEF Council requested the GEF Secretariat, in collaboration with the GEF Agencies, STAP, and other stakeholders, to present steps to improve the design of the Resource Allocation Framework (RAF) and its indices during GEF-5 for the Climate Change and Biodiversity focal areas. The Council also requested that the Secretariat present scenarios at the June 2009 GEF Council meeting for possible expansion of the RAF, if feasible, to all focal areas for GEF-5.

14. Council Members suggested that the Secretariat develop options and simulations to assess the feasibility of expansion at different replenishment levels. The GEF Council proposed the creation of an ad-hoc committee that would include the participation of a number of Council members to provide input on possible scenarios. The timing of the GEF-5 replenishment meeting in Paris in March 2009 led to the suggestion from the CEO for a first meeting prior to presentation at the June 2009 meeting, and this was successfully completed with presentation of the early version of STAR and important inputs from Council and other stakeholders.

15. Following the guidance of the Council, the Secretariat has made considerable effort to refine the STAR model for resource allocation. The changes in working rules and assumptions from GEF-4 to GEF-5 include the following:

- Putting all the eligible countries in the allocation pool for resource allocation (remove countries in group allocation);
- Abolishing the 50 percent rule in fund spending and reallocation;
- Introducing some new allocation rules such as that of the third year reallocation;
- Developing a new database and modeling for the allocation;
- Preparing three replenishment scenarios and three allocation options;
- Using a new set of indicators and index for Biodiversity;
- Applying a map generation software program in the new allocation system to generate allocation maps; and
- Proposing to rename the Resource Allocation Framework(RAF) to System for Transparent Application of Resources (STAR).

16. In Paris, on March 19, 2009, the GEF CEO chaired a meeting of the ad-hoc committee. The participants consisted of Council Members from both donor and recipient countries, and a number of observers. The objectives of the meeting were: (1) to obtain Council comments on the proposed changes in the resource allocation system, leading on from the mid-term evaluation of the RAF; and (2) to obtain Council guidance on the new allocation options and further direction. STAP has been reviewing the STAR model and has started consultancy on improving the indicators.

17. Agreed Key Points by the ad-hoc Committee include:

- The STAR should be simple, transparent and easy for policy makers to understand.
- Abolish group allocation and 50 percent rules.
- Focus the allocation simulation on Option A, but continue work on the other Options.
- Refine Global Benefit Indicators for Climate Change and Biodiversity, as well as Global Performance Indicator (GPI).
- The next version of the paper to place Small Grant Programme (SGP) and national communications / enabling activities (EAs) outside STAR.

- Resources not used after three years could be subject to reallocation, the paper should provide an explicit justification for a decision to do so.
- Explain in the June 2009 paper in greater detail what activities fall within and outside of the 20 percent proposed set-aside per focal area and the Global and Regional Exclusions (GRE).

### *GEF-5 Replenishment*

18. The Secretariat and the Trustee are collaborating on the negotiations for the Fifth Replenishment of the GEF Trust Fund. Contributing Participants met at a Planning Meeting held in Washington in December 2008, and agreed to a series of four meetings in FY09-10. The First Replenishment Meeting was held during March 2009 in Paris, and the Second Meeting is scheduled to be held in Washington in June 2009; the third meeting is slated for September/October 2009 and the final meeting in early 2010 with the aim of completing the process.

### **Innovation**

#### *Public Private Partnership*

19. The GEF continues to emphasize the need for innovative solutions to deal with the challenges of global environmental management. The GEF public-private partnership initiative was launched in mid-2007 when \$50 million approved by the Council with the intent to mobilize an additional \$150 million or more of co-financing for private sector projects, technologies and business models that contribute to global environmental benefits. IFC became involved as a strategic partner in this initiative, subsequently renamed the GEF Earth Fund, and an updated project was approved by the Council in May 2008. The first \$30 million Platform is being managed by the IFC for projects in Climate Change, Biodiversity and International Waters. The Earth Fund Board met for the first time in April 2009, and two further Platforms in Climate Change and Biodiversity were put to it for recommendation prior to seeking Council approval.

#### *Technology Transfer*

20. The Conference of the Parties to the United Nations Framework Convention on Climate Change at its 14<sup>th</sup> session welcomed the GEF's Strategic Program on Technology Transfer (and renamed it the "Poznan Strategic Program on Technology Transfer") as a step toward scaling up the level of investment in the transfer of environmentally sound technologies to developing countries while recognizing the contribution that this Program could make to enhancing technology transfer activities under the Convention. The strategic program on technology transfer consists of three funding windows: (1) technology needs assessments (TNAs); (2) technology transfer pilot projects; and (3) dissemination of technologies and practices. The progress of the two first substantive activities of the strategic program is presented below.

21. Concerning the TNAs, immediately following COP14, the Secretariat organized a stakeholder consultation meeting in January 2009. With the facilitation of the GEF Secretariat, United Nations Environment Programme (UNEP) drafted a project concept for a global TNA

project for GEF funding, to be drawn from the Special Climate Change Fund (SCCF). The project concept was cleared by the GEF CEO and approved by the LDCF/SCCF Council in April 2009. The TNA project will provide targeted financial and technical support to assist developing countries in carrying out improved TNAs within the framework of Article 4.5 of the UNFCCC. The project will support up to 45 developing countries in preparing their TNAs. Total GEF funding for this TNA project is \$9 million.

22. Concerning the Technology Transfer Pilot Projects, the GEF CEO circulated, on March 25, 2009, a call for proposals for technology transfer pilot projects to all GEF operational focal points. The call for proposals provides the background information, explains the procedures for submitting proposals, and outlines selection criteria. The deadline for submitting proposals is August 14, 2009. The target funding level from the GEF for pilot projects is \$40 million.

23. The Strategic Program on Technology Transfer is a large, complex and long-term activity at the GEF. Therefore, it is proposed that a Technology Transfer Coordinator be recruited to the Secretariat to lead this important activity that transcends several focal areas. The incumbent, a grade G officer, will join the Climate and Chemicals Team and working closely and under the guidance of the Climate Change Mitigation Coordinator. The primary expertise of the incumbent will be experience in technology transfer, mitigation technologies and policies, and adaptation technologies and policies. The incumbent will, among other duties, coordinate preparation of GEF wide technology transfer programs and policies; manage and monitor a portfolio of technology transfer projects; manage and monitor a portfolio of technology needs assessments (TNAs); review technology transfer and technology deployment proposals consistent with GEF guidelines; establish and maintain institutional relationships. No such position currently exists at the Secretariat.

### *Conflict Resolution*

24. An interactive dialogue is being expanded among various stakeholders regarding complaints about GEF operations. Specifically, complaint and disputes cases raised by anybody with the CEO or the Secretariat, related to activities implemented by Agencies, are being handled expeditiously. In FY07-09, priority was given to reaching out to Agencies, GEF focal points and targeted parties to make them aware of the scope of the work of the Secretariat. Information was disseminated by mail and during major sub-regional and regional meetings of the GEF. Several cases addressed to the CEO were compiled and analyzed and a monitoring system put in place that includes short reports of cases handled and the status of their resolution. Formal communication and exchange of information is ongoing with officials in Agencies whose work are linked to GEF Conflict Resolution. This is the first part of the conflict resolution framework, which is being strengthened gradually. Work has also been initiated on enhancing measures to protect the integrity of the GEF, particularly the development of a public disclosure policy. At the same time, specific actions were taken to listen to and to address grievances raised by various groups. On the operational side, extensive engagement was made in the PA using it as a tool to anticipate on complaints and issues of discontent with GEF operations.

25. Priorities for the coming fiscal year will evolve around achievement of the adoption of the new GEF Public Disclosure Policy, continued engagement with GEF Agencies, focal points and those who are affected by GEF operations on the ground as well as consolidation of the

cases and data base. More field work will be initiated in the context of the Country Support Programme to enhance outreach effort. Targets will include conventions, GEF Agencies and other key stakeholders.

### *Scientific and Technical Advice*

26. The Panel contributed its Science Vision for GEF-5 to the Council in November 2008, which was the initial result of a quick scan of the state of science relevant to the GEF. This Vision was expanded through convening clusters of expert groups directed by Panel Members to maximize co-benefits between focal areas, reducing tradeoffs and the best globally representative scientific advice was delivered into the Technical Advisory Groups developing the GEF-5 Strategies.

27. STAP further developed its advice on new aspects of the GEF's portfolio, including support for experimental project design, and payments for environmental services. Also, in close collaboration with the Evaluation Office and GEF Secretariat, STAP is taking a new look at the RAF during its transitioning to the STAR to maximize the utility and transparency of indicators to guide allocation and also to maintain linkage to programming.

28. In summary, FY09 was the first year of full implementation following STAP reform, when the Panel successfully struck a new balance between operational work providing science and technology advice on individual projects and PAs and delivering strategic guidance for the GEF through its products and participation in key GEF corporate activities such as GEF-5 programming, RAF design and work on OPS4. As such, STAP has achieved closer alignment with the GEF family as a whole.

### **Equity**

29. Adoption of a flexible PA has strengthened the ability of the GEF to work with those countries least able to manage the impacts of global environmental changes. A flexible approach facilitates the approval of regional or sector-focused packages that help efforts to build country capacities in critical areas, often in conjunction with investment activities. New programs in the Pacific, West Africa and across the Caribbean exemplify the drive to help the LDCs address some of the most critical problems facing the global environment. During GEF-5, the definition of PA with a further refined and streamlined process for PAs in the preparation and approval process will be explored.

### *Targeted Programs*

30. Small Grants Program: At the June 2007 meeting, Council approved \$128.32 million in core funds and country RAF contributions to SGP for the first half of GEF 4 to replenish and support in part the fourth operational phase of the SGP. The Program is the largest Program that supports civil society and community based organizations projects and actions to implement global environmental conventions. The Program has already implemented over 10,000 projects in 120 countries. In order to satisfy greater demand for the Program from different GEF member countries, further expansion of the Program is planned including additional steps to ensure that integrity and capacity building measures for civil society will be secured.

31. SGP will expand to ten new countries during GEF-4, increasing its geographical coverage particularly over LDCs and SIDS. Among these new countries, three are LDCs, and one SIDS. At the end of GEF-4, SGP will cover 41 out of the 50 LDCs (82 percent), and 34 out of the 38 of SIDS (89 percent) around the world (among the four remaining SIDS, two SIDS (Bahrain and Singapore) are not eligible for GEF funding). Across focal areas, efforts will be made to achieve global environmental benefits, while generating local livelihoods in poor and marginalized areas and communities.

### *Capacity Building*

32. In October 2003, the Council approved the *GEF Strategic Approach to Enhance Capacity Building* (GEF/C.22/8), which was guided by the aim of providing adequate support for nationally determined and nationally prioritized capacity building needs consistent with the relevant Conventions and the objectives of the GEF in a cost effective manner, with clearly identified indicators of progress and achievement.

33. The main achievement was the establishment of the Global Support Program (GSP), a three-year GEF project that started in August 2005, headed by United Nations Development Programme (UNDP) and UNEP. Its main objective was to provide countries undertaking National Capacity Needs Self Assessments (NCSAs) with methodological support and knowledge management tools. The GSP provided technical assistance, developed a range of guidelines and tools, and facilitated the exchange of lessons among the 146 NCSA projects. Currently there are 62 under active implementation. Countries that were reaching the advanced stage of finalizing their needs assessment were considering their NCSAs to be a strategic tool in country programming on global environment management. To date, out of 145 that have engaged in this initiative, 82 have completed their NCSAs, whereas 23 are still in implementation stage.

34. As a follow-up to the NCSAs, the GEF is financing cross-cutting multi-focal area (MFA), free-standing capacity building projects that address national priority needs, as agreed in the *GEF Strategic Approach to Enhance Capacity Building*, and in response to the decisions of the relevant Conventions. These projects are using the GEF medium-sized project (MSP) cycle. All cross-cutting MSPs will build on the NCSAs and will address priority cross-cutting capacity constraints identified in the NSCAs. Given the enabling nature of capacity building, these projects will be funded on an agreed full-cost basis, since the baseline cost to be met from other resources may be zero. For the initial phase of capacity building funding, 25 projects were developed and now are under implementation and projects for other countries that completed NCSA process will be developed and implemented. Although projects are funded on an agreed full-cost basis, co-financing for all proposed projects was provided, indicating the strong ownership and national commitment. A second progress report on implementation of the capacity building strategy has been presented to the Council in 2008 (GEF/C.33/INF.5).

