



GEF/C.37/5
May 5, 2010

Special GEF Council Meeting
May 24, 2010
Punta del Este, Uruguay

Agenda Item 5

GEF CORPORATE BUDGET FOR FY 2011

Recommended Council Decision

The Council, after having reviewed the *GEF Corporate Budget for FY11* (GEF/C.37/5), approves a FY11 Corporate Budget of \$25.990 million comprising:

- (a) \$17.352 million core budget for the Secretariat;
- (b) \$3.745 million allocation for the GEF Evaluation Office;
- (c) \$2.172 million for the STAP; and
- (d) \$2.721 million for the Trustee.

The Council also notes the request for an additional budget for the Secretariat of \$1.173 million that will be needed for the Secretariat to engage in necessary activities in support of anticipated GEF-5 reforms related to the management of the Country Support Program and the Secretariat's facilitation of activities under direct access for the preparation of national communications and portfolio identification exercises. Approval of this additional amount is contingent upon GEF Council approval of the necessary plans, policies, and procedures for implementing these reforms.

EXECUTIVE SUMMARY

1. FY11 will be a critical year of transition for the GEF as it is the first year of the GEF's Fifth Replenishment (GEF-5) period. It will be the most important year in terms of the implementation of policy reforms agreed to by Participants in the GEF-5 replenishment negotiations. It will also be the first year during which GEF Agencies and the Secretariat work with countries to program resources according to the GEF's new focal area strategies and under the GEF's System for Transparent Allocation of Resources (STAR) in the biodiversity, climate change, and land degradation focal areas. While replenishment negotiations had not concluded as of the date of the posting of this document, there has been strong support among participants for a robust set of policy reforms and a sizeable increase in new donor contributions to the GEF Trust Fund.

2. During the first year of the GEF-5 period, the corporate budget will be funded with resources from GEF-4. The FY11 corporate budget provides the administrative resources that the four central GEF entities – the Secretariat, Evaluation Office (EO), the Scientific and Technical Panel (STAP), and Trustee – will need to continue their operations, implement agreed GEF-5 reforms, and facilitate the programming of a larger program of work.

3. In June 2007, the GEF Council requested that the GEF Secretariat, Evaluation Office, STAP, and Trustee collectively aim to operate during the years FY08-FY11 within a cost cap of \$93.5 million to cover their administrative costs. As discussed in the *GEF Business Plan and Corporate Budget for FY10 (GEF/C.35/8)*, this cost cap has been interpreted to include the core budgets of the four central entities, but exclude special initiatives. The cost of the GEF Assembly has also been included in this definition of “core costs” since it is a normal, anticipated cost borne by the GEF every four years. Including the core budget requests in this document, the total projected core budget costs of the four entities for the period FY08 – FY11 is estimated at \$92.08 million,¹ about \$1.4 million under the cap.

4. GEF Secretariat is requesting \$17.35 million for its core budget to support the continued implementation of its baseline activities and enable the Secretariat to manage the programming of a higher level of resources and enhanced degree of country outreach during GEF-5. This represents a 16.8% increase over the Secretariat's core FY10 budget (of \$14.86 million). This total includes an incremental increase of \$1.9 million to fund new positions that the Secretariat believes are necessary to fund its current core activities under a sizably larger program of work during GEF-5

5. The present document also describes a \$1.17 million envelope of budgetary resources for the Secretariat that will be necessary to support the initiation of new GEF Secretariat activities that are anticipated under potential GEF-5 reforms with regard to GEF national portfolio identification exercises (PIEs), provision of direct funding to countries for the preparation of national communications/reports, and Secretariat management of the Country Support Program (CSP). GEF-5 replenishment Participants still need to agree on these reforms, and the Council will need to endorse them. Council will also need to approve necessary plans, policies, and procedures to implement them. For these reasons, approval of this funds is contingent upon

¹ GEF four special initiatives will total \$2.56 million.

approval of these reforms and any implementing measures, discussion of which is scheduled for the June 2010 Council Meeting.

6. Among the other three of the four central GEF units, the STAP is requesting a nominal increase of 3% in its core budget, to cover the cost of inflation, totaling \$2.172 million. The Evaluation Office is requesting a core budget of \$3.75 million. As noted at the November 2009 Council Meeting (see GEF/C.36/ME.1), this represents a 6.93% decrease compared to its FY10 approved budget. This reduction is designed to make up for the higher unanticipated costs that were incurred in FY10 for the Fourth Overall Performance Study of the GEF. The Trustee is requesting a core budget of \$2.55 million, which is a slight decrease (-0.3%) from its FY10 core budget request.

7. In summary, the total corporate budget request for the four central GEF entities in FY11 amounts to \$25.99 million. No special initiatives are requested for FY 11. This represents an increase over the core FY10 budget of 4.9% but represents a 1.3% decrease when compared to the full FY10 approved budget, which included special initiatives. An additional \$1.173 million is requested for the Secretariat to initiate activities for the implementation of key anticipated GEF-5 reforms regarding the direct funding of national communications, facilitation of PIEs, and Secretariat management of the CSP.

TABLE OF CONTENTS

Executive Summary	ii
Table of Contents	iv
Introduction.....	5
Achievements during GEF-4	6
Programming and Policy Reform Directions in GEF-5.....	7
Corporate Budget for FY11	8
Secretariat FY11 Activities, Outputs, and Budget.....	10
STAP FY11 Activities, Outputs and Budget	16
Trustee FY11 Budget, Activities, and Outputs.....	18
Evaluation Office Budget Request for FY11	20
Consolidated FY10 Corporate Budget and Total Administrative Costs.....	21
Annex 1: GEF-4 Retrospective.....	25
Annex 2: GEF Secretariat – FY10 Review of Activities and Achievements	29
Annex 3: STAP – FY10 Review of Activities and Achievements	37
Annex 4: Trustee – FY10 Review of Activities and Achievements	39

INTRODUCTION

1. FY 2011 will be the first year of the GEF-5 replenishment period and will be the most critical year for implementing the reforms that are agreed during the GEF-5 replenishment negotiations. This budget document offers a retrospective on what the GEF has accomplished during the GEF-4 period, including FY10. It also requests the resources that will be necessary for the four central GEF entities to begin carrying out the work necessary to facilitate the GEF's expanding program of work in GEF-5 and to implement the reforms that are expected to be agreed by GEF-5 replenishment participants.

2. The FY11 corporate budget requested in this proposal will be funded with GEF-4 resources. In June 2007, the GEF Council had requested that the GEF Secretariat, STAP, Trustee, and Evaluation Office collectively aim to operate within a cost cap of \$93.5 million during the FY08-11 period. As discussed in the GEF Business Plan and Corporate Budget for FY10, most special initiatives are considered to fall outside of this cap, since the number of special initiatives is greater than could have been anticipated in 2007. An exception is funding for the Fourth GEF Assembly which, while a special initiative, was a planned expenditure.

3. Through June 2010, total corporate budget expenditures are expected to total \$66.1 million² leaving approximately \$27.4 million in resources for the core budgets of the four central GEF entities during FY11. This corporate budget requests \$25.99 million for these core budgets. This request includes an increase in resources for the GEF Secretariat to facilitate the programming of an increased level of resources under the System for Transparent Allocation of Resources (STAR).

4. During the GEF-5 replenishment discussions held through March 2010, replenishment participants strongly supported an ambitious reform agenda aimed at improving country ownership, enhancing the GEF's efficiency and effectiveness, and strengthening and broadening a GEF partnership. Although the replenishment discussions has yet to conclude, and recognizing that the GEF Council will need to endorse the reforms and approve the plans, policies, and procedures to implement any reforms, it can be noted that there has been broad agreement in the replenishment discussions on key components of reform in GEF-5.

5. As such, it is important that the Council and Secretariat begin planning for how these activities under these reforms will be supported so that they may start implementation as early as possible in FY11. Contingent upon Council endorsement of the replenishment reforms and approval of the necessary implementation plans, policies, and procedures at the June 2010 Council Meeting, this budget requests an additional \$1.17 million envelope of additional resources to hire staff and cover the other additional costs of implementing GEF-5 reforms.

² Including the GEF Fourth Assembly, but excluding other special initiatives.

ACHIEVEMENTS DURING GEF-4

6. The GEF-4 period comes to a close with an impressive record of achievement on all fronts, including the key achievements summarized below. Further detail on programming and implementation on policy reforms is included in Annex 1.

- (a) Total projected programming of GEF-4 resources amounted to \$2.81 billion, which is expected to leverage over \$15.96 billion in co-financing (a 5.7 to 1 ratio).
- (b) An increase in the proportion of funding programmed to least developed countries (LDCs) and small-island developing states (SIDS) – from 11.9% in GEF-3 to 18.4% in GEF-4.
- (c) The successful streamlining and shortening of the GEF project cycle, based on the findings of an evaluation conducted by the Evaluation Office, as well as the development of rules and procedures for the management of project cycle. During GEF-4, on average, it took a full size project approximately 18 months to move from work program entry/Council Approval to CEO endorsement – well within the 22 month target.³
- (d) An enhanced emphasis on providing resources through programmatic approaches so that issues of national, regional, and global importance are addressed more effectively, in coordination with GEF Agencies and other co-financiers. During GEF-4, approximately 32% of GEF project resources approved to date have been provided to projects under programmatic approaches.
- (e) Examples of key GEF-4 programmatic approaches include those for the Congo Basin Forest Program, the Pacific Alliance for Sustainability (PAS), the Marine Coral Triangle Initiative (CTI), the GEF MENARID program (integrated natural resource management in dry lands of the Middle East and North Africa), two strategic programs in West Africa (respectively for biodiversity and clean energy), the Mediterranean Environmental Sustainable Development Program, and national programmatic approaches in China (biodiversity conservation), India (sustainable land and ecosystem management), and Vietnam (forests).
- (f) The implementation of the resource allocation framework (RAF) to direct funds to countries under a more objective set of criteria, and to put countries in the lead when it comes to setting programming priorities. The GEF successfully integrated lessons learned from implementing the RAF and redesigned its allocation system, creating the more flexible System for Transparent Allocation of Resources (STAR), which will provide national allocations in three focal areas to all eligible countries.
- (g) The design of a results-based management strategy to show how GEF delivers on its objectives and to allow for objective measurement of success.
- (h) The establishment of a level playing field among all GEF Agencies to equalize program and project-level opportunities among those with similar comparative advantages.
- (i) The development of a new, simplified methodology for applying the incremental cost principle to GEF projects, relying on incremental reasoning rather than complex and formulaic calculations that were found by the GEF Evaluation Office not to add value to projects.

