

GEF Council
November 16-18, 2010
Washington, D.C

Agenda Item 15

RULES AND GUIDELINES FOR AGENCY FEES AND PROJECT MANAGEMENT COSTS

Recommended Council Decision

The Council, having reviewed GEF/C.39/9, *Rules and Guidelines for Agency Fees and Project Management Costs*, welcomes the clarifications provided in the paper regarding the use of these resources provided by the GEF to meet the administrative costs of both GEF Agencies and projects.

The Council requests all the GEF Agencies to follow the rules and guidelines outlined in this document. Further, the Council requests the GEF Agencies to collaborate with the Secretariat to agree on an annual reporting format to be utilized for future annual reporting starting in spring FY11.

The Council requests the GEF Agencies to exercise due diligence in spending resources provided for administrative purposes by the GEF, and particularly to hire staff strictly on the basis of necessity.

EXECUTIVE SUMMARY

1. In an effort to monitor the use of Agency fees and project management costs across all Agencies, this paper attempts to define each expense category and present guidelines on how GEF funds provided to Agencies are expected to be used.
2. Currently, Agencies receive a 10% fee from each GEF grant to cover expenses related to corporate activities and project cycle management activities. Since these expenses are different in nature, Agencies are requested to account and report on them separately with the understanding that 1% is provided for corporate activities and 9% for project cycle management activities.
3. Additional funds (up to 10% in practice) for project management costs are provided to the executing entity to manage administer and supervise the day-to-day activities of projects.
4. Any communication or infrastructure related to the project should include appropriate GEF branding.
5. A comparison of GEF fees with other similar institutions was undertaken showing that the GEF policy is in line with that of UN-REDD and UNEP. More recently, the Adaptation Fund aligned itself with the GEF by adopting a fee policy of 8.5% for implementing entities.
6. Agencies were requested to provide various data regarding the actual usage of fees at different stages of the project cycle. The data revealed to be too disparate to be comparable. The Agencies and the GEF Secretariat will continue to work together to prepare a comprehensive reporting matrix that will allow for reporting in a more uniform manner, as well as for improved subsequent monitoring and analysis of the use of the funds provided to Agencies.
7. The data provided does allow for some analysis and suggests that funds are used differently by different Agencies. In the first place, staffing is not necessarily related to the size of the Agencies' GEF portfolio, and hiring is not subject to the same governance mechanisms as apply to the Agencies' own resources.
8. A clearer accountability of GEF-financed staff as well as a review of the fee policy may be warranted once common reporting is available.

Table of Contents

Introduction.....	1
Definitions.....	1
Corporate Activity Fees	1
Proposed Guidelines	3
Agency Fees for Project Cycle Management Services (Agency Administrative Fees)	3
Proposed Guidelines	6
Project Management Costs.....	6
Proposed Guidelines	6
Comparison with Other Organizations	7
Conclusion	8

Annexes

Annex 1: GEF Reporting Requirements.....	10
Annex 2: List of Activities Funded by GEF Funds.....	11
Annex 3: Summary of Expense Information Received from Agencies (FY2009).....	12
Annex 4: Summary of Expense Information Received from Agencies (FY2010).....	13
Annex 5: Agency's Explanations of Data Compiled in Annexes 3 and 4.....	14

INTRODUCTION

1. At the GEF Council meeting in June 2010, discussions emerged under various agenda items regarding the usage and level of fees paid to the GEF Agencies and the amount of financing requested to pay for project management costs. In order to have a structured discussion on the subject, the Secretariat suggested that a document on various categories of resources being provided to the GEF Agencies be submitted for discussion at the November 2010 Council meeting.
2. This paper, prepared in consultation with the GEF Agencies and the Trustee, has three main objectives: (i) to define the different categories of resources provided to the GEF Agencies for administrative purposes; (ii) to specify the activities covered by each category of resources; and (iii) to provide guidelines for the use of these resources. The document builds upon an information document (GEF/C.34/ Inf.8, Guidelines for Agencies' Reporting of Administrative Expenses, October 9, 2008) that was submitted for the November 2008 Council meeting.
3. The expense categories covered are: (i) corporate activity fees; (ii) fees for project cycle management services; and (iii) project management costs. Each section addresses any exceptions related to the Small Grants Programme (SGP) and programmatic approaches. The fees are managed at a portfolio level and not on a project basis, as was recognized by Council when the percentage fee policy was approved at its June 2005 meeting.
4. This paper also reviews the different policies implemented by other similar organizations with respect to administrative expenses and derives lessons applicable to the GEF.

DEFINITIONS

Corporate Activity Fees

5. Background. Prior to December 2006, requests for funding for corporate activities carried out by the three implementing agencies (the World Bank, UNEP and UNDP) were presented as part of the corporate budget and approved by the Council as a separate line item of the overall budget.
6. At its December 2006 meeting, the GEF Council decided to eliminate this line item from the corporate budget and incorporate the corresponding amount (notionally identified to represent 1% of the project amount) as part of the fees given to all ten GEF Agencies¹, starting in January 2007 for the seven GEF Executing Agencies and July 1, 2007, for the three Implementing Agencies. This 1% fee was added to the existing 9% fee provided to the Agencies for the management of the project cycle for a total of 10%. An exception was made for programmatic approaches, where Agency fees are calculated at 8% or 9% of the GEF grant

¹ GEF/C.30/6, GEF Business Plan FY07-10, November 7, 2006, para. 17.

depending on the type of Agency submitting the proposal.² Another exception relates to the Small Grants Program (SGP) for which the fee is set at 4%.