### **Accessibility**

35. The Secretariat has strengthened several aspects of its country relations function to provide countries with direct access for programming discussions. The new Country Profile webpage has been providing access since December 2007 to all countries, allowing them to see



the status and full details of all approved projects in any country. Under a password entry system, the webpage also provides access to country focal points to all data on project concepts under process. In the future, the fully upgraded management information system will provide real-time information regarding availability of resources and more data on the status of proposals to recipient countries. This will be supported and amplified by activities under the various GEF corporate programs such as the National Dialogue Initiative (NDI), Country Support Program (CSP), Council Member Support Program (CMSP), and the Conflict Resolution Framework.

#### *National Dialogue Initiative*

36. The GEF NDI in GEF-4 has made an important shift in responding to new country opportunities and challenges associated with the RAF. The Programme provides targeted and flexible support for unique country-level multi-stakeholder dialogue and sharing of information and experiences. This kind of support is leading to action on national GEF matters through strategic national priority setting and strengthened inter-sectoral and inter-agency coordination and partnerships. National Dialogues involve a diversity of government ministries and agencies, NGOs, communities, academic and research institutions, private sector, donors, GEF Agencies and the media to enable them to participate more effectively in the GEF.

37. In FY09-10, based on guidance from the Inter-agency Steering Committee, National Dialogues will aim to be responsive and flexible in their delivery, and tailored to country needs and requests in a strategic and timely manner in line with the opportunities and challenges of GEF-4. National Dialogues will continue to complement the three components of the CSP: (i) the online Knowledge Facility; (ii) direct support funding; and (iii) sub-regional workshops for GEF focal points – by sharing the goal of supporting GEF focal points and other stakeholders to enhance and strengthen their engagement with the GEF in countries. To date, 39 National Dialogues for 3,044 stakeholders, and 17 Sub-regional Consultations for 706 NGO participants from seven countries have been conducted.

#### *Country Support Program*

38. The CSP provides a comprehensive and integrated package of support to GEF focal points for activities related to outreach, information sharing and training to strengthen country-level coordination and promote country ownership of GEF-financed activities. The Program is comprised of three components linked closely to the GEF National Dialogue Initiative, and complements the Secretariat and Agency country level activities: (i) direct funding to support activities related to outreach, information sharing and training; (ii) a comprehensive GEF country and constituency knowledge management framework targeted specifically to GEF focal points; and (iii) sub-regional focal point information exchange and training workshops.

39. The online Knowledge Facility is being increasingly used by the focal points to stay abreast of the changes in GEF-4 and share knowledge among countries and constituencies. It will continue to evolve and expand in 2008-2010 in direct response to needs expressed by the focal points. In 2008-2010, sub-regional workshops will continue to provide unique and transparent forums for knowledge exchange among focal points, and will also focus on the RAF mid-term review and other emerging GEF issues. In 2008, nine sub-regional workshops for 415 government participants from 135 countries were conducted.

### *Council Member Support Program*

40. The Council approved the new four-year phase of the CMSP in June 2005. This new Program was developed in response to the evaluation of the first Focal Point Support Program, and in response to the recommendations of the three GEF Overall Performance Studies as well the Third Replenishment of the GEF Trust Fund.

41. The CMSP provides Council Members with financial assistance to facilitate communication between the Council Member and constituency members. Council Members can hold up to two constituency meetings per year to enhance coordination, cooperation and communication. This Program provides financial and logistical support including travel arrangements, hotel and daily subsistence allowance. During 2009 – 2010, the CMSP will continue its support to eligible recipient countries. This implies that up to 32 of these constituency meetings will be supported. To date, 38 constituency meetings have taken place with over 328 participants.

### *Corporate Communications Strategy*

42. The Council approved in November 2007 a Communications and Outreach Strategy (GEF/C.32/8) that responds to a 2006 request for better communication with key stakeholders and the media. The Secretariat is currently preparing a report that will be presented formally to the Council in November 2009 on these efforts, which will detail how the GEF is meeting this mandate. Outcomes will be presented on four key action items suggested by Council: strengthening the Secretariat's capacity for direct dialogue with countries; ensuring the effectiveness of corporate programs; expanding GEF's capacity to share its knowledge base; and bolstering GEF's corporate image and public communications. In coordination with this effort, preparations have also begun on executing a communications plan for the upcoming Assembly in 2010; the strategy will be used to showcase to international and regional media the GEF's role as a key catalyst and innovator for global environmental protection.

43. The Secretariat has, for example, produced or has in the pipeline an updated suite of communications products for each focal point aimed at specialized and general audiences. As part of this campaign, the GEF is also preparing a new branding strategy to streamline and standardize the visual appearance of GEF publications and other printed material. A new, modernized version of the GEF logo will be part of the new brand as well. With regard to its media strategy, the GEF Secretariat, in collaboration with the GEF Agencies, and other partners in the public, private and non-profit sectors, continues to promote successful outcomes for various international conventions: this includes the UN global "Seal the Deal" communications campaign for climate change, which is being led by UNEP. The Secretariat also has expanded its engagement with developing country journalists to give these stakeholders a more robust understanding of the GEF and its strategic role in international governance.

### *Results-Based Management*

44. During FY09, the Secretariat outlined a two step strategy for RBM that embeds knowledge management as a central element and a central factor in achieving results. In FY10, the RBM strategy will lay the foundation for a coherent and standardized approach that will

support management, accountability and learning. It emphasizes the measurement of results with a set of standardized approaches, the assessment of risk on an ongoing basis, and the fostering of learning. This strategy will deliver results through two main components, laying the foundation for RBM to be fully integrated in the GEF-5 strategy. The requested additional resources in FY10 will:

- (a) Coordinate and support focal area project managers to undertake monitoring supervision missions. The missions would be based on issues identified through an analysis of information generated by ongoing GEF monitoring tools. Based on this information approximately seven monitoring missions selected from across all focal areas would be undertaken. The specific missions would be determined according to criteria that are consistent with RBM criteria and focal area learning objectives.
- (b) Take the quality of supervision responsibility over from the Evaluation Office. The GEF Secretariat has agreed to take over this activity, as it is more of a monitoring tool rather than an evaluation task. The budget allocation should be transferred from the Evaluation Office to RBM. The information from these desk reviews would be an input to the selection of supervision missions. The Evaluation Office hired consultants to help carry out this work. In 2010, we requested funds for a consultant to help revise the methodology and test it on selected project reviews - two month consultancy plus travel.
- (c) A number of focal areas have expressed a desire to better incorporate social impacts, including gender, employment, health, and livelihood security in focal area strategies, RBM frameworks and tracking tools. We had requested funds for a consultant to help develop and test indicators that could be used across GEF focal areas - two month consultancy.

These three activities directly support the work of the focal areas and would be coordinated by the RBM team in order to have a coordinated and consistent approach to GEF monitoring activities.

### **Focus**

45. The GEF will continue to focus on results and being cost-effective through all its operational activities.

### *Programming GEF-4 Resources*

46. The progress in programming GEF-4 resources during FY07-09 and the targets for FY10 is summarized in Annex 3. About 66 percent of overall GEF-4 resources have been programmed up to April 2009. If the June work program currently under preparation is included, total resources of GEF-4 programmed amounted to about 75 percent. The programming for the different focal areas is more or less in line to achieving the respective programming targets established under each focal area.

### *Implementing Policy Recommendations*

47. The GEF is focused on continuing to implement all the policy recommendations of GEF-4, and will report on the progress in every business plan. As summarized in Annex 1 and

mentioned in various parts of this document, the GEF is on track in fulfilling the policy recommendations as originally planned.

#### *Strengthening the GEF Partnership with GEF Agencies and Civil Society*

48. The Secretariat has been working to develop partnership and cooperation with agencies and countries through familiarization seminars and other combined efforts using the comparative advantages of each Agency for better implementation of joint initiatives. The number of constituency meetings has increased. The CSP and the NDI have been adapted progressively to meet focal point requirements as expressed in evaluation sheets from sub-regional workshops and other communications with focal points.

49. The Council has agreed to extend partnership and cooperation with civil society organizations (CSOs) and to build their capacity for wider involvement with the GEF (GEF/C.34.9). The Secretariat will be implementing these decisions and will be re-establishing the NGO Voluntary Fund to organize regional consultations and maintain more active relations with CSOs. Over the last year, the Secretariat, in cooperation with GEF NGO Network, has organized two working meetings and consultations with representatives of the Network in order to develop framework for cooperation and partnership.

#### *Fiduciary Standards*

50. The Secretariat is presenting for the Council in June 2009 meeting an independent review of the self-assessments of the GEF Agencies with respect to the Council-approved fiduciary standards. The complexity of the results of the self-assessments of the GEF Agencies led to the Council's request for this work and an internationally respected organization has been hired to undertake the review under a special Council initiative.

#### *Project Management Information System*

51. The next phase of the improved project management information system (PMIS) went live at the end of 2008 and now allows staff of the Secretariat to enter and access an enlarged set of data from anywhere in the world. All the GEF processes and projects are contained in the rules of PMIS, except the SGP. The increasing complexity and changes made in each phase of GEF mean that considerable care and great efforts are needed to ensure that the systems do map the rules and GEF reality and that the same figures are available to the Trustee. The PMIS was developed with the software ASP.net and has now completely replaced the old management information system (MIS), after all the data was migrated from the old system. The PMIS provides for secured access to the system through web-based portals for all GEF stakeholders to get up-to-date information on the status of project proposals. The Secretariat staff can also fully work on all aspects of the database remotely. As the knowledge management system is further developed, this aspect will allow GEF Agencies to enter and access data in the PMIS, in addition to the publicly available Country Profile and Project search facility. This will provide for increased efficiency for all parties once it is fully operational. Please refer to document GEF/C.33/Inf.9 for a status report on the PMIS.

## *Accountability and Accounting for Results*

52. The Secretariat has been working with the Trustee over the last year in increasingly close partnership and discussions to develop better tools for managing the inevitable fluctuations in actual budget and planning for different eventualities. Resource availability and variability has been a major theme in GEF-4 and is likely to continue through GEF-5. The entry into force of completely new and separate databases in the GEF and in the Trustee in GEF-4 has provoked a strong and mutual desire to reconcile all past funding decisions of the GEF. As a result of the lengthy reconciliation process between the Trustee, the Secretariat and the GEF Agencies, greater confidence in the systems is being achieved. Equally, it has been realized that the Secretariat and the Trustee need to strengthen their teams to manage complexity, assure accuracy and give confidence to Council that the best financial systems are in place across the GEF.

53. A new position of Senior Finance & Database Officer<sup>5</sup> is proposed to pull together the fiduciary and accountability tasks from across the Operations and Focal Area teams and integrate them under one person, who will be in charge of assurance of project data entry, project approval process and project data transfer to Trustee from the Secretariat and liaison with the GEF Agencies on related matters. The staff in the Operations team, who are responsible for the IT, data quality assurance system, database development, control systems, interchange of data and corporate budget would work together under this new appointee to provide confidence to Council on the quality of data entering the system and exchange of data with the Trustee. When the system is fully implemented, it would also reduce the need for costly and lengthy reconciliations between Trustee, Agency and Secretariat.

## *Operations Manual*

54. A GEF Operations Manual, prepared in collaboration with Agencies, STAP, and the Trustee, has been completed since April 2008 and made available to all GEF Agencies. The Manual covers all aspects of GEF operational policies, procedures and guidelines, as well as Trustee financial procedures and processes. It brings together in one volume, for the first time, all GEF operational guidance and the corresponding Trustee processes, where applicable. It is expected to improve the understanding of GEF processes and facilitate transactional processing between all GEF partners, clients, and recipient and donor countries. The Manual is currently available through a FTP weblink, but will eventually be uploaded onto the GEF website to facilitate its updating and for easier availability to all that need to refer to it.