³ By comparison, under the former project cycle procedures, the joint evaluation estimated that it took 44 months (check) for a project to move from work program entry to CEO endorsement.

- (j) Under a strengthened communications and media outreach strategy (approved November 2007), the GEF has implemented media and outreach activities that have greatly boosted its image internationally and strengthened relations with partners. Currently, the GEF is mentioned an average of 78 times per month, compared to a pre-strategy average of only 13 mentions per month. Similarly, there has been a 200% increase in GEF mentions on twitter and 60% increase in other (non-print) media.
- (k) Enhancement of the GEF's internal mediation and conflict resolution system.
- (l) The launch of the Earth Fund to enhance engagement with the private sector.
- (m) The establishment of minimum fiduciary standards for GEF Agencies and a third party review of GEF Agency compliance with them. All agencies that were assessed as not meeting the standards have completed action plans that outline measures to be implemented that will bring themselves into compliance with the standards.
- (n) The programming of \$234 million in resources through the Least Developed Countries Fund and Special Climate Change Fund to support developing country efforts to adapt to climate change and facilitate technology transfer. A Draft Programming Strategy on Adaptation to Climate Change for the LDCF and SCCF during GEF-5 was also drafted.
- (o) Provision of secretariat services to the Board of the Adaptation Fund under the Kyoto Protocol, thereby providing critical support to this new and innovative financing mechanism, supporting countries in adapting to climate change.
- (p) The successful launch of the new GEF Project Management Information System (PMIS), which has facilitated project review and enabled the GEF Secretariat to better track the GEF portfolio. The GEF has also greatly enhanced the transparency and accessibility of information for its partners by making data on the status of all projects publicly available under the "Country Profile" link on the GEF's website.
- (q) Programming of \$50 million, in response to the thirteenth meeting of the Conference of the Parties (COP) of the UNFCCC, to facilitate the transfer of sound environmental technologies under the Poznan Technology Transfer program.

PROGRAMMING AND POLICY REFORM DIRECTIONS IN GEF-5

7. While the GEF-5 replenishment has not concluded, a consensus has started to emerge among GEF replenishment participants for a substantial increase (possibly 50% or more) in new donor funding for the GEF. In particular, Participants have supported the principle that all focal areas should receive an increase in resources and that a cross-cutting investment program in Sustainable Forest Management (SFM)/Reducing Emissions from Deforestation and Degradation (REDD-plus) should be funded with resources allocated from climate change, biodiversity, and land degradation.

8. Moreover, as of end-April 2010, GEF-5 Participants have supported the core reform themes for GEF-5; namely, enhancing country ownership and improving the GEF's efficiency and effectiveness. The Secretariat plans on presenting a FY11-14 business plan to Council in November 2010 on implementation of the agreed reforms, but below is a brief description of some of the key reform themes around which consensus appears to have emerged.

9. The programming of resources during GEF-5 will be guided by the priorities established under the agreed GEF-5 focal area strategies. In accordance with decisions reached at the

November 2009 Council Meeting, programming decisions in the climate change, biodiversity, and land degradation focal areas will be made subject to individual country allocations set under the GEF's new System for Transparent Allocation of Resources (STAR). The GEF will endeavor to ensure that programming decisions fully reflect national priorities for the generation of global environmental benefits under the relevant conventions, as reflected in national strategies and plans. Some countries may also wish to conduct voluntary national GEF portfolio identification exercises as a means to further define and explain their programming priorities.

10. During GEF-5, several tools will be used to maximize the transformation impact of GEF investments, including the enhanced use of programmatic approaches and the Sustainable Forest Management/REDD-plus/LULUCF Investment Program. The SFM/REDD-plus program and the biodiversity focal area set-aside for the Blue Forests program will be used to incentivize countries to engage in initiatives with broader transformational impact at the national and trans-national levels than would be possible without these flexible resources.

11. Implementation of the GEF-5 focal area strategies will be supported by a revised approach to corporate programs. This will include a reformulated Country Support Program (CSP), voluntary PIEs, further strengthening of the Small Grants Program, and further enhancement of the engagement of the private sector and civil society in the GEF. The GEF-5 policy reform document recommends that the CSP be managed by the GEF Secretariat so that all outreach to countries can be handled in a coordinated and streamlined manner. The Council will also discuss the policy reform recommendation that the GEF partnership be further strengthened by permitting capable entities with strong fiduciary standards to work directly with the GEF Trustee and Secretariat to design and execute GEF projects (e.g. operationalization of Paragraph 28 of the GEF Instrument). The Agencies and Secretariat will continue to work with the Scientific and Technical Advisory Panel (STAP) to ensure that programs and projects incorporate the latest scientific and technical advice.

CORPORATE BUDGET FOR FY11

12. The GEF corporate budget finances the administrative costs of the Secretariat, STAP, the Trustee, and the Evaluation Office (EO). Consistent with previous practice, this document contains detailed FY11 budget requests for the Secretariat, the STAP, and the Trustee. It also contains a budget request for the GEF EO to support the EO's activities and outputs in FY11. These were explained in greater detail in the EO's Four-Year Work Program and FY10 budget presented to Council in June 2009 (GEF/ME/C.35/4/Rev.1). This document requests \$3.75 million for the EO, which is at the same level as the EO Director had projected in the November 2009 Council Document, *GEF Evaluation Office: Progress Report from the Director* (GEF/ME/C.36/1).

13. As shown in table 1 below, the total core FY11 budget request for the four central GEF entities for FY11 amounts to \$25.99 million, which represents an increase of \$1.22 million (4.93%) compared with estimated actual spending in FY10 of \$24.77 million. This request will bring total core corporate budget resources used during the FY08-11 period to a projected total of \$92.08 million, which is \$1.4 million below the \$93.5 million cap established by Council in 2007. The Secretariat has included the expected costs for the Fourth GEF Assembly in this total, as GEF Assembly costs are anticipated during each four-year GEF cycle.

Table 1: Trends in GEF Core Corporate Budget, FY08-FY11

GEF Entities	Requests under GEF-4 (millions of Dollars)				
	FY08 (actual)	FY09 (actual)	FY10 (expected actual)	FY11 (request)	TOTAL
<i>Secretariat Core Budget</i>	<i>11.760</i>	<i>13.093</i>	<i>14.184</i>	<i>17.352</i>	<i>56.389</i>
<i>STAP Total</i>	<i>1.296</i>	<i>1.815</i>	<i>2.108</i>	<i>2.172</i>	<i>7.391</i>
Trustee Core Budget	1.988	2.341	2.801	2.553	9.683
External Audit of GEF Trust Fund	0.115	0.154	0.112	0.168	0.549
<i>Trustee Total</i>	<i>2.103</i>	<i>2.495</i>	<i>2.913</i>	<i>2.721</i>	<i>10.232</i>
<i>Evaluation Office Total</i>	<i>3.461</i>	<i>4.644</i>	<i>4.019</i>	<i>3.745</i>	<i>15.869</i>
<i>Fourth GEF Assembly</i>	<i>0.000</i>	<i>0.654</i>	<i>1.546</i>	<i>0.000</i>	<i>2.200</i>
Total Core Corporate Budget	18.620	22.701	24.770	25.990	92.081

14. In addition to the Fourth GEF Assembly, the Council also approved several special initiatives for funding during the FY08-11 period, in addition to the core budget. For the FY08-FY11 period, the total budget for these special initiatives comes to \$2.57 million, with allocations of \$2.1 million for Secretariat special initiatives and \$0.46 million for Trustee special initiatives. Status reports on the Secretariat's special initiatives that were still under implementation in 2010 are included in Annex 1. A status report on the Trustee's special initiative funded through the FY10 corporate budget is included in Annex 4. No special initiatives are requested for FY11.

Table 2: Trends in GEF Special Initiative Funding, FY08-FY11⁴

GEF Entities	Requests under GEF-4 (millions of Dollars)				
	FY08 (actual)	FY09 (actual)	FY10 (expected actual)	FY11 (request)	TOTAL
<i>Secretariat Total</i>	0.368	0.330	1.403	0.000	2.101
<i>Trustee Total</i>	0.314	0.000	0.150	0.000	0.464
<i>Evaluation Office Total</i>	0.000	0.000	0.000	0.000	0.000
Total Special Initiatives	0.682	0.330	1.553	0.000	2.565

⁴ Excludes GEF Assembly costs.

SECRETARIAT FY11 ACTIVITIES, OUTPUTS, AND BUDGET

15. The GEF Secretariat is requesting a total FY11 budget of \$17.35 million for its core budget. No funding is requested for special initiatives. This will support the continued implementation of baseline activities by the GEF Secretariat and enable the Secretariat to manage a higher level of resource programming and country outreach during GEF-5.

16. The end of this section presents for Council consideration an additional \$1.17 million envelope of budgetary resources that the Secretariat believes will be necessary to support new GEF Secretariat activities and operations to carry out and support key GEF-5 reforms on which broad consensus has already emerged among GEF-5 Participants. This additional budget would, however, be contingent upon Council approval of the replenishment reforms and plans and policies needed for their implementation. The new activities that will need enhanced budgetary support in GEF-5 relate to Secretariat facilitation of direct access for the funding of national communications and PIEs. The Secretariat also wants to ensure that it has adequate resources to work with UNDP and the United Nations Operations Service (UNOPS) Program to ensure smooth transition towards GEF Secretariat management of the CSP.

GEF Secretariat FY11 Core Budget Request

17. As shown in Table 3, the Secretariat is requesting a core budget of \$17.35 million in FY11. This represents a 16.8% increase over the FY10 budget and a 22% increase over estimated FY10 actual expenditures. (A report on the use of the Secretariat's FY10 budget and activities is at Annex 2.) This FY11 request is comprised of (1) a baseline budget of \$15.46 million, which the Secretariat estimates will be necessary to continue implementing its current level of activity, and (2) an additional increment of \$1.9 million to fund new staff positions and other costs anticipated under a larger program of work in GEF-5. The \$15.46 million baseline budget takes into account inflation, cost-of-living adjustments for staff salaries, and a 34% increase in office space charges from the World Bank⁵. The additional increment of \$1.9 million is requested because the Secretariat does not believe the baseline budget alone will provide sufficient resources to be able to manage the projected increase in programmed resources.

⁵ The World Bank is increasing charges for office space on units of the Bank from \$37.3 per square foot to \$50 per square foot. This increase is incorporated into the line item "Office Space, Equipment, and Supplies."