## **CORPORATE BUDGET FOR FY10**

55. The GEF corporate budget finances the administrative costs of the Secretariat, STAP, the Trustee, and the Evaluation Office. This document contains the details of the budget request for the Secretariat, the STAP, and the Trustee; the details of the FY10 budget request for the Evaluation Office are presented in *Four-Year Work Program and FY10 Budget of the GEF Evaluation Office* (GEF/ME/C.35/4).

56. The total budget request for all the four GEF entities for FY10 is \$23.73 in core budget, and \$26.83 million, if including special initiatives and budget for the fourth Assembly. Total

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<sup>5</sup> This G level post would be new and add to baseline and is supported by the Trustee.

budget represents an increase of \$3.36 million compared to the FY09 budget of \$23.46 million. The Secretariat, the STAP, Trustee and the Evaluation Office have requested a 7.8 percent increase in their core FY10 budgets partly to account for inflation.<sup>6</sup>

57. Overall, the Trustee budget request for FY10 represents a net increase of \$465,000 over the FY09 budget of \$2.42 million. The increase is due to the expected higher levels of liquidity in the GEF Trust Fund during FY10 and related higher investment management costs, plus the \$150,000 projected cost for the proposed independent review of GEF systems agreed at the GEF-5 replenishment meeting in March 2009

58. A report on FY09 activities, outputs and review of expenditures as financed by the corporate budget are contained in Annex 4 (Secretariat), Annex 5 (STAP), and Annex 6 (Trustee).

59. While approving the FY09 budget, the Council requested the GEF Secretariat, STAP, the Trustee, and Evaluation Office to collectively aim to operate during the GEF-4 commitment period (FY08-11) within a cost cap of \$93.5 million to cover administrative costs.<sup>7</sup> The FY10 budget for all GEF entities as indicated in Table 1 requested \$91.3 million in core budget, which is within the cost cap. If special initiatives and FY08 underruns and FY09 overruns are included, the current GEF-4 budget projection amounts to \$94.03 million, slightly over the cap by about \$0.53 million.

**Table 1: Trends in GEF Corporate Budget during GEF-4 (FY08-11)**

GEF Entities	Requests under GEF-4 (million of Dollars)				
	FY08 (actual)	FY09 (estimate)	FY10 (expected request)	FY11 (expected request)	TOTAL
Secretariat core budget	11.760	13.646	14.860	15.306	<b>55.572</b>
Secretariat Special Initiative	0.368	0.330	1.403	0.000	<b>2.101</b>
<b>Secretariat Total</b>	<b>12.128</b>	<b>13.976</b>	<b>16.263</b>	<b>15.306</b>	<b>57.672</b>
<b>STAP Total</b>	<b>1.296</b>	<b>2.047</b>	<b>2.108</b>	<b>2.172</b>	<b>7.623</b>
Trustee Core Budget	1.988	2.341	2.544	2.620	<b>9.493</b>
External Audit of GEF Trust Fund	0.115	0.204	0.190	0.196	<b>0.705</b>
Trustee Special Initiative	0.314	0.000	0.150	0.000	<b>0.464</b>
<b>Trustee Total</b>	<b>2.417</b>	<b>2.545</b>	<b>2.884</b>	<b>2.816</b>	<b>10.662</b>
Evaluation Office Core Budget	3.461	4.239	4.024	4.145	<b>15.869</b>
Evaluation Office Special Initiative	0.000	0.000	0.000	0.000	<b>0.000</b>
<b>Evaluation Office Total</b>	<b>3.461</b>	<b>4.239</b>	<b>4.024</b>	<b>4.145</b>	<b>15.869</b>
<b>Fourth GEF Assembly</b>	<b>0.000</b>	<b>0.654</b>	<b>1.546</b>	<b>0.000</b>	<b>2.200</b>

<sup>6</sup> Requested FY10 budget increases by 8.9%, 2.98%, 13.02%, and 2.99 % respectively for the GEF Secretariat, STAP, Trustee and Evaluation Office.

<sup>7</sup> Joint Summary of the Chairs, Decision on Agenda Item 15, paragraph 38, June 2007 Council Meeting.

<b>Total Corporate Budget</b>	<b>19.302</b>	<b>23.461</b>	<b>26.825</b>	<b>24.438</b>	<b>94.026</b>

\* EO's budget for FY09 of \$4.239 million includes FY08 underrun of \$331,956 that was accepted by Council to transfer to FY09 budget.

## Secretariat FY10 Activities, Outputs, and Budget

### *Activities and Outputs*

60. The following is a list of the proposed activities and outputs of the Secretariat in FY09, organized under the four broad headings of Governance, Program Management, Relations with Constituents, and GEF-5 Replenishment, to be financed out of the core budget for the Secretariat:

#### Governance

61. Two Council meetings will be convened in FY10. These meetings will consider, among other things:

- (a) Work programs;
- (b) Six month reports on programming;
- (c) Annual monitoring review (AMR);
- (d) GEF business plan and budget;
- (e) Reports on planning for the GEF Assembly;
- (f) GEF-related administrative expenses in the Implementing Agencies;
- (g) Revising the PA;
- (h) Progress reports on technology transfer strategic program;
- (i) Progress reports on climate proofing activities;
- (j) Progress reports on carbon finance and market activities;
- (k) The structure of the GEF-5 framework for allocating GEF resources, the STAR;
- (l) Enhancing capacity building;
- (m) Other outcomes of the GEF-5 replenishment discussions, including policy and institutional reforms and programming reforms for GEF-5 recommended by the replenishment participants;
- (n) GEF public private partnership;

- (o) Direct access to and expanded opportunities to access GEF resources;
- (p) Reports on the progress in the Adaptation Fund; and
- (q) Reports on relations with conventions and other institutions.

62. Instead of posting only two intersessional work programs for Council approval each year, the Secretariat will now post as many intersessional work programs as are needed in response to monthly assessments of the number of new concepts ready for Council approval.

63. Furthermore, the Trustee will convene GEF-5 replenishment discussions to which the GEF Secretariat will contribute working documents concerning:

- (a) Programming, including
  - (a) Capacity building;
  - (b) Public private partnership;
  - (c) Development of country programming, NDI and CSP;
- (b) Institutional and Governance Reforms, including direct access and effectiveness and efficiency reforms.

64. In addition, the GEF Assembly will meet in FY10. This meeting will consider, among other things:

- (a) Recommendations from Council on the outcomes of the GEF-5 replenishment discussions, including policy and institutional reforms and programming reforms for GEF-5 recommended by the replenishment participants;
- (b) Recommendations from Council for amending the Instrument.

65. Regular communication will be maintained with the Council.

#### Program Management

66. Activities relating to program management will include:

- (a) Working with countries to program resources in accordance with RAF and GEF-4 programmatic framework;
- (b) Preparing for the COPs and to publish in FY10 the following brochures: Energy Efficiency, Sustainable Transport, Renewable Energy, Update on Adaptation, Update on LDCF/SCCF, POPs publications for COP and Small Island Booklet;
- (c) On chemicals: the GEF geared efforts towards the preparation of the Stockholm COP, including the report to the COP and a brochure on the portfolio of the GEF;



- (d) Preparing work programs for Council approval and preparing and approving project preparation grants, MSPs and EAs;
- (e) Reviewing project documents for CEO endorsement;
- (f) Managing the GEF project cycle;
- (g) Involvement in programmatic and other evaluations managed by the GEF Evaluation Office;
- (h) Implementing the results management framework and associated monitoring tools;
- (i) Participating in knowledge management and related activities for dissemination of lessons learned; establishing a knowledge management framework in one or two GEF focal areas;
- (j) Improving and strengthening the risk management system;
- (k) Preparing the 2008 GEF AMR and applying program-level monitoring tools;
- (l) Continue refining and updating the PMIS;
- (m) Implementing the public-private partnership;
- (n) Developing strategic programs and priorities for GEF-5; and
- (o) Assisting and arranging all logistics and meetings for the replenishment negotiations.

#### Relations with Constituents and Partners

67. With respect to relations with constituents, the following activities are foreseen:
- (a) Maintaining dialogue and regular communications with national focal points, civil society representatives and other partners;
  - (b) Organizing a series of outreach and awareness-raising activities under the auspices of the NDI;
  - (c) Convening sub-regional exchanges and training workshops targeted to respond to the identified needs of focal points from member countries;
  - (d) Organizing an orientation for new Council Members and Alternates prior to Council meetings;
  - (e) Supporting GEF constituency meetings;
  - (f) Organizing two regular CSO consultations prior to each Council meeting and at least one additional consultative meeting with the GEF NGO Network management to enhance cooperation and partnership with CSOs;
  - (g) Participating at COPs and related meetings of the global environmental conventions and UN Commission on Sustainable Development (CSD);

- (h) Enhancing communication tools and outreach activities at the global and country levels;
- (i) Supporting major GEF initiatives with appropriate outreach tools and media strategies;
- (j) Expanding multimedia tools and products;
- (k) Organizing a GEF familiarization seminar for select GEF stakeholders;
- (l) Publishing the GEF Annual Report and updated operational report of GEF projects;
- (m) Developing innovative modalities through the Capacity Building Task Force to program cross-cutting capacity development funds for strengthening the enabling environment, and to incorporate capacity building indicators into regular focal area capacity building projects; and
- (n) Addressing instances of complaints, disputes and conflicts emerging in GEF operations.

#### GEF-5 Replenishment

68. It is expected that two meetings with Contributing Participants will be convened to discuss the Fifth Replenishment of Resources to the GEF Trust Fund. In preparation for these meetings, the Secretariat will prepare documentation requested by the Participants, including programming approaches in the focal areas, and proposed reforms in policies, institutional and governance arrangements, etc.

#### *FY10 Secretariat Budget*

69. The proposed FY10 budget for the Secretariat is \$14.86 million; this represents an increase of 8.9 percent in the core Secretariat budget; in addition, budget requests for special initiatives total a further \$2.949 million, which represents an increase of 21.7 percent of the total Secretariat budget including special initiatives compared to the FY09 budgets.

70. The distribution of costs by expense category is shown in Table 2. The proposed budget reflects 8.9 percent increase to account for inflation plus additions to base. The CEO has made special efforts to reduce the cost of travel by carefully reviewing the necessity of each travel request for GEF's core mission.

71. The Secretariat has so far been benefitted from exchange programs and secondments from member countries to supplement the number of Secretariat staff and these programs have all helped to keep staff costs within the proposed budget. Two positions, which were previously funded by the Danish government, namely a senior policy officer and an environmental specialist, reached the maximum allowable term this year. Since these positions are important to the GEF operations for support to work on projects and programs, new contracts have been initiated and charged to the corporate budget in FY10. Another position, a senior private sector specialist, was planned originally to be charged to the Earth Fund (originally the Public Private Partnership Program). However, as the IFC is the Trustee for the Earth Fund, it proved

procedurally difficult to charge this position to the project funding. Hence, the Secretariat undertook the hiring and charged the position to the Secretariat base budget.

72. In general terms, as operations of the Secretariat have increased, the number of project proposals received for processing has increased and the volume of work to meet the 10 day deadline has increased with the rolling work program. The addition of the Programmatic Approach modality and the associated need to build new programmes with a large number of countries has led to further burden on staff time. All this increased workload has required additional project processing skills and has prompted the Secretariat to strengthen its pool of staff through the increase of additional program assistant positions, as presented in Table 2.

73. At the same time, it should be noted that the Secretariat has started to take on secretariat functions for the Board of the Adaptation Fund from January 2008. As agreed at Council, a report on the activities of the Adaptation Fund is separately presented to Council under the paper entitled “*Relations with Conventions*”. To maintain the principle of no cross –subsidization between GEF and Adaptation Fund and maintain full effectiveness of operations, a portion of time of several key functions and / or staff members has been charged against the costs of the Adaptation Fund in order to provide the necessary Adaptation Fund secretariat services. The following ten positions have provided 2 months per year of their time to work on the Adaptation Fund over the calendar year 2008, and the relevant charges for these staff has been credited to the GEF Secretariat to balance the increase of staff costs. In FY10, the charge against GEF Secretariat time will be reduced to 2 months per year for eight staff. The staff titles and functions are listed below. It should be noted that a particular function may be handled by more than one individual. The staff involved are as follows:

Head of the Secretariat (GJ)
Legal Counsel (D1)
Operations Advisor(GH)
Communications Advisor (GH)
Program Manager (GG)
Monitoring Officer (GF)
Information Officer (GF)
Finance & Admin Officer (GF)
Human Resources Assistant (GD)
Executive Assistant (GD)

**Table 2: Proposed FY10 GEF Secretariat Budget**

<i>FY08 Actual \$m</i>	Expense Category	<i>FY09 Budget \$m</i>	<i>FY09 Estimated \$m</i>	<i>FY10 Proposed \$m</i>
<b><u>8.676</u></b>	<b><u>Staff Costs</u></b>	<b><u>9.939</u></b>	<b><u>9.456</u></b>	<b><u>9.795</u></b>
7.596	Salaries and Benefits	8.803	8.113	8.625
1.055	Travel	1.027	1.284	1.058
0.025	Training	0.109	0.059	0.112
<b><u>0.510</u></b>	<b><u>Consultant Costs</u></b>	<b><u>0.564</u></b>	<b><u>0.564</u></b>	<b><u>0.581</u></b>
0.186	Fees (long-term)	0.219	0.000	0.000
0.271	Fees (short-term)	0.261	0.480	0.494
0.053	Travel	0.084	0.084	0.087
<b><u>0.518</u></b>	<b><u>Council Costs</u></b>	<b><u>0.634</u></b>	<b><u>0.634</u></b>	<b><u>0.689</u></b>
0.164	Logistics	0.203	0.203	0.209
0.194	Council Travel	0.191	0.191	0.197
0.134	NGO Consultations (Logistics and Travel)*	0.170	0.170	0.211
0.026	Council Member Support Program	0.070	0.070	0.072
<b><u>0.014</u></b>	<b><u>Contractual Services</u></b>	<b><u>0.054</u></b>	<b><u>0.054</u></b>	<b><u>0.056</u></b>
0.014	(Contracts with Firms)	0.054	0.054	0.056
<b><u>0.745</u></b>	<b><u>Publications, Media, Web and External Outreach</u></b>	<b><u>0.854</u></b>	<b><u>0.854</u></b>	<b><u>0.880</u></b>
<b><u>1.296</u></b>	<b><u>General Operations Costs</u></b>	<b><u>1.602</u></b>	<b><u>1.602</u></b>	<b><u>1.650</u></b>
0.742	Office Space, Equipment, and Supplies	0.922	0.922	0.950
0.529	Communications and Internal Computing	0.618	0.618	0.637
0.000	Corporate Services	0.000	0.000	0.000
0.025	Representation and Hospitality	0.062	0.062	0.064
<b><u>11.759</u></b>	<b><u>TOTAL</u></b>	<b><u>13.647</u></b>	<b><u>13.164</u></b>	<b><u>13.650</u></b>
<i>FY08 Actual \$m</i>	GEF Secretariat Additions to Base Budget	<i>FY09 Budget \$m</i>	<i>FY09 Estimated \$m</i>	<i>FY10 Proposed \$m</i>
0.000	Corporate - Sr. Private Sector Specialist - G	0.000	0.086	0.202
0.000	Corporate - Sr. Policy Officer - G	0.000	0.181	0.217
0.000	NR - Environmental Specialist - F	0.000	0.083	0.138
0.000	Corporate - Operations Assistant - D	0.000	0.047	0.090
0.000	NR/Climate - 2 Program Assistants - C	0.000	0.087	0.153
0.000	Climate - Tech Transfer Coordinator - G	0.000	0.000	0.205
0.000	Corporate – Sr. Finance & Database Officer - G	0.000	0.000	0.205
0.000	SUB-TOTAL ADDITIONS TO FY10 BASE BUDGET	0.000	0.483	1.210
<b><u>11.759</u></b>	<b><u>GRAND TOTAL GEF SECRETARIAT BUDGET</u></b>	<b><u>13.647</u></b>	<b><u>13.647</u></b>	<b><u>14.860</u></b>

\*An increased budget in the amount of \$0.041m to cover additional expenses for CSO consultations was approved by Council (GEF/C.34/9) in its November 2008 Council Meeting.

*Special Initiative Requests for FY10*

International Year of Biodiversity

74. The celebration of the International Year of Biodiversity (IYB) in 2010 provides an excellent opportunity to build on the results of the Millennium Ecosystem Assessment and the ongoing globally study, “*The Economics of Ecosystems & Biodiversity*” and demonstrate to the global community the contribution of biodiversity to maintaining the ecosystem processes that provide food, water, and materials to human societies. Through the IYB there is an unprecedented opportunity to significantly raise the awareness of the global community to the alarming rate of biodiversity loss, calculated at 100 to 1000 times that of the geological record. If successful, this set of actions could become the tipping point necessary to foster the needed actions that will reduce and halt the loss of biodiversity beyond the 2010 target. While utilizing this opportunity, it is vital for the GEF, given its role as the financial mechanism of the CBD, to take visible actions and work together with other partners to increase global recognition about the importance of biodiversity.

75. The study outlines a number of activities through which the GEF could most effectively contribute to the objectives of the IYB. The GEF Secretariat has contributed in a similar fashion during the International Year of Deserts and Desertification in 2006 and the World Summit for Sustainable Development in 2002. The GEF Council members are invited to approve the involvement of the GEF Secretariat in this important task and to carry out activities outlined in the study through additional resources requested for the IYB included here as a special initiative. A GEF contribution totaling US \$895,000 for selected activities is proposed, with an expected co-financing of \$1 million from other sources, including the CBD Secretariat and other partners. Upon completion of all the activities, the GEF Secretariat will report back to the Council on the achievements of the IYB with a special highlight on the GEF funded activities.

International Year of Biodiversity	<i>FY10</i> Proposed	
International Year of Biodiversity (IYB)	0.895	
<b>TOTAL</b>	<b>0.895</b>	

Replenishment Meetings

75. While the Secretariat and the Trustee are looking to some Participants to host the two meetings scheduled for FY10, resources provisions are also necessary to meet the basic costs of running the meetings, including meeting halls, interpretation services, food, Secretariat staff travel, etc. In addition, the Secretariat proposes to hire consultants to assist with the analysis and preparation of documents for the replenishment meetings.

Replenishment Process	<i>FY10</i> Proposed	
Costs for consultancies; reports; meetings	0.300	
<b>TOTAL</b>	<b>0.300</b>	

Assembly

76. The Council approved a special initiative of \$653,730 (30 percent of \$2.2 million total projection) for the planning of the Fourth GEF Assembly in the November 2008 Council meeting. Though spending has only just begun, as we proceed through the year, expenses such as down payments for accommodation for delegates and NGOs sponsored by GEF, as well as for the Secretariat, will need to be made. Additionally, a number of missions to follow up on the organization with Uruguay authorities will need to be undertaken. The conference coordination team will have to be set. It is recommended, as for previous Assemblies, that the full budgeted amount is made available in advance in order to progressively face these commitments. The Secretariat is therefore requesting Council to approve an additional amount of \$1.546 million to cover all expenses for the Assembly.

Assembly	<i>FY10</i> Proposed	
Remaining 70% balance (\$653,730 approved in Nov. 08)	1.546	
<b>TOTAL</b>	<b>1.546</b>	

Results-Based Management (RBM)

77. The Secretariat is requesting additional funds in the amount of \$207,500 for its RBM in order to carry out the functions, as outlined on p. 17 & 18 under the section on RBM of the Business Plan

Results Based Management (RBM)	FY10 Proposed	
Missions - travel costs - 15 persons for 10 days	0.158	
Supervision Desk Reviews - consultant	0.026	
Human welfare results methodology - consultant & travel	0.024	
<b>TOTAL</b>	<b>0.208</b>	

Trustee Special Initiative

78. In consultation with the Secretariat and the Agencies, arrangement and supervision of an independent review of the systems used by the GEF Trustee, Agencies, and the Secretariat. The review would assess the overall performance of the various systems used by the Trustee, the Secretariat, and the Agencies that support the operations and monitoring efforts of the GEF, comparing the performance with best practices used in similar operations where multiple and independent entities must share data in a timely fashion. It would also assess the role played by the Trustee, the Agencies, and the Secretariat in the life cycle of GEF transactions.

Independent Review of Systems	FY10 Proposed	
Independent Review of Systems	0.150	
<b>TOTAL</b>	<b>0.150</b>	

**STAP FY10 Activities, Outputs and Budget**

*Activities and Outputs*

79. In the GEF financial year 2010, STAP will conduct a number of advisory activities agreed with GEF partners to increase both the impact and sustainability of GEF investments, including:

- (a) Assist GEF Agencies to implement a new Guideline document on “Measuring the Success of GEF Investments and Catalyzing Change through Experimental Project Design” ;

- (b) Further assist the GEF to provide a tool for project managers to track changes in total system carbon;
- (c) Publish operational guidance on the impact of best available technologies and environmental practices for POPs reduction on greenhouse gas (GHG) mitigation for application in GEF interventions;
- (d) Publish a GEF practice guide on combustion and non-combustion technologies for POPs disposal in developing countries and CEITs;
- (e) Publish advice on emerging chemicals in developing countries with a list of policy recommendations on how to address them in GEF-5 and beyond;
- (f) Provide advice on the evidence base for community forest management impacts on global environmental benefits and rural welfare;
- (g) Assist GEF Agencies to implement a new Guideline document on the effectiveness of marine protected areas (MPAs) for generating environmental benefits inside and outside MPAs;
- (h) Advise on specific methodology or safeguard tools that can be used to ensure that the global environmental benefits from the GEF's Protected Area portfolio will be robust in the face of climate change;
- (i) Review policies, innovative interventions, technologies and constraints for reducing releases of endocrine disrupters to aquatic environments, considering the range of sources of the endocrine disrupting chemicals, and how the regulatory and business communities can be engaged in developing solutions;
- (j) Provide GEF with a background review and pilot product development guidance of the scientific, technical and legal issues in protecting biodiversity in areas beyond national jurisdiction (ABNJ) from the impacts of fishing for highly migratory species and bottom trawling on seamounts;
- (k) Participate in and contribute to the OPS4 of the GEF;
- (l) Convene two meetings of the Science Panel in September 2009 and April 2010 and additional expert group meetings to support the GEF's work;
- (m) Maintain surveillance and screening of programs and projects entering the GEF Project Cycle to provide independent scientific advice to GEF Agencies and the GEF Council.

### *FY10 STAP Budget*

80. STAP's estimated FY09 expenditures and proposed FY10 corporate budget are summarized in Table 3, together with FY08 actuals. Within FY08, STAP reforms in late 2007 and early 2008 resulted in a transition period with both an under-strength Panel and Secretariat, leading to some planned work being deferred to the following financial year. The FY09 work program for STAP is expected to be implemented within the approved budget. The STAP work program for FY10, which includes activities for strengthening the effectiveness and management of the Panel and STAP Secretariat staff, will be implemented within the same budget as



approved for FY09, with a three percent increase in costs to offset inflation. It should be noted that the number of project proposals received for scientific and technical screening and selective review has increased over FY09, yet STAP's costs have been maintained at the same level as FY08 and for FY10 this will again be proposed except for the inflation adjustment.