Table 3: Total Proposed FY11 Secretariat Core Budget

<i>FY09 Actual \$m</i>	Expense Category	<i>FY10 Budget \$m</i>	<i>FY10 Estimated \$m</i>	<i>FY11 Proposed \$m</i>
<u>9.926</u>	<u>Staff Costs</u>	<u>11.005</u>	<u>10.726</u>	<u>12.779</u>
8.472	Salaries and Benefits	9.835	9.437	11.334
1.409	Travel	1.058	1.254	1.330
0.045	Training	0.112	0.035	0.116
<u>0.543</u>	<u>Consultant Costs</u>	<u>0.581</u>	<u>0.369</u>	<u>0.598</u>
0.000	Fees (long-term)	0.000	0.000	0.000
0.458	Fees (short-term)	0.494	0.335	0.509
0.085	Travel	0.087	0.034	0.089
<u>0.437</u>	<u>Council Costs</u>	<u>0.689</u>	<u>0.691</u>	<u>0.709</u>
0.152	Logistics	0.209	0.259	0.215
0.145	Council Travel	0.197	0.197	0.203
0.115	NGO Consultations (Logistics and Travel)	0.211	0.211	0.217
0.026	Council Member Support Program	0.072	0.024	0.074
<u>0.000</u>	<u>Contractual Services</u>	<u>0.056</u>	<u>0.056</u>	<u>0.057</u>
0.000	Contracts with Firms	0.056	0.056	0.057
<u>0.805</u>	<u>Publications, Media, Web and External Outreach</u>	<u>0.880</u>	<u>0.880</u>	<u>0.906</u>
<u>1.382</u>	<u>General Operations Costs</u>	<u>1.650</u>	<u>1.462</u>	<u>2.302</u>
0.751	Office Space, Equipment, and Supplies	0.950	0.762	1.580
0.598	Communications and Internal Computing	0.637	0.637	0.656
0.000	Corporate Services	0.000	0.000	0.000
0.034	Representation and Hospitality	0.064	0.064	0.066
<u>13.093</u>	<u>TOTAL</u>	<u>14.860</u>	<u>14.184</u>	<u>17.352</u>

Baseline Secretariat Outputs and Activities

18. The FY11 budget will enable the Secretariat to continue to undertake its normal range of activities in the areas of governance, program management, maintaining relations with countries and other partners. The following is a list of some of the activities that the Secretariat will undertake.

(a) Governance: The Secretariat will prepare for Council's approval and/or consideration the following papers and outputs at the two Council meetings to be held in FY11 (November 2010 and May/June 2011) :

- two work programs;
- six month reports on programming;
- progress reports on STAR implementation;
- the annual monitoring review (AMR);
- a full FY11-14 business plan (expected in November 2010);

- the FY12 corporate budget and business plan for FY12-14 (June 2011);
- a revised private sector strategy;
- progress reports on the Secretariat services provided to the Adaptation Fund;
- and reports on relations with conventions and other institutions.

The Secretariat will also continue to prepare intersessional work programs on a rolling basis as needed and maintain communication with Council Members.

- (b) Program Management: The Secretariat will continue to facilitate management of the GEF-wide portfolio of projects so as to maximize achievement of results, including:
- managing the GEF project cycle, including preparing work programs; preparing and approving project preparation grants, MSPs and EAs; and reviewing project documents for CEO endorsement;
 - implementing the results-based management framework.
- (c) Relations with Constituents and Partners: The Secretariat will continue to maintain dialogue with national focal points, civil society representatives, and other partners. This will include the following activities:
- convening sub-regional exchanges and training workshops targeted to respond to the identified needs of focal points from member countries;
 - supporting GEF constituency meetings;
 - organizing two regular CSO consultations prior to each Council meeting and at least one additional consultative meeting with the GEF NGO Network to enhance cooperation and partnership with CSOs;
 - participating at COPs (CBD and UNCCD) and related meetings of the global environmental conventions and other international environmental forums.;
 - supporting major GEF initiatives with appropriate outreach tools and media strategies;
 - expanding multimedia tools and products;
 - publishing the GEF Annual Report and updating operational reports on GEF projects; and
 - addressing instances of complaints, disputes and conflicts emerging in GEF operations.

Incremental Budget Increase for Larger GEF-5 Programming Level

19. FY11 will be an important transition year for the GEF, as the level of programming under the GEF Trust Fund increases and the Secretariat prepares to take on new activities associated with an ambitious reform agenda. Under the replenishment scenarios under discussion at the end of April, funding in all focal areas would increase and that the Secretariat would need to facilitate important new cross-cutting programs related to SFM/REDD-plus and the protection and management of marine areas beyond national jurisdiction (ABNJ).

20. Even without any increase in programmed resources, the GEF Secretariat will need to improve further the services it offers to GEF member countries and other partners. This includes the information services it offers to recipient countries regarding the status of their projects in the GEF project cycle and the quality of information offered on the GEF website.

21. The GEF Secretariat continues to be rather thinly staffed. The Secretariat's current funding enables a staffing level of approximately 66.5 full-time equivalents (FTEs) that are dedicated to activities under the GEF Trust Fund.⁶ Even this figure, however, does not offer a completely accurate picture of resources available, since it is made possible, in part, by secondments and exchange programs in which member governments pay the full or partial costs of the salaries and benefits of the staff members. During FY11, it is estimated that GEF Member countries will fund six FTE slots at the GEF Secretariat, representing almost 9% of the GEF Secretariat staff. It is not guaranteed, however, that GEF member governments will continue funding these or similar positions after the current staff rotate back to their governments.

22. For these reasons, the GEF Secretariat is requesting an additional increment in its budget of \$1.9 million, which will enable the Secretariat to create five new, urgently needed positions; hire six new junior professional associates to fill gaps; and support related travel and operating expenses. This request is summarized in table 4 and explained in greater detail below.

Table 4: Additions to GEF Secretariat Base Budget

Additions to GEF Secretariat Base Budget	<i>FY11 Proposed \$m</i>
<u>Salaries and Benefits:</u>	
External Affairs (EXT): Country Relations Officer (F)	0.150
Climate & Chemicals (CC): Chemicals Specialist (F)	0.150
Natural Resources (NR): Senior Forest Specialist (G)	0.203
NR - Land Degradation Program Manager (F)	0.150
Operations (split with EXT) - Computer Programmer (F)	0.150
Junior Professional Associates (JPAs) - 6 additional	0.401
<u>Additional Travel:</u>	0.240
<u>General Operations Costs:</u>	
space, computers, phone, etc.	0.451
TOTAL ADDITIONS TO FY11 BASE BUDGET	1.895

23. The five new staff positions will fill important needs in each of the GEF's main teams – External Affairs, Operations, Climate and Chemicals, and Natural Resources. Justification for each position is provided below.

- External Affairs is already extremely stretched with only four-and-one-half country relations officer positions in the Secretariat to handle relations with all GEF recipient countries. Even without taking into account expected work relating to the CSP and PIEs, another position needs to be created to handle existing work.

⁶ The Secretariat has three fully dedicated staff working on the Kyoto Protocol Adaptation Fund, and a further three staff are dedicated full time to the LDCF and SCCF. In addition, eight staff charge approximately two months of their time per year against the Adaptation Fund's administrative budget (about 1.3 FTEs), and part of the time for three staff are charged against the administrative budgets of the LDCF and SCCF (about 1.3 FTEs).

- The international community is giving increasing importance to the issue of trans-boundary pollution from chemicals of global concern, including persistent organic pollutants, ozone, and mercury. While work in this area is expected to grow, the GEF's chemical's team currently consists of only two staff.
- Similarly, there are only two staff who work on the land degradation focal area, which provides benefits to the climate and biodiversity focal areas and has important impacts in terms of human livelihood improvement.
- Since 2007, the GEF natural resources team has managed an increased investment in sustainable forest management activities under the ad hoc tropical forest account without a full time program manager. The Secretariat has used existing staff resources and a secondee from a member government whose appointment is coming to an end. An additional position is necessary to increase the Secretariat's capacity to manage its growing work in this area.
- The GEF has been able to enhance its electronic information services in recent years using rather limited staff resources. The development of its Project Management Information System (PMIS) and newly enhanced website require the services of a dedicated computer programming professional, who is proficient in computer programming for both website and database maintenance.

24. The Secretariat is also requesting resources to hire six additional Junior Professional Associates (JPAs) for two year, non-renewable contracts. The World Bank's JPA program is a highly competitive program that provides the GEF with a replenishing supply of talented, highly motivated young professionals with strong research and analytical skills. This will be a flexible way to fill gaps in Secretariat staffing during a key period of transition for the GEF

25. The JPA program is not an entry point to employment at the bank. Those hired through the program are not eligible for reemployment in the Bank for a period of two years after their term has expired. The GEF has hired JPAs previously to fill staffing gaps and has benefited considerably from the high level of motivation of the staff and the flexibility of the program. It has also been one of the GEF's most successful capacity building programs, as the GEF has been able to offer intensive work experience to professionals from developing countries.

Contingent Budget for Implementing Expected GEF-5 Reforms

26. As of the date of completion of this document, it is anticipated that the GEF Secretariat will be called upon to implement a range of new activities under the reforms being considered by the GEF-5 replenishment participants. In particular, there seems to be an emerging consensus that recipient countries should be able to receive resources directly from the GEF Trust Fund for preparation of national communications and for the conduct of voluntary national PIEs. It is also proposed that the CSP, currently managed by UNDP, be managed by the GEF Secretariat in the future.

27. Both GEF replenishment participants and the GEF Council will need to approve the final replenishment recommendations, and the Council will need to approve any plans, policies, and procedures to implement them. If the GEF Secretariat is to succeed in these endeavors, however, it is necessary to agree on the initial outlines of how the GEF Secretariat will begin to staff these functions, which are expected to grow over time in GEF-5.

28. The Secretariat proposes that \$1.173 million in additional budgetary resources be made available to support the expected increase in GEF Secretariat activities in FY11 connected with GEF-5 reforms, but that approval of these resources be made contingent upon Council endorsement of the reforms and approval of the policies and procedures for their implementation. These costs are listed in Table 5 and explained below.