**Table 3: Proposed FY10 STAP Budget**

<i>FY08 Actual \$m</i>	STAP -- Secretariat Expense Category	<i>FY09 Budget \$m</i>	<i>FY09 Estimated \$m</i>	<i>FY10 Proposed \$m</i>
<b><u>0.583</u></b>	<b><u>Staff Costs</u></b>	<b><u>0.891</u></b>	<b><u>0.891</u></b>	<b><u>0.961</u></b>
0.521	Salaries and Benefits	0.821	0.821	0.851
0.062	Travel	0.070	0.070	0.095
0.000	Training	0.000	0.000	0.015
<b><u>0.148</u></b>	<b><u>Consultant Costs</u></b>	<b><u>0.050</u></b>	<b><u>0.050</u></b>	<b><u>0.197</u></b>
0.000	Fees (long-term)	0.000	0.000	0.000
0.148	Fees (short-term)	0.050	0.050	0.155
0.000	Travel	0.000	0.000	0.042
<b><u>0.000</u></b>	<b><u>Council Costs</u></b>	<b><u>0.000</u></b>	<b><u>0.000</u></b>	<b><u>0.000</u></b>
0.000	Logistics	0.000	0.000	0.000
0.000	Council Travel	0.000	0.000	0.000
0.000	NGO Consultations (Logistics and Travel)	0.000	0.000	0.000
<b><u>0.000</u></b>	<b><u>Contractual Services</u></b>	<b><u>0.000</u></b>	<b><u>0.000</u></b>	<b><u>0.000</u></b>
0.000	Contracts with Firms	0.000	0.000	0.000
<b><u>-0.001</u></b>	<b><u>Publications, Media, Web and External Outreach</u></b>	<b><u>0.000</u></b>	<b><u>0.000</u></b>	<b><u>0.035</u></b>
<b><u>0.235</u></b>	<b><u>General Operations Costs</u></b>	<b><u>0.251</u></b>	<b><u>0.251</u></b>	<b><u>0.257</u></b>
0.103	Office Space, Equipment, and Supplies	0.120	0.120	0.125
0.042	Communications and Internal Computing	0.041	0.041	0.042
0.090	Corporate Services	0.090	0.090	0.090
0.000	Representation and Hospitality	0.000	0.000	0.000
<b><u>0.965</u></b>	<b><u>SUB-TOTAL</u></b>	<b><u>1.192</u></b>	<b><u>1.192</u></b>	<b><u>1.450</u></b>
	STAP -- Members Expense Category			
0.267	Honoraria & Logistical/Secretarial Support	0.360	0.360	0.333
0.000	MOUs with Expert Institutions	0.300	0.300	0.150
0.064	STAP Meetings	0.155	0.155	0.175
0.000	STAP Publications	0.040	0.040	0.000
<b><u>0.331</u></b>	<b><u>SUB-TOTAL</u></b>	<b><u>0.855</u></b>	<b><u>0.855</u></b>	<b><u>0.658</u></b>
<b><u>1.296</u></b>	<b><u>TOTAL</u></b>	<b><u>2.047</u></b>	<b><u>2.047</u></b>	<b><u>2.108</u></b>

## **Trustee FY10 Activities, Outputs, and Budget**

81. The World Bank as Trustee provides a range of standard services, broadly defined in the Instrument, in the following categories: (i) financial and risk management; (ii) investment management and cash flow management; (iii) management of GEF partner relationships and transactions; (iv) accounting and reporting; (v) legal services; (vi) commitment and disbursement of trust fund resources; and (vii) infrastructure and systems.

### *FY10 Trustee Budget*

82. In addition to the standard services listed above, the FY10 work program will include the following items:

- a) Conclusion of negotiations of Financial Procedures Agreements with GEF Agencies;
- b) Mobilization of resources for the GEF-5 replenishment, in collaboration with the GEF Secretariat. Replenishment activities include increased legal support, travel costs for two replenishment meetings, staff time and preparation of papers and studies. The Trustee will also be responsible for drafting the GEF-5 replenishment resolution;
- c) Development of an electronic interface between the Trustee's financial system and those of the Agencies; and
- d) **Special Initiatives:** In consultation with the Secretariat and the Agencies, arrangement and supervision of an independent review of the systems used by the GEF Trustee, Agencies, and the Secretariat. The review would assess the overall performance of the various systems used by the Trustee, the Secretariat, and the Agencies that support the operations and monitoring efforts of the GEF, comparing the performance with best practices used in similar operations where multiple and independent entities must share data in a timely fashion. It would also assess the role played by the Trustee, the Agencies, and the Secretariat in the life cycle of GEF transactions.

83. Overall, the budget request for FY10 represents a net increase of \$465,000 over the FY09 budget of \$2.42 million. The increase is due to the expected higher levels of liquidity in the GEF Trust Fund during FY10 and related higher investment management costs, plus the \$150,000 projected cost for the proposed independent review of GEF systems agreed at the GEF-5 replenishment meeting in March 2009.

84. The Trustee's budgeting process was discussed and agreed with Council during the June 2007 Council meeting. The projected budget for the coming fiscal year is based on the Trustee's expected upcoming work program; at the end of each year, differences between the projected budget and actual time and costs are reported to Council<sup>8</sup>.

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<sup>8</sup> Ref GEF Instrument, Annex B, para 8.

85. In April 2008, Council agreed to a budget estimate of \$2.42 million to cover Trustee's projected expenses in FY09. The Trustee now estimates that expenses for FY09 will be \$2.54 million. The increase is due to: i) higher investment management costs due to higher average fund balances; and ii) higher external audit costs. The increases in the costs of these components were partially offset by lower costs for financial and relationship management, and lower legal expenses. Table 4 below summarizes the proposed projected budget for FY10, and compares this to the FY09 estimates.

86. For FY10, the Trustee estimates that the primary reasons for the budget increase as compared with FY09 approved amount are:

- (a) Higher projected investment management costs. These costs vary depending on the average fund balance, as the Bank's Treasury charges 3.5 basis points on the average GEF Trust Fund balance. For FY10, the average fund balance is expected to increase to \$3.0 billion, resulting in an increase of \$270,000 in projected investment management costs<sup>9</sup>;
- (b) Legal fees are expected to be \$37,000 higher in 2010 due to additional services relating to the GEF-5 replenishment;
- (c) Relationship management costs are expected to be slightly higher in FY10, reflecting support to the GEF-5 replenishment discussions. The budget request corresponding to replenishment activities are expected to cover increased travel costs for replenishment meetings, staff time and preparation of papers and studies;
- (d) Higher costs to pay for the external audit of the GEF Trust Fund. External auditors are broadening the scope of the audit beyond transactions and financial statements; increasing attention is being paid to internal controls and risk management resulting in higher costs of an audit; and
- (e) The cost for the proposed independent review of the GEF systems, estimated at \$150,000.

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<sup>9</sup> The FY09 investment management cost projection was based on an average fund balance of \$2.29 billion, resulting in a projection of investment management costs of \$800,000. Actual average fund balances in FY09 were closer to \$2.97 billion, resulting in investment management costs of \$1.04 million. For FY10, the average balance is projected to be \$3.06 billion.

**Table 4: Proposed FY10 Trustee Budget**

<b>GEF Trust Fund: Budgetary Requirements for Services Provided by the Trustee</b>				
<b>FY10</b>				
<b>(in USD)</b>				
<b>Trustee Services</b>	<b>FY08 Approved</b>	<b>FY09 Approved</b>	<b>FY09 Expected Actual</b>	<b>FY10 Proposed Budget (Total)</b>
<b>Standard Services</b>				
Financial Management and Relationship Management	953,000	1,110,000	1,003,000	1,116,000
Investment Management a/	775,000	800,000	1,040,000	1,070,000
Accounting and Reporting	153,000	177,000	177,000	158,000
Legal Services	107,000	163,000	121,000	200,000
<b>Sub-total, Standard Services</b>	<b>1,988,000</b>	<b>2,250,000</b>	<b>2,341,000</b>	<b>2,544,000</b>
<b>Audit</b>				
External Audit of Trust Fund	100,000	119,000	153,800	140,000
Agency Audits	15,000	50,000	50,000	50,000
<b>Total Core Budget</b>	<b>2,103,000</b>	<b>2,419,000</b>	<b>2,544,800</b>	<b>2,734,000</b>
<b>Special Initiatives</b>				
Consultant Costs b/	0	0	0	150,000
<b>Total Costs, including Special Initiatives</b>	<b>2,103,000</b>	<b>2,419,000</b>	<b>2,544,800</b>	<b>2,884,000</b>

a/ Investment Management fees are calculated based on a cost of 3.5 basis points against the average annual balance of the portfolio. The estimated average portfolio size for FY09, originally projected at \$2.29 billion, is now expected to be \$2.97 billion for FY09. The projected portfolio size is USD 2,972 million for FY09 and the projected portfolio size for FY10 is USD 3,058 million.

b/ Represents the projected cost for the proposed independent review of the GEF systems.

## Evaluation Office FY10 Activities, Outputs and Budget

87. The Four-year work plan of the GEF Evaluation Office and the FY10 budget request are detailed in *Four-Year Work Program and FY10 Budget of the GEF Evaluation Office*(GEF/ME/C.35/4). The Evaluation Office request \$ 4,024 million for FY10. GEF/ME/C.35/4 also contains details of the estimated expenditures for FY09.

## Consolidated FY10 Budget and Total Administrative Costs

### *Consolidated FY10 Budget Request for Four GEF Units*

88. The total consolidated core budget for the Secretariat, STAP, the Trustee, and the Evaluation Office is \$23.73 million, as summarized in Table 5. If special initiatives are added, total request amounts to \$26.83 million.

**Table 5: Consolidated FY10 Budget Request for four GEF Units**  
(Smillion)

<b>CORPORATE BUDGET</b>	<i>Budget Request (\$ million)</i>
Secretariat	14.860
STAP	2.108
Trustee	2.734
Evaluation Office	4.024
<b>TOTAL Budget Request</b>	<b>23.726</b>

### *Total Administrative Costs*

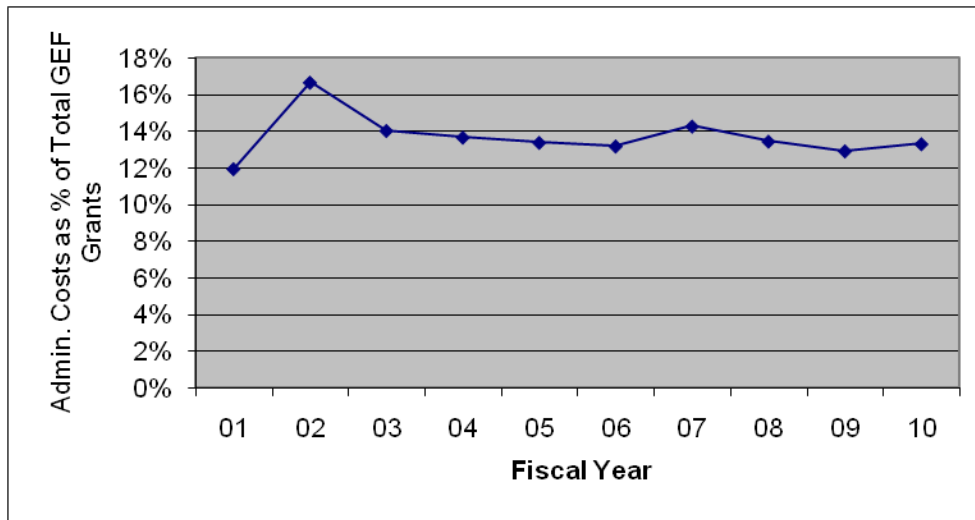
89. Cost-efficient delivery of services requires the consideration of the total administrative cost of the GEF partnership and not just the resources being requested in this document. The administrative costs of the GEF also include the budget being separately requested by the Evaluation Office (GEF/ME/C.35/4), as well as the fees paid to GEF Agencies for the delivery of project cycle management services. Table 6 shows the proposed FY10 total administrative costs<sup>10</sup> of the GEF partnership compared to the approved FY09 budget and estimated FY09 total administrative costs. Figure 1 shows the trend in administrative costs as a percentage of total GEF grants approved for the period FY01-09. Figure 2 shows the trend in administrative costs as a percentage of total GEF-4 resources utilized (including GEF grants, Agency fees, corporate budget and special initiatives) for the period FY01-09.

<sup>10</sup> Defined as all corporate budget costs incurred by the various GEF units + Agency fees to provide project cycle management services. STAP's costs are only partly administrative. Scientific and technological advice is included in its budget.

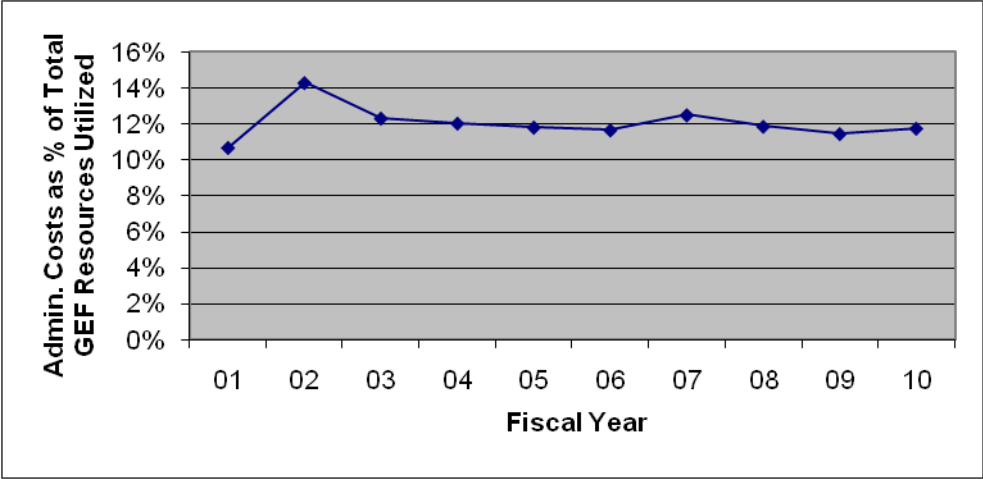
**Table 6: Total Administrative Costs of all GEF Partners**  
(\$ million)

GEF Costs (\$m)	FY09 Budget	FY09 estimated	FY10 proposed
Corporate Budgets of four GEF units:			
GEF Secretariat	13.647	13.647	14.860
STAP	2.047	2.047	2.108
Trustee	2.419	2.545	2.734
Office of Evaluation	4.239	4.239	4.024
Sub-total	22.352	22.478	23.726
Special Initiatives	0.984	0.984	3.099
<b>Total Corporate Budget</b>	<b>23.336</b>	<b>23.462</b>	<b>26.825</b>
Agency Fees	82.000	63.570	82.000
<b>Total Administrative Costs</b>	<b>105.336</b>	<b>87.032</b>	<b>108.825</b>
Total GEF Grants (not including agency fees)	818.000	673.890	818.000
<b>Admin. Costs as % of Total GEF Grants</b>	<b>12.88%</b>	<b>12.91%</b>	<b>13.30%</b>

**Figure 1: Trend in Administrative Costs as a Percentage of total GEF Grants (FY01-FY09)**



**Figure 2: Trend in Administrative Costs as a Percentage of total GEF Resources Utilized (FY01-09)**



## ANNEX 1: PROGRESS IN IMPLEMENTING GEF-4 POLICY RECOMMENDATIONS

Date	Initial Plan of Action	Progress through FY09
Council meeting in December 2006	<ul style="list-style-type: none"> <li>• Council to review Secretariat proposals regarding the review and revision, as necessary, of the six focal area strategies, taking into account the cross cutting issues of sustainable forest and sound chemicals management.</li> <li>• Council to consider Office of Evaluation review of the experience of Executing Agencies.</li> <li>• Council to decide on action plan for strengthening involvement of Executing Agencies in GEF operations.</li>   <li>• Council to decide on proposed results management framework.</li>   <li>• Council to decide on clear rules, procedures and objective criteria for project selection and management of the pipeline, including a policy for cancellation of projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Council discussed preliminary focal area strategies at the December 2006 Council meeting. Council approved revised strategies at the June 2007 meeting.</li>   <li>• Council reviewed the findings of the evaluation.</li>   <li>• Council approved the reforms recommended by the CEO at the December 2006 meeting that leveled the playing field among the Agencies and strengthened the engagement with Executing Agencies. Council approved guidelines regarding comparative advantages of Agencies at the June 2007 meeting.</li>   <li>• Council approved RBM Framework at the June 2007 meeting.</li>   <li>• Council approved rules and procedures for project cancellation/suspension /termination at the December 2006 Council meeting. To make these rules and procedures operational, objective criteria were included in the new project cycle approved by the Council in June 2007. These criteria were reflected in the GEF Operations Manual presented at the April 2008 meeting.</li> </ul>
Council meeting in May/June 2007	<ul style="list-style-type: none"> <li>• Council to decide on proposals for a simplified approach to operational programs and</li> </ul>	<ul style="list-style-type: none"> <li>• Council reviewed revised and focused strategies at the June 2007 Council meeting.</li> </ul>



Date	Initial Plan of Action	Progress through FY09
	<p>strategic objectives.</p> <ul style="list-style-type: none"> <li>• Council to decide on proposals of the Secretariat and Agencies for clearer operational guidelines for the application of the incremental cost principle.</li> <li>• Council to decide on proposed specific steps for project cycle streamlining.</li> <li>• Council to decide on Trustee's proposed policy on strengthened accountability for Implementing and Executing Agencies.</li> </ul>	<ul style="list-style-type: none"> <li>• Council approved a simplified approach to incremental cost in June 2007.</li> <li>• Council approved simplified project cycle at the June 2007 Council meeting.</li> <li>• Council approved Trustee's proposal for minimum fiduciary standards at the June 2007 Council meeting.</li> </ul>
<p>Council meeting in November/December 2007</p>	<ul style="list-style-type: none"> <li>• Council to review Agencies' reports on efforts to mainstream global environmental challenges into core development work.</li> <li>• Council to decide on proposed communications and outreach strategy.</li> <li>• A performance and outcome matrix in line with international methods and standards will be included in the Annual Performance Report, and realistic and international best practice targets for ratings will be set. The goal is to achieve satisfactory ratings in all categories by 2010. Consistent with international best practices, the target for satisfactory outcome ratings should be 75 percent.</li> </ul>	<ul style="list-style-type: none"> <li>• Council reviewed Agency reports at the November 2007 meeting.</li> <li>• Council approved a communications and outreach strategy in November 2007.</li> <li>• GEF Evaluation Office has included a performance and outcome matrix in the Annual Performance Report.</li> </ul>
<p>Council meeting in May/June 2008</p>	<ul style="list-style-type: none"> <li>• Council to review report on implementation of Strategic Approach to Enhance Capacity Building.</li> <li>• Council to consider Annual Portfolio Performance Report, including report on results</li> </ul>	<ul style="list-style-type: none"> <li>• Report on implementation of strategic approach to enhance capacity building reviewed by Council at the April 2008 meeting.</li> <li>• AMR submitted and approved by Council at April 2008 meeting.</li> </ul>

Date	Initial Plan of Action	Progress through FY09
	management framework.	
Council meeting in November/December 2008	<ul style="list-style-type: none"> <li>• Council to consider independent mid-term review of the RAF and review progress in developing indicators.</li> <li>• Secretariat to prepare midterm review of progress in implementing GEF-4 policy recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>• Report on mid-term review of the RAF presented by Evaluation Office at November 2008 Council meeting.</li> <li>• Report submitted at November 2008 Council meeting.</li> </ul>
Council meeting in May/June 2009	<ul style="list-style-type: none"> <li>• Taking into account (i) the findings of the mid-term review, (ii) the progress in developing indicators for other focal areas, and (iii) subsequent decisions by the Council on the GEF-wide RAF framework, the Secretariat will implement a GEF-wide RAF by 2010, if feasible.</li> </ul>	Draft paper on the STAR was web posted in February and presented to the ad-hoc committee of GEF in March 2009 and a revised paper will be submitted to the June 2009 Council meeting.

## ANNEX 2: PROGRESS IN IMPLEMENTING THE SUSTAINABILITY COMPACT

Component	Initial Plan of Action	Progress through FY09
Strategic	<ul style="list-style-type: none"> <li>• Focus focal area strategies on a clear set of priority issues for global environment by building synergies for cross-cutting issues.</li> <li>• Move to a PA and away from project-driven approach.</li> <li>• Apply tracking tools and measurable indicators of global outcome and impacts to all GEF projects.</li> </ul>	<ul style="list-style-type: none"> <li>• The revised focal area strategies approved by the Council in June 2007 include clear sets of objectives by focal area and cross-cutting issues and GEF investments have been programmed to achieve those objectives.</li> <li>• A number of PAs have been approved by the Council in FY08-09.</li> <li>• A set of indicators that are included in the focal area strategies to be used when developing projects and tracked as part of the RBM Framework are being used for the Biodiversity focal area, are being tested for the Climate Change, International Waters and POPs focal areas and are still under development for the Land Degradation focal area.</li> </ul>
Innovative	<ul style="list-style-type: none"> <li>• Finance innovative entrepreneurial efforts and technologies for which there is no market base.</li> </ul>	<ul style="list-style-type: none"> <li>• Council approved project proposal in the June 2007 work program for the creation of a public private partnership fund and in 2008 approved the pilot stage of the GEF Earth Fund.</li> </ul>
Equitable	<ul style="list-style-type: none"> <li>• Help most vulnerable countries by ensuring concrete results for global environment and for sustainable development.</li> <li>• Ensure today's beneficiaries have the opportunity to make financial contributions.</li> </ul>	<ul style="list-style-type: none"> <li>• GEF ensures that the most vulnerable countries, including LDC/SIDS and countries in Africa are not disadvantaged in the composition of the work programs.</li> </ul>
Accessible	<ul style="list-style-type: none"> <li>• Direct Dialogue with countries.</li> <li>• Creation of a position of Ombudsman.</li> </ul>	<ul style="list-style-type: none"> <li>• Secretariat has established strong relationships with country focal points to assist them in understanding GEF policies and procedures and to resolve problems and address concerns.</li> <li>• Conflict Resolution Commissioner on board at the Secretariat and is</li> </ul>

Component	Initial Plan of Action	Progress through FY09
	<ul style="list-style-type: none"> <li>• Enhance Effectiveness of Corporate programs (NDI, CSP, CMSP, SGP).</li>   <li>• Strengthen corporate image and public communications.</li>   <li>• Strengthen GEF's capacity to tap into and share its knowledge base.</li> </ul>	<p>managing cases of conflict and complaints.</p> <ul style="list-style-type: none"> <li>• Developed Guidelines on Programming resources under the SGP. Reported on implementation of Strategic Approach to Enhance Capacity Building submitted for Council review at the April 2008 meeting. Expanded the use of the Familiarization Seminar tool by targeting a broader audience, in particular convention focal points. The number of constituency meetings has increased. CSP and NDI have been adapted progressively to meet focal point requirements as expressed in evaluation sheets from sub-regional workshops and other communications with focal points.</li> <li>• Council approved a communications strategy in November 2007, which is being implemented.</li> <li>• Organizing website to provide stakeholders better access to GEF documentation. Developing GEF knowledge management strategy for presentation to Council in November 2009.</li> </ul>
Focused	<ul style="list-style-type: none"> <li>• Draw on the comparative advantage of each GEF partner</li>   <li>• Eliminate corporate budget for Implementing Agencies beginning FY08 and increased the Agency project cycle management fee to 10 percent</li>   <li>• Simplify approval process</li> </ul>	<ul style="list-style-type: none"> <li>• Council approved guidelines on comparative advantage of Agencies in June 2007, which is being used to guide resource programming through Agencies.</li>   <li>• Council approved these reforms recommended by the CEO at the December 2006 meeting.</li>   <li>• Council agreed on a set of rules and procedures for project selection, management of pipeline and project cancellation in December 2006.</li> </ul>

<b>Component</b>	<b>Initial Plan of Action</b>	<b>Progress through FY09</b>
		<ul style="list-style-type: none"><li>• Reduced existing pipeline to \$700 million</li><li>• Ensure quality at entry through rigorous review of the PIF.</li><li>• Modified project review templates to focus on administrative cost and cost-effectiveness</li><li>• Replaced PDFs with PPGs, based on actual PPGs.</li><li>• Proposed new project cycle for Council review in June 2007 that reduces the time between project identification and start of implementation to an average of 22 months.</li><li>• Developed an internal alert system to ensure that project cycle business standards are met within the Secretariat.</li></ul>

**ANNEX 3: RESOURCES PROGRAMMED DURING FY07-09 AND PROGRAMMING TARGETS FOR  
FY10**

1. Table 1 contains details about resources programmed during FY07-09. Please note that FY07 accounted for GEF-4 resources from Feb. 07 to June 07 only. GEF-4 resources programmed include all approvals until April 30, 2009.