Table 5: Contingent Budget for Initial GEF-5 Reform Implementation

Costs Associated with Initial GEF-5 Reform Implementation	<i>FY11 Proposed \$m</i>
<u>Salaries and Benefits:</u>	
Senior Country Relations Officer (G)	0.203
Support staff for Sr. Officer (D)	0.087
Finance Manager (F)	0.150
<u>Additional Travel:</u>	0.110
<u>General Operations Costs:</u>	
Space, computers, phone, etc.	0.123
<u>Contractual Services:</u>	
Implementation of PIEs & national communications	0.500
TOTAL CONTINGENT BUDGET	1.173

29. The Secretariat proposes that two new positions be created for coordinating the Secretariat's outreach to and engagement with national governments and GEF Agencies on PIEs and management of the grants. They would also have a key role in facilitating the CSP's transition to management by the GEF Secretariat. They will need to facilitate a coordinated approach in responding to country requests for assistance and plan the increased number events that GEF Secretariat staff would need to attend, both associated with PIEs and national communications. The GEF Secretariat's work with regard to both PIEs and the CSP program will require more travel by GEF staff.

30. Operationalization of direct access for PIEs and national communications will increase the work load of the GEF Operations staff considerably as the GEF Secretariat will need to process proposals for these GEF grants according to World Bank's applicable, simplified procedures for recipient-executed small grants. This includes policies and procedures related to procurement, financial management, reporting and disbursement, and (if applicable) safeguards.

31. The GEF Secretariat has been collaborating with the applicable units of the World Bank on necessary policies and procedures for these activities to be executed under direct access. It is clear from our initial work that the Secretariat will need to hire at least one new financial manager to coordinate the expected increase in business transactions.

32. At this time, there is no way to predict accurately the expected demand from recipient countries for financial and other assistance from the GEF Secretariat for conducting PIEs or how many countries will elect to request resources for national communications from the GEF

Secretariat rather than one of the GEF Agencies. In addition, further planning and consultation with UNDP is necessary to more accurately predict the full needs of the Secretariat to manage the CSP. As such, the above requests should be considered as a strict minimum for enabling the GEF Secretariat to take on these new responsibilities. This is particularly true for the EXT team.

33. The GEF Secretariat will get a better idea of the increased level of work flow associated with these two activities during the first half of FY11, as well as the requirements for transitioning to a GEF Secretariat managed CSP. While the Secretariat will do its utmost to control costs related to implementing these reforms, and will certainly aim to keep costs for the CSP and national communications below their current level of management costs (e.g. 10% agency fee). The Secretariat, nevertheless, advises the Council that it may need to approach the Council with an additional request for resources at the November Council meeting should it believe such resources are necessary.

STAP FY11 ACTIVITIES, OUTPUTS AND BUDGET

34. In the GEF financial year 2011, STAP will conduct a number of advisory activities agreed with GEF partners to increase both the impact and sustainability of GEF investments. These advisory activities and resulting products will contribute additional advice (tools) to support STAP Focal (and Multi-Focal) Area toolkits, which aim to coherently provide scientific and technical advice to enhance project and program design including:

- (a) Provision of advice on experimental and quasi-experimental project designs that, when appropriate, make it easier to quantitatively estimate the impacts of GEF funding;
- (b) Support learning objectives in all focal areas through provision of advice on selected approaches and participation in reviews;
- (c) Continue assisting the GEF to provide a tool for project managers to track changes in total system carbon;
- (d) Synthesize available advice on peat land management for conserving carbon stocks and reducing CO₂ emissions;
- (e) Assist the GEF in setting set clear policies and priorities for future work and investments in biofuel related projects while providing advice to countries that are keen to engage themselves in this sector.
- (f) Assist the GEF to support developing countries to overcome significant capacity gaps in monitoring and measurements of POPs, responding to the increased number of POPs regulated by the Stockholm Convention;
- (g) Continue to 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;
- (h) Provision of operational advice on integrating climate resilience into GEF portfolio activities to deliver GEBs in a sustainable and cost-effective way;
- (i) 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;

- (j) Convene two meetings of the Science Panel in September 2010 and April 2011 and additional expert group meetings to support the GEF's work;
- (k) 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.

FY11 STAP Budget

35. STAP's estimated FY10 expenditures and proposed FY11 corporate budget are summarized in Table 6, together with FY09 actuals. The FY10 work program for STAP is on track to be implemented within the approved budget. The STAP work program for FY11 has been designed to be implemented within the same budget as approved for FY10, with a three percent increase in costs to offset inflation. It should be noted that, as in previous years, the productivity of STAP regarding screening of projects and provision of advice has continued to increase, while STAP's costs have been well controlled and maintained at the same level as FY09. For FY11 this is again proposed, except for the inflation adjustment.

Table 6: Proposed FY11 STAP Budget

FY09 Actual \$m	STAP – Secretariat Expense Category	FY10 Budget	FY10 Estimated	FY11 Proposed
<u>0.878</u>	<u>Staff Costs</u>	<u>0.961</u>	<u>0.961</u>	<u>1.065</u>
0.816	Salaries and Benefits	0.851	0.851	0.955
0.062	Travel	0.095	0.095	0.100
0.000	Training	0.015	0.015	0.010
<u>0.124</u>	<u>Consultant Costs</u>	<u>0.197</u>	<u>0.197</u>	<u>0.215</u>
0.124	Fees (short-term)	0.155	0.155	0.160
0.000	Travel	0.042	0.042	0.055
<u>0.000</u>	<u>Publications, Media, Web and External Outreach</u>	<u>0.035</u>	<u>0.035</u>	<u>0.000</u>
<u>0.187</u>	<u>General Operations Costs</u>	<u>0.257</u>	<u>0.257</u>	<u>0.258</u>
0.076	Office Space, Equipment, and Supplies	0.125	0.125	0.129
0.021	Communications and Internal Computing	0.042	0.042	0.039
0.090	Corporate Services	0.090	0.090	0.090
<u>1.188</u>	<u>SUB-TOTAL</u>	<u>1.450</u>	<u>1.450</u>	<u>1.538</u>
	STAP -- Members Expense Category			
0.156	Honoraria & Logistical/Secretarial Support	0.333	0.333	0.343
0.275	MOUs with Expert Institutions	0.150	0.150	0.180
0.195	STAP Meetings	0.175	0.175	0.075
0.001	STAP Publications	0.000	0.000	0.036
<u>0.627</u>	<u>SUB-TOTAL</u>	<u>0.658</u>	<u>0.658</u>	<u>0.634</u>
<u>1.815</u>	<u>TOTAL</u>	<u>2.108</u>	<u>2.108</u>	<u>2.172</u>

TRUSTEE FY11 BUDGET, ACTIVITIES, AND OUTPUTS

36. 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.

FY11 Trustee Budget

37. In addition to the standard services listed above, the FY11 work program will include the following items:

- (a) Implementation of the GEF-5 replenishment resolution, including working with donors to facilitate the deposit of Instruments of Commitment, tracking donor commitments for purposes of the GEF-5 Advance Contribution Scheme or Replenishment Effectiveness, ensuring compliance with replenishment resolution policies, and addressing donor inquiries regarding GEF-5 cash outlays, credits and discounts.
- (b) Continuing development of an electronic interface between the Trustee's financial system and those of the Agencies and the GEF Secretariat;
- (c) Implementing the independent review of the GEF systems;
- (d) Enhancing the GEF accounting framework trial balance to accommodate the changes of accounting standards, International Financial Reporting Standards; and
- (e) Concluding negotiations to revise and update Financial Procedures Agreements with GEF Agencies.

38. The Trustee's core budget request for FY11 amounts to \$2.72 million, which represents a \$13,000 decrease from the FY10 approved core budget. Because no funding is requested for special initiatives in FY11, the Trustee's total request for corporate budget resources represents a net decrease of \$163,000 over the total approved FY10 budget of \$2.88 million. The decrease is mainly due to the conclusion of the GEF-5 replenishment negotiations in FY10, and the Trustee is not seeking funds to cover a special initiative during FY11. However, relationship management costs are expected to be slightly higher than the FY10 approved budget, reflecting follow-up activities on the GEF-5 replenishment as mentioned above. Table 7 below summarizes the proposed projected budget for FY11, and compares this to the FY10 expected actual balances.

39. In May 2009, the Council agreed to a budget estimate of \$2.88 million to cover the Trustee's projected expenses in FY10. The Trustee now estimates that expenses for FY10 will be \$3.1 million, which results in a difference of \$179,265 from the original FY10 amount. The increased costs are due to higher financial management and relationship management costs due to the unexpected extension of the GEF-5 Replenishment meetings. The associated costs include the Trustee's work on donor outreach, coordination, and travel, including that of the Trustee Co-chair. The Trustee originally estimated that there would be two Replenishment meetings during FY10. The actual number of meetings is now expected to be four, with one additional trip to conduct donor consultations. It should be noted that part of the higher costs of the replenishment meetings were offset by lower than expected costs for investment management and legal costs.

40. 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 Council⁷. Further, pursuant to Annex B of the *Instrument for the Establishment of the Restructured Global Environment Facility*, the Trustee's actual costs on an annual basis are subject to an end of year adjustment.

41. In light of this, the Trustee will be charging the GEF Trust Fund for additional total costs incurred during FY10, which are expected to be in the amount of \$179,265.

Table 7: Proposed Trustee Budget

GEF Trust Fund: Budgetary Requirements for Services Provided by the Trustee				
FY11				
(in USD)				
Trustee Services	FY09 Actual	FY10 Approved	FY10 Expected Actual	FY11 Proposed Budget (Total)
Standard Services				
Financial Management and Relationship Management	1,003,000	1,116,000	1,422,000	1,150,000
Investment Management	1,040,000	1,070,000	1,061,000	1,070,000
Accounting and Reporting	177,000	158,000	158,000	168,000
Legal Services	121,000	200,000	160,000	165,000
Sub-total, Standard Services	2,341,000	2,544,000	2,801,000	2,553,000
Audit				
External Audit of Trust Fund	153,800	140,000	112,265	116,000
Agency Audits	0	50,000	0	52,000
Total Core Budget	2,494,800	2,734,000	2,913,265	2,721,000
Special Initiatives				
Consultant Costs a/	0	150,000	150,000	0
Total Costs, including Special Initiatives	2,494,800	2,884,000	3,063,265	2,721,000
a/ Represents the projected cost for the independent review of the GEF systems.				

⁷ Ref GEF Instrument, Annex B, para 8.

EVALUATION OFFICE BUDGET REQUEST FOR FY11

42. The four year rolling work plan and budget of the Evaluation Office (EO), as approved by Council in May 2007, proposed linear incremental increases (to meet inflation) from year to year, within an overall cap of \$ 15.8 million for FY08-11, as established by the Council. However, the experience with OPS4 showed that the budget needs to accommodate expenditure peaks linked to the implementation of major studies rather than incremental increases. These peaks would then be compensated in other budget years, in order to remain within the cap for the four years. Furthermore, most evaluations that the EO undertakes are multi-year in nature, which should be reflected in the nature of the EO's budget. Fixed costs, such as salaries and operational costs, are annual in nature, whereas the variable costs linked to evaluations should be multi-annual. In November 2009, Council requested the Office to prepare a new four year rolling work plan and budget which would take the experiences of the GEF-4 period into account. The Office will formulate proposals for its cycle of work in GEF-5 from FY12 onwards in the Four Year Rolling Work Plan and Budget to be presented to the Council in June 2010.