**Table 1. Resources Programmed in FY07-09 (as of April 30, 2009 )**

<b>Focal Areas/Themes and Strategic Objectives</b>	<b>FY2007 (US\$ million)</b>	<b>FY2008 (US\$ million)</b>	<b>FY2009 (US\$ million)</b>	<b>Total GEF- 4 (US\$ million)</b>
Biodiversity	69.15	220.84	306.63	<b>596.62</b>
Climate Change	92.22	184.86	247.69	<b>524.78</b>
International Waters	73.81	116.61	81.81	<b>272.22</b>
Ozone Depletion	0.91	0.82	-	<b>1.73</b>
Land Degradation	130.42	71.08	47.68	<b>249.19</b>
Persistent Organic Pollutants (POPs)	33.17	93.93	47.68	<b>174.78</b>
Multi-focal Areas	-	-	-	-
Core Corporate Programs	-	7.83	5.96	<b>13.80</b>
Corporate Programs	110.00	-	-	<b>110.00</b>
Public-Private Partnerships	56.19	-	-	<b>56.19</b>
<b>Total: Focal Area/Themes</b>	<b>565.87</b>	<b>695.97</b>	<b>737.46</b>	<b>1,999.30</b>

**Table 2. Resource Programming Targets for FY10**

Focal Areas/Themes and Strategic Objectives	GEF-4 Replenishment Programming Targets (US\$ million)		GEF-4 Approvals until April 30, 2009 (US\$ million)			GEF-4 Programming Targets FY09-10 (US\$ million)
	Amount	%	Grant	Fees	Total	Amount
Biodiversity	950.00	31.56%	544.96	51.66	596.62	353.38
Climate Change	950.00	31.56%	478.64	46.14	524.78	425.22
International Waters	335.00	11.13%	247.26	24.97	272.22	62.78
Ozone Depletion	40.00	1.33%	1.58	0.15	1.73	38.27
Land Degradation	282.00	9.37%	227.28	21.91	249.19	32.81
Persistent Organic Pollutants (POPs)	282.00	9.37%	158.65	16.13	174.78	107.22
Core Corporate Programs	15.00	0.50%	12.50	1.30	13.80	1.20
Corporate Programs	156.00	5.18%	106.00	4.00	110.00	46.00
Public-Private Partnerships	-	0.00%	50.19	6.00	56.19	(56.19)
<b>Total: Focal Area/Themes</b>	<b>3,010.0</b>	<b>100.00%</b>	<b>1,827.06</b>	<b>172.24</b>	<b>1,999.30</b>	<b>1,010.70</b>

#### ANNEX 4: GEF SECRETARIAT – FY09 REVIEW OF ACTIVITIES AND ACHIEVEMENTS

1. This annex contains a list of the activities and outputs of the Secretariat financed by the FY08 Corporate Budget. It includes an accounting of both the core budget as well as the status of the activities and outputs under the various special initiatives.
2. Overall, it is estimated that FY09 budget will be fully utilized. A FY09 progress report is included for the special initiatives that will be ongoing into FY10 – RAF, RBM Framework, P, Fiduciary Standards Review and Strategic Initiative to Develop Tools to Assess the Impact of Climate Change on Project Results and Sustainability.

**Table 1. Comparison of FY09 Budget and Estimated Expenditures GEF Secretariat**

<i>FY08 Actual</i> <i>\$m</i>	Expense Category	<i>FY09 Budget</i> <i>\$m</i>	<i>FY09 Estimated</i> <i>\$m</i>
<b><u>8.676</u></b>	<b><u>Staff Costs</u></b>	<b><u>9.939</u></b>	<b><u>9.456</u></b>
7.596	Salaries and Benefits	8.803	8.113
1.055	Travel	1.027	1.284
0.025	Training	0.109	0.059
<b><u>0.510</u></b>	<b><u>Consultant Costs</u></b>	<b><u>0.564</u></b>	<b><u>0.564</u></b>
0.186	Fees (long-term)	0.219	0.000
0.271	Fees (short-term)	0.261	0.480
0.053	Travel	0.084	0.084
<b><u>0.518</u></b>	<b><u>Council Costs</u></b>	<b><u>0.634</u></b>	<b><u>0.634</u></b>
0.164	Logistics	0.203	0.203
0.194	Council Travel	0.191	0.191
0.134	NGO Consultations (Logistics and Travel)	0.170	0.170
0.026	Council Member Support Program	0.070	0.070
<b><u>0.014</u></b>	<b><u>Contractual Services</u></b>	<b><u>0.054</u></b>	<b><u>0.054</u></b>
0.014	(Contracts with Firms)	0.054	0.054
<b><u>0.745</u></b>	<b><u>Publications, Media, Web and External Outreach</u></b>	<b><u>0.854</u></b>	<b><u>0.854</u></b>
<b><u>1.296</u></b>	<b><u>General Operations Costs</u></b>	<b><u>1.602</u></b>	<b><u>1.602</u></b>
0.742	Office Space, Equipment, and Supplies	0.922	0.922
0.529	Communications and Internal Computing	0.618	0.618
0.000	Corporate Services	0.000	0.000
0.025	Representation and Hospitality	0.062	0.062
<b><u>11.759</u></b>	<b><u>TOTAL</u></b>	<b><u>13.647</u></b>	<b><u>13.164</u></b>
<i>FY08 Actual</i> <i>\$m</i>	GEF Secretariat Additions to Base Budget	<i>FY09 Budget</i> <i>\$m</i>	<i>FY09 Estimated</i> <i>\$m</i>
0.000	Corporate - Sr. Private Sector Specialist - G	0.000	0.086
0.000	Corporate - Sr. Policy Officer - G	0.000	0.181
0.000	NR - Environmental Specialist - F	0.000	0.083
0.000	Corporate - Operations Assistant - D	0.000	0.047
0.000	NR/Climate - 2 Program Assistants - C	0.000	0.087
0.000	Climate - Tech Transfer Coordinator - G	0.000	0.000
0.000	Corporate – Sr. Finance & Database Officer - G	0.000	0.000
0.000	SUB-TOTAL ADDITIONS TO FY10 BASE BUDGET	0.000	0.483
<b><u>11.759</u></b>	<b><u>GRAND TOTAL GEF SECRETARIAT BUDGET</u></b>	<b><u>13.647</u></b>	<b><u>13.647</u></b>



3. The activities and outputs for FY09 are listed below based on the FY09 categorization of activities for ease of comparison.

**A. Governance**

4. Regular communication was maintained with the Council during the period between Council meetings, including communications regarding decisions by mail. One Council meeting was convened (November 2008) and considered policies and papers as follows:

- (a) Three work programs, including five new PAs on the strategic programs for West Africa and for SFM in the Congo Basin, framework for promoting low GHG emission in buildings and reducing industry's carbon footprint in Southeast Asia;
- (b) Elaboration of a Strategic Program to Scale up the Level of Investment in the Transfer of Environmentally Sound Technologies;
- (c) GEF Trust Fund Programs;
- (d) Report on the Completion of Programming of the Strategic Priority on Adaptation;
- (e) Enhancing Civil Society Engagement and Partnership with the GEF;
- (f) Progress reports on the development of the Resource Allocation Framework (RAF) indicators for the focal areas not yet under RAF;
- (g) Management of the GEF Project Cycle Operation: A Review
- (h) Guidelines for Agencies' Reporting of Administrative Expenses;
- (i) GEF Programming Report for the Period January 1 to June 30, 2008;
- (j) Mid-term Review of Progress in Implementing GEF-4 Policy;
- (k) Mid-term Review of Resource Allocation Framework;
- (l) Progress Report on the Implementation of RAF;
- (m) Regular report on relations with the conventions and other institutions;
- (n) A Science Vision for GEF-5: Proposals from the Scientific and Technical Advisory Panel;
- (o) Report of the Meeting of the Scientific and Technical Advisory Panel, September 15-17, 2008;
- (p) Scientific and Technical Advisory Panel Work Program for Financial Year 09 (updated);

- (q) Note on the Organization of the Fourth GEF Assembly;
- (r) Decision on the Fifth Replenishment of the GEF Trust Fund;
- (s) Management responses (and associated policy recommendations) were prepared in response to evaluations by the GEF Evaluation Office and presented at the November 2008 Council meeting.

## **B. Program Management**

5. The following activities and outputs were produced under Program Management by the Secretariat in FY09:

- (a) Consistent with the reform agenda outlined by the CEO and the decisions of the Council, worked with the Agencies to identify initial ideas for further development and approval in calendar year 2009;
- (b) In collaboration with the ten GEF Agencies, presented for Council approval one work program, and three intersessional work programs; under delegated authority, the CEO approved PPGs, MSPs and EAs;
- (c) Implemented the revised project cycle and developed an Operations Manual to support the implementation;
- (d) Participated in programmatic and other evaluations managed by the GEF Evaluation Office;
- (e) Implemented the RBM framework and in the process of preparing the 2008 AMR in collaboration with the GEF Agencies;
- (f) The Biodiversity focal area will complete development of a portfolio level tracking tools to monitor GEF support to projects that will build capacity in access to genetic resources and benefit sharing in preparation for GEF-5 support to ABS;
- (g) The GEF Secretariat will collaborate with the Secretariat of the CBD in a series of activities to celebrate the IYB;
- (h) Implementation of case study to investigate and establish a firmer evidence base regarding the correlation between protected area management effectiveness, as recorded by the GEF biodiversity tracking tool for protected area projects, and successful biodiversity conservation and sustainable use within a protected area.
- (i) Completed the development of the first phase of the improved GEF MIS;
- (j) Continued participation in knowledge management and related activities for dissemination of lessons learned;

- (k) Took steps to launch the Public-Private Partnership Fund as the “Earth Fund;”
- (l) Initiated strategy development for GEF-5.

## **C Constituencies**

6. The Secretariat built upon the process of direct consultation with countries to discuss programming of GEF-4 resources under the RAF.
7. The Secretariat-based Conflicts Resolution Commissioner has addressed over 100 complaints received from partner countries.
8. Six GEF national dialogue consultations were held and eight sub-regional information and information exchange workshops took place. The online Knowledge Management Facility is running actively and is frequently used by focal points and other partners. The GEF Secretariat, in collaboration with UNDP and UNEP, continues to provide support to national focal points under the CSP. Eight countries accessed the CSP during FY09, and the program has facilitated six constituency meetings.
9. Increased information has been provided to focal points and Council Members, enhancing their capacity to communicate with stakeholders and constituency members. Three issues of the GEF newsletter (Talking Points) were produced as a tool to communicate with national focal points, NGOs and other stakeholders.
10. One familiarization seminar was held in October 2008, with the participation of 80 people including focal points, Agencies Staff, STAP personnel as well as GEF Secretariat and GEF Evaluation Office staff.
11. Staff were available to assist Parties and to respond to questions at the COP serving as the meeting of the Parties to the Cartagena Protocol on Biosafety, as well as the COP to the CBD, the Stockholm Convention, the UN Convention to Combat Desertification (UNCCD), the UNFCCC, and other related international conferences and meetings. This included the Secretariat’s organization of side events, exhibits, and other presentations.
12. Two CSO consultations were convened, and the Secretariat initiated collaborative work and a brainstorming session with the CSOs to review the operations of the NGO network and its relationship to the GEF Secretariat.

## **D. Special Initiatives**

### *Resource Allocation Framework*

13. The GEF Council during the November 2008 meeting requested that the Secretariat work on steps towards improving the RAF. The Secretariat revised the RAF to include measures for transparency and accountability and started work on the formulation of STAR. Currently, the Secretariat is working on simulations for improving the STAR for Biodiversity and Climate

Change in GEF-5. In later stages, the Secretariat will consider some case studies taking into account the different funding levels for regional and global exclusion projects. In addition, refining the GPI for STAR is becoming one of the key tasks for GEF-5. Work on improving the STAR is expected to continue for the remainder of FY09 and into FY10. In FY09, the Secretariat will hire a consultant to assist with data collection and the implementation of STAR, but there will be no budgetary needs beyond what has been previously approved by Council. Project Management Information System

Resource Allocation Framework	<i>Approved</i>	<i>Actual thru FY09</i>
Staff Costs	0.100	0.071
Staff Travel	0.050	0.037
<b>TOTAL</b>	<b>0.150</b>	<b>0.107</b>

14. The Council approved a special initiative budget in November 2005 for developing a new MIS for the GEF. The detailed needs assessment for the MIS took time and was completed only in December 2006. The first phase of the improved MIS, including a portal for country partners to access real-time information on status of proposals and availability of resources, was completed in December 2007. The next phase of the PMIS went live at the end of 2008 and now allows staff of the Secretariat to enter and access an enlarged set of data from anywhere in the world. All the GEF processes and projects are contained in the rules of PMIS, except the SGP. The increasing complexity and changes made in each phase of GEF mean that considerable care and great efforts are needed to ensure that the systems do map the rules and GEF reality and that the same figures are available to the Trustee. A total of \$ 99,000 has been spent to date on software and hardware. The second phase of MIS development will allow the MIS to be fully operational with the GEF Agencies and will allow for direct entry of project information in a secure website. This will allow all the stakeholders to have access to the full range of information available in the database. At the same time, a clean-up of the database and reconciliation of all data sets going back to 1991 should ensure that the information available is consistent with the information held by the Agencies and the Trustee.