43. In November 2009 Council approved a transfer of \$ 0.4 million from the proposed FY11 budget to the FY10 budget of the Office to meet the peak of expenses for OPS4 in that fiscal year. Consequently, the Office presents a budget of \$ 3.745 million for approval for FY11. This budget proposal does not yet contain specific proposals for how the budget will incorporate multi-annual obligations. The decision of the Council in November 2009 and its consequences for the budget is presented in the table below.

Table 8: Trends in GEF Evaluation Office Budget, FY08-FY11

EO Budget Development (in \$m)	FY08	FY09	FY10	FY11	Total GEF4 cap
Planned	3.461	4.239	4.024	4.145	15.869
Revision November 2009	3.461	4.644	4.019	3.745	15.869

44. The work plan for FY11 will consist of the regular evaluations and activities of the Office: continuing the country portfolio evaluations, evaluations of impact, thematic evaluations and evaluations of performance. The Office plans to start up three country portfolio evaluations in Latin America. The evaluative work on impact in the international waters focal area will continue, as well as other studies which will explore impact in other focal areas. On thematic evaluations the ongoing evaluation on the Strategic Priority for Adaptation will be finalized this fiscal year, as well as an independent review of the Earth Fund. The evaluative work for the Annual Performance Report will continue as planned. Other activities of the Office include preparing proposals for Council, consideration of the review of the GEF Monitoring and Evaluation Policy, continued interaction with the GEF focal points at subregional meetings and knowledge management and publication activities. On staffing of the Office two vacancies will be filled during FY11 to ensure that the Office will be fully staffed to tackle all ongoing evaluations and the preparations for the work plan during GEF-5. There is a possibility that the Office will need to move from its current location to a location closer to the GEF Secretariat,

which would be beneficial for direct contacts with colleagues. If this leads to extra costs, a supplementary amount will be proposed to Council at a later date. A detailed overview of the budget can be found in the table below.

Table 9: GEF EO Budget Request for FY11

Evaluation Office FY11 Budget			
(USD in thousands)	FY09 Expenditure	FY10 Expenditure (estimated)	FY11 Proposed Budget
Total Fixed Costs	2,514	2,236	2,510
Staff Costs	2149	1,946	2,200
General Operations Costs	365	290	310
Total Variable Costs	2,131	1,783	1,235
Management & Advisory Support	97	45	40
Publications, Knowledge	201	148	200
Networks & GEF Meetings	35	68	90
Evaluations			
Country	176	205	405
Impact	190	190	210
Thematic	66	102	150
Performance	123	85	140
OPS4	1,243	940	0
Total	4,645	4,019	3,745

CONSOLIDATED FY10 CORPORATE BUDGET AND TOTAL ADMINISTRATIVE COSTS

45. The total consolidated core corporate budget for the Secretariat, STAP, Trustee, and Evaluation Office in FY11 amounts to \$25.99, which represents a 4.9% increase over FY10 actual estimated spending. As no special initiatives are requested in FY11, the total corporate budget request also amounts to \$25.99, which represents a decrease of 1.3% compared to the total corporate budget in FY10.

Table 10: Consolidated FY11 Budget Request for Four GEF Units
(\$ million)

Corporate Budget	Core Budgets ¹		% Change	Total Budgets ²		% Change
	FY10	FY11		FY10	FY11	
Secretariat	15.730	17.352	10.3%	17.133	17.352	1.3%
STAP	2.108	2.172	3.0%	2.108	2.172	3.0%
Trustee	2.913	2.721	-6.6%	3.063	2.721	-11.2%
Evaluation Office	4.019	3.745	-6.8%	4.019	3.745	-6.8%
TOTAL Budget Request	24.770	25.990	4.9%	26.323	25.990	-1.3%

1. Secretariat FY10 total includes Assembly costs. All other special initiatives excluded.

2. Includes special initiatives and Assembly costs.

Total Administrative Costs

46. 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 fees paid to GEF Agencies for the delivery of their project cycle management services. Table 11 shows the proposed FY11 total administrative costs⁸ of the GEF partnership compared to the approved FY10 budget and estimated FY10 total administrative costs. Figure 1 shows the trend in administrative costs as a percentage of total GEF grants (excluding agency fees) approved for the period FY01-11. Figure 2 shows the trend in administrative costs as a percentage of total GEF resources utilized in each respective year (including GEF grants, agency fees, corporate budget, and special initiatives) for the period FY01-09.

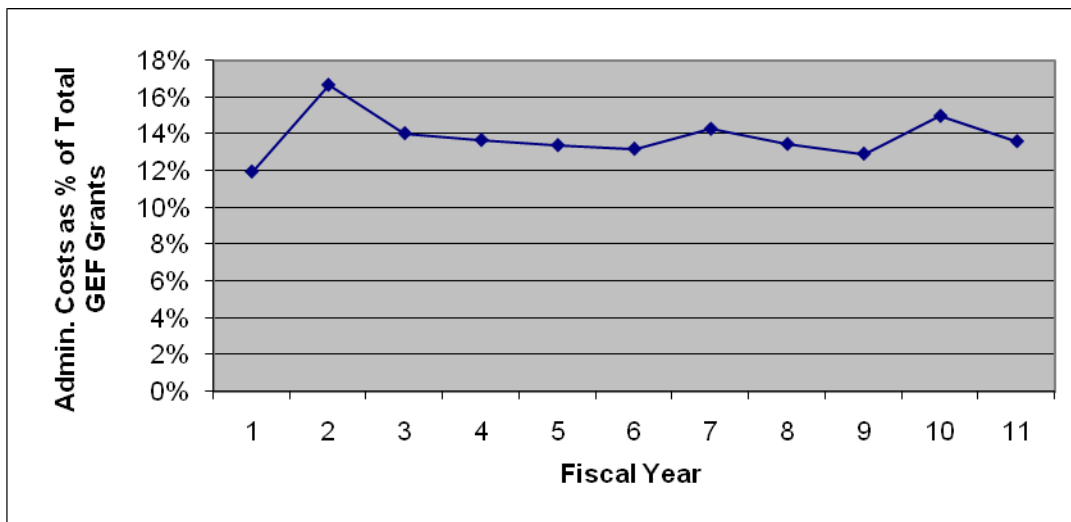
47. The graphs illustrates that total administrative costs in the GEF have been maintained at a level of approximately 13% of total grants and 12% of resources utilized since FY04. As indicated in Table 11, the Secretariat estimates that the ratio of administrative costs to total grants will rise to 14.97% in FY10 – higher than had been estimated in June 2009 (13.3%) - because the level of programming fell below the level that had been expected due to resource constraints in the GEF Trust Fund as we move towards the end of GEF-4. We project, however, that the administrative cost ratio will fall back below 14% in FY11 as the level of programming picks up again.

⁸ Defined as all corporate budget costs incurred by the various GEF units and agency fees to provide project cycle management services. STAP's costs for delivering scientific and technical advice is included in this budget as an administrative cost.

Table 11: Total Administrative Costs of All GEF Partners
(\$ million)

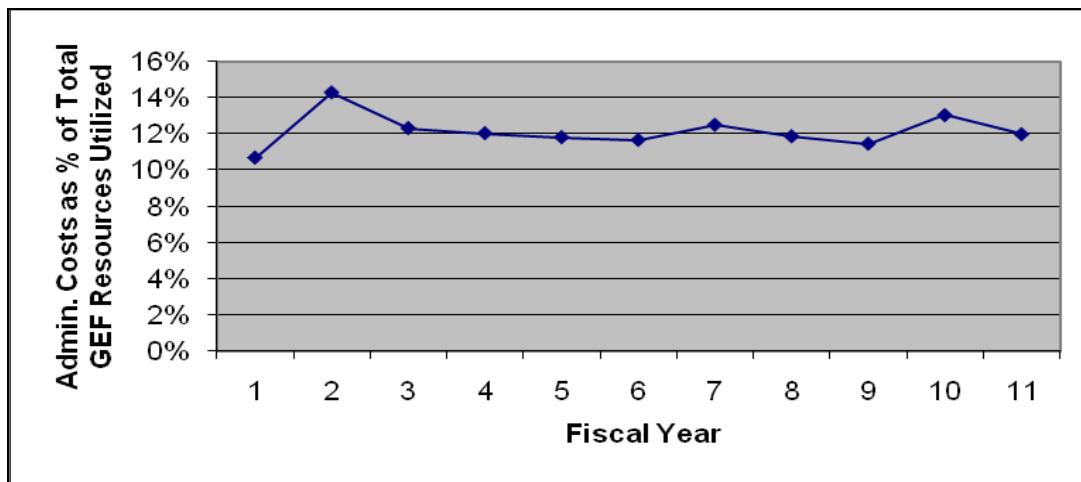
GEF Costs (\$m)	FY10 Budget	FY10 estimated	FY11 proposed
Corporate Budgets of four GEF units:			
GEF Secretariat	14.860	14.184	17.352
STAP	2.108	2.108	2.172
Trustee	2.734	2.913	2.721
Office of Evaluation	4.019	4.019	3.745
Sub-total	23.721	23.224	25.990
Special Initiatives	3.099	3.099	0.000
Total Corporate Budget	26.820	26.323	25.990
Agency Fees	82.000	52.875	72.363
Total Administrative Costs	108.820	79.198	98.353
Total GEF Grants (not including agency fees)	818.000	528.953	723.636
Administrative Costs as % of Total GEF Grants (excluding Agency fees)	13.30%	14.97%	13.59%

Figure 1: Trend in Administrative Costs as a Percentage of total GEF Grants⁹
(FY01-FY10)



⁹ Excluding agency fees.

Figure 2: Trend in Administrative Costs as a Percentage of Total GEF Resources Utilized (FY01-FY10)



ANNEX 1: GEF-4 RETROSPECTIVE

1. As of end-March 2010, \$2.71 billion in resources had been programmed to activities and projects under the GEF focal areas and GEF corporate programs, as described in Table 1 below. As of end-April 2010, the GEF Secretariat estimated that it would be possible to program approximately a further \$100 million in resources through a final work program by the end of GEF-4, which would result in a total programming level of approximately \$2.81 billion to in GEF-4. This is only \$50 million less than the estimated programming level of \$2.86 billion that the GEF Secretariat had provided to Council in June 2009.¹⁰

Table 1: Resources Programmed in FY07-10 (Through March 31, 2010)
(US dollars)

Focal Areas/Themes	FY2007	FY2008	FY2009	FY2010	Estimated GEF-4 total
Biodiversity	69,511,649	222,691,435	427,078,978	160,998,253	880,280,315
Climate Change	95,420,043	185,031,834	317,589,926	243,698,089	841,739,893
International Waters	59,259,304	107,067,953	111,897,381	14,252,000	292,476,637
Ozone Depletion	910,150	819,500	-	9,999,000	11,728,650
Land Degradation	125,126,865	68,012,189	54,202,437	6,409,396	253,750,887
Persistent Organic Pollutants (POPs)	31,943,717	98,114,205	75,702,379	46,472,800	252,233,101
Corporate Programs	110,510,000	7,832,450	6,074,250	-	124,416,700
Public-Private Partnerships	56,190,000	-	-	-	56,190,000
Total: Focal Area/Themes	548,871,727	689,569,565	992,545,352	481,829,538	2,712,816,182

Notes: The FY07 accounts for resources programmed from February 2007 to June 2007 only. The FY10 period covers resources programmed from July 1, 2009 through March 31, 2010.

2. As summarized in the table below, all agreed GEF-4 reforms have been implemented as of end-2009. The Secretariat will present a proposal on the implementation procedures for the STAR at the June 2010 Council meeting.

¹⁰ See June 2009 Council document Reallocation of Remaining GEF-4 Resources (GEF/C.35/12), page 10, which projected \$2.949 billion in total allocations, with \$93 million allocated for the corporate budget.

Table 2: Record of Implementation of GEF-4 Policy Recommendations

Date	Initial Plan of Action and Subsequent Follow Up	Progress through FY10
Council meeting in December 2006	<ul style="list-style-type: none"> • 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. • Council to consider Office of Evaluation review of the experience of Executing Agencies. • Council to decide on action plan for strengthening involvement of Executing Agencies in GEF operations. • Council to decide on proposed results management framework. • Council to decide on clear rules, procedures and objective criteria for project selection and management of the pipeline, including a policy for the cancellation of projects. 	<ul style="list-style-type: none"> • Council discussed preliminary focal area strategies at the December 2006 Council meeting. Council approved revised strategies at the June 2007 meeting. • Council reviewed the findings of the evaluation. • 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. • Council approved RBM Framework at the June 2007 meeting. • 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.
Council meeting in May/June 2007	<ul style="list-style-type: none"> • Council to decide on proposals for a simplified approach to operational programs and strategic objectives. • Council to decide on proposals of the Secretariat and Agencies for clearer operational guidelines for the application of the incremental cost principle. • Council to decide on proposed specific steps for project cycle streamlining. • Council to decide on Trustee's 	<ul style="list-style-type: none"> • Council reviewed revised and focused strategies at the June 2007 Council meeting. • Council approved a simplified approach to incremental cost in June 2007. • Council approved simplified project cycle at the June 2007 Council meeting. • Council approved Trustee's proposal for minimum fiduciary standards at

Date	Initial Plan of Action and Subsequent Follow Up	Progress through FY10
	<p>proposed policy on strengthened accountability for Implementing and Executing Agencies. <i>(Also see May/June 2008 and May/ June 2009 below)</i></p>	<p>the June 2007 Council meeting. Council also asked each agency to present a report to the GEF Secretariat on their compliance and for the Secretariat to compile these reports for the Council for submission in April 2008. <i>(See May/June 2008 below).</i></p>
<p>Council meeting in November/ December 2007</p>	<ul style="list-style-type: none"> • Council to review Agencies' reports on efforts to mainstream global environmental challenges into core development work. • Council to decide on proposed communications and outreach strategy. • 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. 	<ul style="list-style-type: none"> • Council reviewed Agency reports at the November 2007 meeting. • Council approved a communications and outreach strategy in November 2007. • GEF Evaluation Office has included a performance and outcome matrix in the Annual Performance Report. • The 75% target was exceeded. 80% of the projects reviewed for the Fourth Overall Performance Study were rated as moderately satisfactory or better. <i>(See Annual Performance Report 2008; GEF/ME/C.35/Inf. 5)</i>
<p>Council meeting in May/June 2008 <i>(Meeting held April 2008)</i></p>	<ul style="list-style-type: none"> • Council to review report on implementation of Strategic Approach to Enhance Capacity Building. • Council to consider Annual Portfolio Performance Report, including report on results management framework. • Council had asked for submission of Agency reports on compliance with fiduciary standards agreed June 2007. <i>(Also see June 2009 below).</i> 	<ul style="list-style-type: none"> • Report on implementation of strategic approach to enhance capacity building reviewed by Council at the April 2008 meeting. • AMR submitted and approved by Council at April 2008 meeting. • Council reviewed the Agencies' reports and action plans and requested that the Secretariat contract a consultant to assess whether the Agencies were meeting the GEF's fiduciary standards and report back in May/June 2009.
<p>Council meeting in November/ December 2008</p>	<ul style="list-style-type: none"> • Council to consider independent mid-term review of the RAF and review progress in developing indicators. • Secretariat to prepare midterm review of progress in implementing GEF-4 policy recommendations. 	<ul style="list-style-type: none"> • Report on mid-term review of the RAF presented by Evaluation Office at November 2008 Council meeting. • Report submitted at November 2008 Council meeting.

Date	Initial Plan of Action and Subsequent Follow Up	Progress through FY10
Council meeting in May/June 2009	<ul style="list-style-type: none"> • 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. <i>(Also see November/ December 2009 below).</i> • The Secretariat presented a consultant's assessment of the Agencies' status with regard to implementation of the fiduciary standards, including action plans to implement the standards, as requested by Council in April 2008. (GEF/C.35/5) 	<ul style="list-style-type: none"> • Council discussed the Secretariat's proposal for a new System for Transparent Allocation of Resources (STAR) that would replace the RAF and would allocate resources to countries in a broader range of focal areas than the RAF, which had been discussed in an ad hoc committee in March 2009. • Council asked the Secretariat to further refine the proposal, including with regard to indices, eligibility, country allocations, and flexibility in resource use. Council decided for international waters to be outside the STAR. • Council reviewed the consultant assessment and asked each agency not in compliance with the standards to provide Council, on an annual basis, information on progress made in fulfilling agreed action plans. Specific follow-up actions were requested of UNIDO and the African Development Bank (AfDB). The Council asked the Secretariat to manage a third party process to review minimum fiduciary standards every four years, starting in 2013.
Council Meeting in November/ December 2009	<ul style="list-style-type: none"> • In June 2009, Council had asked Secretariat to further refine its proposal on the STAR. 	<ul style="list-style-type: none"> • Council decided that the Secretariat would proceed with implementing the STAR, according to particular agreed design elements, including that the STAR would apply to the focal areas of biodiversity, climate change, and land degradation.

ANNEX 2: GEF SECRETARIAT – FY10 REVIEW OF ACTIVITIES AND ACHIEVEMENTS

1. This annex provides further detail on the Secretariat's FY10 activities and outputs during FY10 and spending under the Secretariat's FY10 budget. It includes both an accounting of the core budget as well as the status of the activities and outputs under the various special initiatives.

A. Expenditure under FY10 Budget

2. The Secretariat projects that actual FY10 spending through June 2010 will run under the budgeted level by approximately \$680,000. Most of this under spend (\$400,000) is due to delays in filling some staff vacancies, including new positions authorized in the FY10 budget. With these positions and other vacancies now filled, it is expected that this gap will be largely eliminated in FY11. The FY10 budget included extra funds to cover the costs associated with a possible move by the GEF Secretariat. Because the GEF Secretariat did not move, the Secretariat projects there will be a cost under run of approximately \$190,000.

Table 1: Comparison of FY10 Budget and Estimated GEF Secretariat Expenditures

<i>FY09 Actual</i> \$m	Expense Category	<i>FY10 Budget</i> \$m	<i>FY10 Estimated</i> \$m
<u>9.926</u>	<u>Staff Costs</u>	<u>11.005</u>	<u>10.726</u>
8.472	Salaries and Benefits	9.835	9.437
1.409	Travel	1.058	1.254
0.045	Training	0.112	0.035
<u>0.543</u>	<u>Consultant Costs</u>	<u>0.581</u>	<u>0.369</u>
0.000	Fees (long-term)	0.000	0.000
0.458	Fees (short-term)	0.494	0.335
0.085	Travel	0.087	0.034
<u>0.437</u>	<u>Council Costs</u>	<u>0.689</u>	<u>0.691</u>
0.152	Logistics	0.209	0.259
0.145	Council Travel	0.197	0.197
0.115	NGO Consultations (logistics and travel)	0.211	0.211
0.026	Council Member Support Program	0.072	0.024
<u>0.000</u>	<u>Contractual Services</u>	<u>0.056</u>	<u>0.056</u>
0.000	Contracts with Firms	0.056	0.056
<u>0.805</u>	<u>Publications, Media, Web and External Outreach</u>	<u>0.880</u>	<u>0.880</u>
<u>1.382</u>	<u>General Operations Costs</u>	<u>1.650</u>	<u>1.463</u>
0.751	Office Space, Equipment, and Supplies	0.950	0.762
0.598	Communications and Internal Computing	0.637	0.637
0.000	Corporate Services	0.000	0.000
0.034	Representation and Hospitality	0.064	0.064
<u>13.093</u>	<u>TOTAL</u>	<u>14.860</u>	<u>14.184</u>

3. Costs associated with Council meetings and external outreach are projected to be in line with the FY10 budget. Although the CEO has maintained tight discipline in controlling Secretariat travel costs, travel costs have been above budget in FY10 and FY09. The Secretariat has taken this trend into account in projecting travel costs for FY2011.

B. FY10 GEF Secretariat Highlights

4. Key highlights of the Secretariat's activities and achievements in FY10 are listed below.

5. Replenishment: In collaboration with the Trustee, the Secretariat prepared documents and co-hosted three meetings on the GEF-5 replenishment – one in Paris (October 2009), one in Washington (November 2009), and one in Rome (March 2010). The Secretariat revised GEF-5 policy reform and programming documents and prepared presentations on key topics for each sessions. For the first time, three observers from non-contributing recipient countries and two observers from civil society organizations attended the replenishment meetings. The final replenishment meeting has been scheduled to be held in Paris May 12-13, 2010.