MIS	<i>Approved</i>	<i>Actual thru FY09</i>
SAP Back end	0.430	0.099
J2EE/Web Enabled Front End	0.130	0.000
Capital Expenditure and Licenses	0.080	0.000
Contingency	0.060	0.000
<b>TOTAL</b>	<b>0.700</b>	<b>0.099</b>

#### *Result-based Management Framework*

15. The Council approved a special initiative budget of \$200,000 (in FY07) to develop a RBM Framework. The Secretariat is currently in the process of implementing its RBM system.

As part of this process, the Secretariat is simplifying reporting processes, working to collect information in a more standardized, systematic and timely fashion, and allow for more efficient analysis of data. During FY09, the Secretariat has allocated the remaining budget to achieve these objectives. The money will go toward: consultancies to assist in the development of the tools needed to collect, capture, and store data for both reporting and learning purposes. As well as, consultancies and software to create an interface for tracking tools and recording results performance.

16. Progress has continued on the development of tracking tools this past year. Three focal areas, Climate Change, International Waters, and POPs have used funds to develop pilot tracking tools that were tested for the first time as part of the 2008 AMR exercise.

Results Management Framework	<i>Approved</i>	<i>Actual thru FY09</i>
Biodiversity Task Force - consultancies & workshops	0.020	0.000
IW Task Force - consultancies & workshops	0.055	0.047
CC Task Force - consultancies & workshops	0.040	0.000
CC - pilot knowledge management program	0.020	0.000
Land Degradation - consultancies	0.040	0.032
Overall supporting consultancies	0.025	0.000
<b>TOTAL</b>	<b>0.200</b>	<b>0.079</b>

*Strategic Initiative to Develop Tools to Assess the Impact of Climate Change on Project Results and Sustainability*

17. As part of the FY08 budget, the Council approved \$250,000 to develop tools to “climate proof” the GEF portfolio. TOR for the exercise have been finalized and selection of experts has been conducted and the work has started. A group of experts are working on the assessment and developing a methodology aimed at making the GEF portfolio more climate resilient.

Assessment of Impact of Climate Change	<i>Approved</i>	<i>Actual thru FY09</i>
Assessment of Impact of Climate Change	0.250	0.000
<b>TOTAL</b>	<b>0.250</b>	<b>0.000</b>

18. Using \$40,000 allocated for the development of methodologies and indicators, the Climate Change Mitigation Task Force has begun a process to define consistent methodologies for the estimation of GHG emissions from projects. The exercise will continue in FY10

*The Fiduciary Standards Review*

19. For FY08, the Council decided to increase the budget for the review of fiduciary standards from \$70,000 to \$150,000 in order to be able to hire a suitable firm to undertake the review and present to Council. It was agreed that the additional funding would come from the Secretariat corporate budget. The *Fiduciary Standards Review (C.35/5)* is being presented during the June 2009 meeting and the entire contract totaled \$150,000. Out of this \$80,000 is derived from the fiduciary standards special initiative and \$70,000 comes out of the Secretariat corporate budget and is reported there.

Fiduciary Standards	<i>Approved</i>	<i>Actual thru FY09</i>
Fiduciary Standards	0.080	0.080
<b>TOTAL</b>	<b>0.080</b>	<b>0.080</b>

**ANNEX 5: STAP – FY09 REVIEW OF ACTIVITIES AND ACHIEVEMENTS**

1. The six-member STAP was fully reconstituted, including its new Chairperson, for the beginning of FY09, thus completing the series of reforms and appointments approved by the Council aimed at increasing the impact of the Panel. The STAP Secretariat also gained its full strength resulting in four scientifically qualified professional grade staff fully able to draft specialized advice, under the direction of Panel Members, and to design and manage support activities.
2. During GEF FY09, the Panel concentrated primarily upon three clusters of advisory work: project cycle surveillance and provision of advice, gathering of best available scientific and technological advice to inform GEF-5 strategy development, and development of strategic advice developed jointly with GEF Agencies and the Secretariat through GEF Task Forces within each focal area. This work of the Panel and the STAP Secretariat, described in its work program, and periodically reported to the Council, has become much more closely aligned than before to the operational and strategic needs of the GEF, and realigns the STAP within the GEF partnership.
3. The STAP's project cycle work within GEF-4 to date resulted in over 250 FSPs or PAs being screened within nine work programs. The majority of this work was achieved directly by panel Members and Secretariat staff working as teams, with the advantage that the Council's appointed scientific advisors are directly involved in advising on the portfolios of projects, instead of indirectly, via the Roster, as was previously the case. Within the GEF-4 cohort of projects evidence is accumulating that agencies are taking STAP advice into account when developing final project documents; this result was assessed through review of STAP advice given at PIF stage to determine if this advice has been acted on within the full project brief.
4. The Science Vision for GEF-5 drafted as an output of the April 2008 STAP meeting, was further developed by each Panel Member consulting with the best available experts, and equipped STAP to work within the Technical Advisory Groups convened by the Secretariat to draft GEF-5 focal area strategies. Expert consultations to support strategic advice included an Ecosystem Carbon Scoping Workshop jointly with the Heinz Center in January 2009, 'Measuring the Success of GEF Investments and Catalyzing Change through Experimental Project Design' (March, 2009), 'Climate Change Science and Technology Advice for GEF-5' and 'REDD, Forest Conservation and Sustainable Forest Management: Options for GEF-5 (LULUCF, SFM to REDD)', which were also held in March 2009. In addition to these consultations that have resulted in scientific advice to the GEF submitted through the GEF Secretariat, a guidance document on Payments for Environmental Services (PES) was also provided to agencies and published in December 2008.
5. The RAF Mid Term Review, conducted by the GEF Evaluation Office, was the entry point for the Panel's subsequent work on the RAF. The Panel largely supported the findings of the Mid Term Review and suggested clarifications to improve understanding of analysis surrounding one of the two indexes used in the RAF, the GEF Benefits Index (GBI). In December 2008, with the GEF Secretariat, STAP jointly convened a workshop to explore the GBI for the International Waters focal area, and reviewed the full range of candidate datasets and indicators available from GEF partners. Subsequently, STAP compiled its advice to Council in

response to the GEF Secretariat's draft 'Options for a GEF-wide Resource Allocation Framework' and has consulted widely to develop further its advice on the options for the new STAR. This category of advisory work will continue into FY10.

6. In accordance with STAP's mandate, it was agreed at the September 2008 STAP meeting that GEF-related Millennium Ecosystem Assessment (MEA) Secretariats should be asked to mediate opportunities for the Science Panel to interact with science bodies of MEAs for the benefit of the GEF. This approach, which was also called for at the 34th GEF Council meeting (November 2008), led to meetings in February-March 2009, involving CBD, UNFCCC, UNCCD, Stockholm Convention, Basel Convention, and selected bodies involved in collaborative scientific guidance to the work of the GEF, resulting in a work program that will ensure more closely aligned and complementary working between science bodies and the GEF.



## ANNEX 6: TRUSTEE – FY09 REVIEW OF ACTIVITIES AND ACHIEVEMENTS

1. The World Bank as Trustee provides a range of standard services, broadly defined in the Instrument, in the following categories: (i) financial and risk management; (ii) investment management and cash flow management; (iii) management of GEF partner relationships and transactions; (iv) accounting and reporting; (v) legal services; (vi) commitment and disbursement of trust fund resources; and (vii) infrastructure and systems.

### *FY09 Highlights*

2. In addition to the standard services discussed above, the Trustee engaged in additional activities in 2008-2009:

- (b) Preparation for and implementation of the GEF-5 replenishment discussions, which began with a planning meeting in November 2008. The first meeting was held in March 2009 with a second meeting to occur directly after the June 2009 Council meeting. Costs were incurred for staff time, preparation of replenishment papers and travel for one meeting;
- (c) Discussions with Agencies on the revision of the Financial Procedures Agreements to reflect new procedures and processes and to ensure synchronization with the new project cycle; and
- (d) An unusually lengthy reconciliation process that is expected to continue into the summer of 2009.

3. During the first three months of 2009, the Trustee, Agencies and Secretariat engaged in a process of reconciling all project related financial information and transaction dates relating to the GEF Trust Fund. This verification of end-to-end financial transactions since inception of the GEF followed the restructuring of the Trustee's ten-year old financial system for the GEF. That restructuring, a complete upgrade and revision of the GEF system software, entailed a complete overhaul and conversion of the related business and financial data, and an associated comprehensive reconciliation to ensure that all financial and business data related to the funding decisions of Council and CEO are sound.

4. This reconciliation process with the Agencies is complete; however, final work is still ongoing between the Trustee and the Secretariat. The length and complexity of the reconciliation process, and the nature of the iterations between the Trustee and the Secretariat, point to needed improvements for the future.

5. In light of the difficulties encountered during the reconciliation process and the increasing complexity in the GEF system, the Trustee recommended that an independent review be undertaken of the interactions between the Trustee's financial system for the GEF Trust Fund and the supporting systems in the Secretariat and Agencies. In the future, the annual reconciliation exercise is not expected to require the same level of effort, given the exceptional nature of this year's exercise. Nonetheless, independent recommendations will be useful on ways to improve the tracking and management of GEF transactions. Specifically, the review will consider the ways financial and operational information flows through the GEF systems, is

provided by the different GEF partners to the central system managed by the Trustee, and in turn supports GEF transactions and supplies partners with needed information. The review should assess how the functions are managed, and advise on possible improvements, as well as appropriate staffing levels and skills to manage the inter-related systems. The independent review would also need to take into account possible changes to the GEF structure, such as the addition of more agencies, changes to the programmatic approaches, and different governance arrangements, which could have implications for the financial management of the GEF.

*FY09 Projected vs. Estimated Actual*

7. Based on actual expenditures for the first ten months of FY09 and revised projections for the remaining two months, it is expected that the Trustee's original budget projection for FY09 will be \$339,200 higher than the FY09 approved amount.

- a) This increase predominantly reflects higher investment management costs (\$240,000 over the original projection) resulting from higher investment balances managed by the World Bank's Treasury.<sup>11</sup> The increase in investment management costs is offset somewhat by lower financial management, relationship management, and legal expenses. Higher investment management costs are also associated with higher levels of investment income from the GEF Trust Fund's liquidity balance.
- b) The costs for the FY08 external audit of the GEF Trust Fund, which was carried out during FY09, were \$34,800 higher than projected. This increase is largely due to the broadening of the scope of the external audit to include internal controls, risk scans, and analysis of risk mitigation measures.

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<sup>11</sup> The FY09 investment management cost projection was based on an average fund balance of \$2.29 billion, resulting in a projection of investment management costs of \$800,000. Actual average fund balances in FY09 were closer to \$2.97 billion, resulting in investment management costs of \$1.04 million.

**ANNEX 7: CORPORATE BUDGET CATEGORY DEFINITIONS**

1. The following expense categories are used to track cost components in the corporate budget for all GEF Agencies. The specific categories used by each Agency are governed by the relevant policies, guidelines and practices of the reporting Agency.

- (a) *Staff costs*: salaries and staff benefits, travel and training costs as they pertain to regular and fixed-term staff;
- (b) *Consultant costs*: fees and travel costs as they pertain to consultants;
- (c) *Council costs*: costs of organizing Council meetings, travel for Council Members and Alternates, costs and travel for the NGO network to participate in NGO consultations and Council meetings, and support for Council Members;
- (d) *Contractual services*: contracts with firms for consulting and other services;
- (e) *Publications, media, web and external outreach*: costs associated with vendors for designing, printing, and publishing and other costs associated with outreach; and
- (f) *General operations costs*: 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); office technology and communication equipment; 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); representation and hospitality costs.