6. Work Programs: The Secretariat facilitated Council approval of \$481.83 million in GEF Trust Fund resources for GEF projects through one regular work program (November 2009) and one intersessional work program (March 2010). A final work program of approximately \$100 million is under preparation for May/June 2010.

7. Poznan Technology Transfer Program: The Secretariat programmed \$50 million to support recipient country efforts relating to the transfer of technology through the Poznan Technology Transfer Program, using resources from the GEF Trust Fund and the SCCF.

8. STAR: Through its support to the Council on deliberations regarding reform of the Resource Allocation Framework (RAF), the Secretariat further refined proposals to improve resource allocation in the GEF. Key activities included collection and analysis of data sets for key indicators on performance (the GEF Performance Indicator - GPI), global benefits in the focal areas (e.g. Global Benefits Indicators – BDI); analysis of how measures of poverty could be taken into account in the resource allocation system; and evaluation of alternatives regarding focal areas set asides. The Secretariat's work resulted in the Council's decision to adopt a new allocation system –STAR - for GEF -5, which would apply to the biodiversity, climate change, and land degradation focal areas. The Secretariat has also prepared rules for implementation for Council deliberation in June 2010.

9. Fiduciary Standards: Following the Council's review of a consultant's assessment of the quality of the GEF Agencies' compliance with the GEF's minimum fiduciary standards in June 2009, the GEF has worked with those agencies found not be in full compliance with the standards on the implementation of their action plans to meet the standards. This resulted in the African Development Bank's submission of its action plan and UNIDO's improvement of its initial action plan.

10. Fourth Assembly: The GEF's External Relations team has been diligently preparing for the GEF's Fourth Assembly to be held in May 2010 in Punta del Este, Uruguay. Several

hundreds of delegates – including over 40 ministers - are expected to attend this important meeting of the GEF’s highest governance body.

11. *International Year for Biodiversity (IYB)*: The GEF has successfully collaborated with the Secretariat of the Convention on Biological Diversity to launch this important initiative by participating in joint events and supporting important media and public relations activities.
12. *UNFCCC Meetings*: The CEO and Secretariat staff represented the GEF at key international climate change negotiations in FY10, including those under the Ad Hoc Working Group on Long-term Cooperative Action, Subsidiary Bodies, and at the COP-15 Meeting in Copenhagen in December 2009. At the request of the negotiating bodies, the GEF delivered major reports (e.g. on Technology Transfer, National Communications, and the GEF Annual Report) and organized special events to inform discussions.
13. *UNCCD Meetings*: The CEO and Secretariat staff represented the GEF at COP-9 of the UNCCD, where the GEF showcased the impact it is having in supporting recipient country efforts to combat desertification. The GEF delivered its report on activities on land degradation and desertification to the COP, and the CEO gave a well received address to the COP plenary.
14. *Results-based Management*: The GEF continued to improve its performance in implementing its results-based management framework by assisting GEF focal area teams to further improve tracking tools and portfolio level monitoring. The Secretariat has also made progress in using RBM as a management tool by developing a set of management performance indicators, which will be reported on through the Annual Monitoring Report (AMR). Work is currently underway to present the management indicators in the June 2010 AMR , as part of efforts to strengthen portfolio level monitoring and reporting and to present an improved AMR to Council in June 2010.
15. *LDCF/SCCF*: The GEF Secretariat facilitated LDCF/SCCF Council approval of \$22.9 million in LDCF grants through six projects to assist countries to adapt to the impact of climate change. The Secretariat has posted two additional LDCF adaptation projects (total \$8.2 million). If approved, this will bring total LDCF programming to \$31.1 million. The Secretariat hosted two LDCF/SCCF financing meetings (October 2009 in Paris and March 2010 in Rome), at which the GEF CEO presented revised versions of the Draft Programming Strategy on Adaptation to Climate Change for the LDCF and SCCF. Two projects (total \$5.3 million) were approved under the SCCF’s technology transfer window.
16. *Secretariat Services for the Adaptation Fund Board*: The GEF Secretariat continued to provide secretariat services for the Adaptation Fund Board. FY10 has been a productive year in which the Board adopted Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund and the process for accrediting implementing entities under the Adaptation Fund was launched. This led to accreditation of the first three implementing entities – the Senegalese National Implementing Entity, the World Bank, and UNDP. The Secretariat has received the first project proposals, which will be reviewed by the Board’s Project and Programme Review Committee in June.

17. *Relations with Countries*: During FY10 to date, the Secretariat participated in 7 sub-regional consultations and exchange workshops, 1 national dialogue consultation, and 10 constituency meetings. A further four constituency meetings are planned for May. The Secretariat, in collaboration with UNDP and UNEP, continues to provide support to national focal points under the Country Support Program. Increased information has been provided to focal points and Council Members, enhancing their capacity to communicate with stakeholders and constituency members.

C. Special Initiatives

18. The sections below report on activities conducted during FY10 under the various special initiatives previously approved by Council. Each table reports on total estimated spending through end-FY10. Two special initiatives were concluded in FY10 – those on fiduciary standards and the assessment of climate change impact. Progress reports are included for special initiatives that will continue in FY11. The Secretariat will report further in the next corporate budget on the two special expected to conclude in 2010: GEF-5 Replenishment Process and the GEF Fourth Assembly.

Resource Allocation Framework

19. Between FY04 and FY07, the GEF Council approved a total of \$1,716,000 to support either the development of a performance-based allocation system (which developed in the RAF) or to refine the RAF, including its potential application to other focal areas.¹¹ During the past two years, in consultation with the Council, the Secretariat used resources from these budget allocations to develop a new system to allocate resources to countries called the “System for Transparent Allocation of Resources (STAR),” including indicators that could be used to allocate resources to the land degradation and persistent organic pollutants (POPs) focal areas. The Secretariat presented a final proposal on the STAR in November 2009, including the GEF Performance Index, Global Benefits Index for three focal areas, and details on how a GDP per capita index (GDPI) would be considered in the formula.

20. As of May 2010, 87% of the total budgeted resources have been spent. The Secretariat proposes carrying over the remainder of \$228,000 to support future refinement of the STAR, including for the following activities: (1) data collection and update for GEF benefit index in biodiversity (GBI_{BD}), GEF benefit index in climate change (GBI_{CC}), and GEF benefit index in land degradation (GBI_{LD}); (2) refinement of the GEF performance index (GPI); (3) Software programming development for the STAR; and (4) missions for meetings and workshops.

Resource Allocation Framework	<i>Approved</i>	<i>Actual thru FY10</i>
PBA/RAF special initiatives	1.716	1.488
TOTAL	1.716	1.488

¹¹ \$656,000 was approved in FY04; a further \$550,000 was approved in FY06; and in FY07, a further \$150,000 was approved.

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

21. In the FY08 budget, the Council approved \$250,000 for a special initiative to develop tools to enhance the climate resiliency of the GEF portfolio. The Terms of Reference for the work was finalized and the selection of experts was completed in early 2009. A group of adaptation experts worked on the assessment and developed a methodology aimed at making the GEF portfolio more climate resilient. An interim report on climate resiliency was prepared and submitted to Council in June 2009. (GEF/C.35/7: Incorporating Climate Change into GEF Projects). Further work has continued in this area, with an emphasis on efforts to refine the methodology and approach. The work will be completed by end-June 2010.

22. Using \$40,000 that was allocated for the development of methodologies and indicators, the GEF's Climate Change Mitigation Task Force began a process to define consistent and transparent methodologies for the estimation of GHG emissions from GEF projects in the transport and energy efficiency sectors. This work was completed in 2010, and these methodologies are now being used by the GEF Secretariat, some agencies, and some countries. STAP has picked up elements of this work and is building on this effort. All funds under this special initiative will have been used by end-2010.

Assessment of Impact of Climate Change	<i>Approved</i>	<i>Actual thru FY10</i>
Assessment of Impact of Climate Change	0.250	0.250
TOTAL	0.250	0.250

Replenishment Process

23. In June 2009, the Council approved a \$300,000 special initiative budget to cover the basic costs of running the replenishment meetings, including the cost for meetings, interpretation services, food, and travel for Secretariat staff. The Secretariat has also hired consultants to assist with the analysis and preparation of policy and programming documents for the replenishment meetings. To date, five replenishment meetings have been held (three in FY10) – two in Paris, two in Washington, and one in Rome. A final meeting is planned to be held in Paris in mid-May 2010.

Replenishment Process	<i>Approved</i>	<i>Actual thru FY10</i>
Costs for consultancies; reports; meetings	0.300	0.160
TOTAL	0.300	0.160

Fourth GEF Assembly

24. The Council approved a total of \$2.2 million to cover the GEF's share of its costs for the planning and hosting of the Fourth GEF Assembly. (\$653,730 was approved in November 2008, and the remainder was approved in June 2009.) The conference coordination team has already been established and has been working through FY10 on different aspects of planning and hosting the Assembly. Spending to date has primarily been for preparatory visits, the establishment of a website for the assembly, initial payments for accommodations for delegates sponsored by the GEF, and other services contracted for the event. Payment for travel of sponsored delegates and Secretariat staff has also begun and will continue through the date of the event. Additional expenditures itemized on the agenda such as interpretation, communications, publications, etc, will also be undertaken.

Assembly	Approved	Actual thru FY10
4th GEF Assembly	2.200	0.468
TOTAL	2.200	0.468

International Year of Biodiversity

25. In June 2009, the Council approved of a special initiative budget of \$895,000 to collaborate with key partners (e.g. the Convention on Biological Diversity and GEF Agencies), to raise global awareness of the importance of biodiversity for human welfare and the alarming rate at which it is being lost. In so doing, a key goal is to foster the necessary global action towards reducing and halting biodiversity loss. The GEF Secretariat has been actively engaged since late 2009 on this initiative and work will continue throughout calendar year 2010. Among other things, the GEF has thus far:

- (a) Supported the international launch of the International Year of Biodiversity (IYB) in Paris in January. The GEF contributed to the creation and display of a 48 panel exhibit in English, French, and Spanish.
- (b) Contracted the production of a book with narratives and high quality photographs and images related to GEF projects, including photographs of many of the endangered species that are being protected through GEF projects and programs. The book will be launched at the CBD COP-10 in Nagoya, Japan.
- (c) Updated a 2007 book called "Financing the Stewardship of Global Biodiversity," to be launched in Uruguay in May 2010 and at a special IYB event at the Uruguayan Parliament following the GEF Assembly.
- (d) Contracted a leading public relations firm to work on a global biodiversity branding strategy throughout the year.
- (e) Partnered with numerous others to launch the IYB in the United States through a high profile event hosted in the U.S. Congress in April 2010. The GEF collaborated on this event with the International Conservation Caucus Foundation of the US Congress, WWF-US, and the Secretariat of the CBD. The event was highly successful, with the presence

of the President of the Philippines, the Prime Minister of Norway, several US Senators and Representatives, the heads of international NGOs and private companies, as well as over 300 other stakeholders.

International Year of Biodiversity	<i>Approved</i>	<i>Actual thru FY10</i>
International Year of Biodiversity (IYB)	0.895	0.248
TOTAL	0.895	0.248

Management Information System

26. The Council approved a special initiative budget in November 2005 for developing a new MIS for the GEF. Producing a detailed needs assessment for the MIS took time and was completed only in December 2006. A total of \$176,000 has been spent to date on hardware and software. Two phases of development and improvement of the MIS have been undertaken. Currently, all staff of the Secretariat can enter and access an enlarged set of data from anywhere in the world, and Agencies have read-only access. The PMIS includes the data for all GEF projects, programs, and processes except for the Small Grants Program. The GEF Secretariat will continue to need resources from under this special initiative as it embarks on the second phase of MIS development, which 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. The Secretariat will also take steps to enable recipient countries to have access to the range of data available in the database.

MIS	<i>Approved</i>	<i>Actual thru FY10</i>
SAP Back End	0.430	0.099
J2EE/Web Enabled Front End	0.130	0.077
Capital Expenditure and Licenses	0.080	0.000
Contingency	0.060	0.000
TOTAL	0.700	0.176

Results Management Framework

27. In June 2006 (FY2007 budget), the Council approved a special initiative budget of \$200,000 to develop an RBM Framework. The Secretariat developed a results-based management policy and presented it to Council in June 2007 with the revised GEF-4 focal area strategies. As a step toward implementing this policy, focal areas began developing tools to measure and track results. While all focal areas have started to measure outcome level results, the development of these tools are at different stages, depending on the focal area. In preparation for GEF 5, all focal areas have reviewed their results frameworks, including both indicators and targets, and are in the process of adjusting their tracking tools.

Results Management Framework	<i>Approved</i>	<i>Actual thru FY10</i>
Biodiversity Task Force - consultancies & workshops	0.020	0.000
IW Task Force - consultancies & workshops	0.055	0.049
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 Support Consultancies	0.025	0.009
TOTAL	0.200	0.090

Results-based Management

28. In June 2009, the GEF Council approved \$208,000 for a special initiative to carry out activities and studies aimed at improving the GEF's capacity for results-based management and learning, focusing on three main areas: (1) developing a process to enable the GEF Secretariat to undertake focused learning based on learning objectives and issues identified through the Secretariat's portfolio monitoring; (2) work on developing and further refining tracking tools; and (3) development of a methodology for improving how GEF incorporates human welfare issues (e.g. social and gender) in its projects, including recommendations on measurement of the GEF projects results on these issues. The GEF RBM team is coordinating these activities so that the GEF has a consistent approach to monitoring activities.

29. The Secretariat has consulted with STAP and GEF agencies and developed plans for portfolio learning review missions. These missions will take place during end-2010 and through 2011. The Secretariat has developed a terms of reference for the consultant to conduct the work related to improving the GEF's impact on human welfare issues and has short-listed candidates. This will begin shortly and will be conducted during FY11. To date, \$13,000 has been used for consultations on how geographic information systems (GIS) data can be used to improve the quality of project monitoring and tracking of results.

Results Based Management (RBM)	<i>Approved</i>	<i>Actual thru FY10</i>
Missions - travel costs - 15 persons for 10 days	0.158	0.000
Supervision Desk Reviews - consultant	0.026	0.013
Human Welfare Results Methodology - consultant & travel	0.024	0.000
TOTAL	0.208	0.013

ANNEX 3: STAP – FY10 REVIEW OF ACTIVITIES AND ACHIEVEMENTS

1. The fully constituted Panel and the STAP Secretariat continued to support the GEF during FY10 through four main modalities comprising (i) screening of all Project Identification Forms for full size projects and programs cleared for Council consideration, and subsequent follow-up with GEF Agencies up to the CEO endorsement stage, (ii) advising the GEF Secretariat regarding strategic and operational matters, including proposing and reviewing data sets and the construction of indicators to inform the System for Transparent Allocation of Resources (STAR), (iii) producing advisory products to systematize for portfolio use STAP's advice provided through the Project Cycle and to respond to needs of the GEF partnership negotiated through focal area Task Forces, as detailed in STAP's Work Program, and (iv) working in a complementary manner with other relevant scientific and technical bodies that advise Conventions resulting in improved guidance to the GEF.
2. The GEF project cycle in FY10 consisted of 96 full size projects approved under the Trust Fund, and STAP provided advice on each directly to the GEF Agency concerned and to the GEF Secretariat. Review of feedback from the Council and from GEF partners confirms that STAP's advice is of high quality and that it can lead to significant improvements in project design and an apparent reduction in risk at project inception.
3. STAP continued to develop its work in depth with Secretariats and subsidiary bodies of the Multilateral Environmental Agreements that are supported by the GEF. This work included consulting on STAP's Work Program priorities and in collaboration with:
 - (a) UNCBD, providing a review of the third edition of the CBD's Global Biodiversity Outlook (GBO-3), improving its scientific rigor and focusing its recommendations on potential biodiversity targets and interventions;
 - (b) UNFCCC, engaging it in a review of STAP's advisory document on a methodology for measuring GHG impact of transport projects. STAP was represented at the UNFCCC COP-15 meeting in Copenhagen, Denmark;
 - (c) The Stockholm Convention, consulting on STAP's science based document on emerging chemicals. STAP's work on the synergies and trade-offs between energy conservation and releases of unintentionally produced POPs was highlighted during the side event of the COP-4 of the Stockholm Convention, and was presented at the 29th International Symposium on Halogenated POPs (Dioxin 2009) held in August 2009 in Beijing, China;
 - (d) UNCCD, STAP participated in the 1st Scientific Conference held 22-24 September 2009, in Buenos Aires, Argentina and contributed to a study on "Knowledge Management, Institutions and Economics," which was presented and discussed at the Conference by STAP and other members of the relevant working group. STAP's input also helped to shape the "knowledge management" priority for UNCCD's objective on how to improve the monitoring and assessment of land degradation and sustainable land management. At the request of the UNCCD Secretariat, STAP also reviewed a set of proposed indicators on how to measure progress for strategic objectives 1, 2, and 3 of UNCCD's 10-year strategic plan.

4. Having contributed to the formulation of GEF-5 strategies in FY09, STAP continued to engage in supporting the GEF replenishment process through reviewing and drafting text for GEF-5 policy and programming documents in FY10, stressing the need to maximize GEBs from GEF investments, integrate programming across focal areas, and advising on an evidence-based approach. The Panel commented in particular on issues such as the programmatic approach and the project cycle. STAP continued collaboration with the GEF Secretariat and partners on the STAR. STAP has commissioned a number of technical studies that contributed to the development of STAR indices for climate change including LULUCF sector, biodiversity, land degradation, and sustainable forest management.¹² STAP's advice on the focal area set asides (FAS) has been incorporated fully into the STAR proposal agreed in principle at the 36th GEF Council Meeting (GEF/C.36/6/Rev.1).

5. In October 2009 STAP, together with the Asian Development Bank, co-organized the workshop "Towards measuring the GHG mitigation potential of land transportation projects in the GEF," which was held in Manila, Philippines. The workshop contributed to the development of two STAP documents: a Manual for calculating GHG benefits of GEF transportation projects and a white paper for the GEF on sustainable low carbon transport. Both products are expected to be released at the beginning of FY11. STAP has completed and presented to the GEF Council the advisory document "Benefits and trade-offs between energy conservation and releases of unintentionally produced persistent organic pollutants" containing detailed sector-specific information and recommendations for the GEF (GEF/C.36/Inf.11).

6. The Panel continued to develop advisory documents on biodiversity conservation interventions commonly supported with GEF funds, including Community Forest Management (CFM), Marine Protected Areas (MPAs) and environmental certification. After publication these advisory tools will inform the development and assessment of proposals. STAP's (2008) advisory document on Payments for Environmental Services (PES) is increasingly being used in GEF proposals and a revised version was published in early 2010.

7. The Panel continued to recommend the limited use of experimental and quasi-experimental project designs within the GEF portfolio to explicitly generate scientifically credible knowledge about the way in which programs most effectively achieve environmental impacts. A presentation was made to the November 2009 Council meeting and an advisory document is forthcoming.

¹² STAP's advice provided to the GEF on RAF and STAR is summarized at its webpage at: <http://stapgef.unep.org/resources/RAF/Advice>

ANNEX 4: TRUSTEE – FY10 REVIEW OF ACTIVITIES AND ACHIEVEMENTS

1. As Trustee, the World Bank, 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; (vii) infrastructure and systems, and (viii) resource mobilization.

FY10 Highlights

2. In addition to the standard services discussed above, the Trustee engaged in additional activities in 2009-2010:

- (a) Preparation for and implementation of the GEF-5 replenishment discussions, which includes four meetings during FY10. Costs were incurred for staff time, preparation of replenishment papers and travels for meetings.
- (b) 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
- (c) Launch the independent review of the GEF systems.

FY10 Projected vs. Estimated Actual

3. Based on actual expenditures for the first eight months of FY10 and revised projections for the remaining four months, it is expected that the Trustee's original budget projection for FY10 will be \$179,265 higher than the FY10 approved amount. This increase mostly reflects higher Financial Management and Relationship Management costs (\$306,000 over the original projection) resulting from two additional and unscheduled replenishment meetings and a donor consultation meeting held in early 2010. The associated costs include the Trustee's costs to Co-Chair the meetings and for travel. The increase in Financial Management and Relationship Management costs is slightly offset by lower legal and investment management expenses.

Special Initiative on Independent Review of GEF Systems

4. The Trustee is in the process of working with the World Bank procurement department to hire a consultant to begin the study, which was proposed in the FY10 budget, for an independent review of GEF Systems. The hiring of the consultant experienced unexpected delays and as such there have been no expenditures to date. We expect, however, to hire the consultant before the end of the fiscal year and thereby commit the funds in full by this time. No expenditures are expected until FY11, which is when the work is expected to be carried out and completed.

Independent Review of Systems	<i>Approved</i>	<i>Actual thru FY10</i>
Independent Review of Systems	0.150	0.000
TOTAL	0.150	0.000