7. Fees are calculated at 10% of the GEF grant amount for practical purposes. However, since they are used to finance different activities (9% for project cycle activities and 1% for corporate activities), it is important to account and report them separately. This issue was already identified by a previous inter-Agency working group two years ago that agreed on the table currently presented in the Annual Monitoring Report (AMR)³, reporting separately on the project cycle management costs (9%) and corporate activities (1%). This practice of splitting the monitoring and reporting of the 9% and 1% is expected to continue.

8. Definition. In order to determine the activities covered by corporate activities, it is important to define what they are. Corporate activities are such activities where the GEF Agencies engage with the GEF Secretariat (GEFSEC), the GEF Trustee, the GEF Evaluation Office and the GEF Council in relation to the formulation of policy and strategy.

9. Activities covered. The activities covered by the 1% corporate fee include policy support, portfolio management, reporting, outreach and knowledge sharing, and support to the Evaluation Office, as described below.

- (a) Policy support includes the development, revision and operationalization of GEF policies, strategies, business plans and guidelines. It also includes participation in the meetings of the GEF governing bodies.
- (b) Portfolio management includes pipeline and program management, financial management and data management. It includes participation in financial consultations organized by the Trustee. It also comprises preparation of the Annual Monitoring Report (AMR), the Annual Portfolio Review for the Evaluation Office (APR) and the overall management of the portfolio regardless of the number of projects undertaken.
- (c) Reporting includes all the reporting requirements listed in Annex 1.⁴
- (d) Outreach and knowledge sharing includes participation in sub-regional consultations, country dialogues and STAP meetings.
- (e) Support to Evaluation Office includes evaluations, reviews and studies initiated by the GEF Evaluation Office.

² GEF/C.38/5/Rev.1, Streamlining the Project Cycle & Refining the Programmatic Approach, July 1, 2010, paras. 48 and 61. Fees are 9% for programs submitted by a Program Coordination Agency and 8% for those submitted by a Qualified GEF Agency, due to streamlining benefits.

³ GEF/C.38/4, Annual Monitoring Report (AMR) FY2009, June 4, 2010, Annex 7.

⁴ This Annex represents an excerpt of all GEF reporting requirements and only includes the GEF Agencies' responsibilities. These reporting requirements are included in the GEF Project Cycle paper (GEF/C.39/Inf.3), which will be presented to the GEF Council in November 2010.

Proposed Guidelines

10. All activities covered by the corporate activity fees as described above must be those that engage with the GEF Council, the Secretariat, or the Evaluation Office or those that emanate from the requirements and expectations of these bodies in relation to engagement in the GEF partnership.
11. Other activities which may fall under this category but are not explicitly requested or expected by the GEF Secretariat, the Evaluation Office or the GEF Council may be submitted to the GEF Secretariat for consideration prior to undertaking the activity. If the activity is determined eligible for support by the corporate fees, the Agency will be notified and may report the expenditure under corporate fees.
12. Corporate fees cannot be used for project cycle activities.
13. While the corporate fee is given to the Agencies on a project by project basis at the time of CEO endorsement/approval, it is not to be used for projects. Although the Agencies manage the revenues received from the fees on a portfolio basis, the corporate fees (equivalent to 1%) are to be used to cover expenses for corporate activities only. Since projects are endorsed/approved by the CEO at a fairly steady pace, there should always be sufficient funds available to cover the costs of corporate activities.
14. In order to properly monitor the usage of the corporate fees, the Agencies should prepare and submit a report at the conclusion of every replenishment phase of the GEF detailing how the fees were used towards corporate activities. Any unused resources received within a replenishment period must be returned to the GEF Trust Fund within 6 months after the conclusion of the replenishment period. An agency that cannot comply with this reporting cycle may report and return funds on a cycle that is compatible with its internal policy. Agencies should confirm with the Secretariat their anticipated reporting timetable.

Agency Fees for Project Cycle Management Services (Agency Administrative Fees)

15. Background. From May 1999 through June 2005, a flat fee system was in place to compensate the GEF Agencies for the costs associated with the implementation of GEF projects. The size of the fee varied depending on the type of project financed. In June 2005, the GEF Council approved a proposal to revise the fee system, and the 9% fee was established for all types of projects, to be used on a portfolio basis starting on July 1, 2005. In December 2006, while abolishing the corporate budget for the three Implementing Agencies, Council decided to extend a 10% fee (inclusive of the notional 1% fee for corporate activities) to all GEF Agencies starting in January 2007 for the seven GEF Executing Agencies and July 1, 2007, for the three Implementing Agencies.
16. Definition. Agency fees for project cycle management services are provided to the Agencies to enable them to manage a portfolio of projects and programmatic approaches through the various phases of the project cycle including providing quality assurance and oversight.

17. Activities covered. The core set of services to be provided by the GEF Agencies for each project include project identification, preparation of project concept, preparation of detailed project document, project approval and start-up, project implementation and supervision, and project completion and evaluation as detailed below.

- (a) Project identification
 - (i) Consult with appropriate stakeholders in-country, including the GEF operational focal point, identify opportunities for GEF financing, using country dialogue and other country planning/sector strategy documents as a basis.
 - (ii) Review options for co-financing and partnerships.
 - (iii) Incorporate GEF opportunities in appropriate planning/country assistance strategy documents of the GEF Agency.
- (b) Preparation of project concept
 - (i) Discuss GEF eligibility criteria with the recipient country's operational focal point and other stakeholders.
 - (ii) Undertake brief in-country consultation mission if necessary.
 - (iii) Consult within the GEF Agency.
 - (iv) Assist project proponent to prepare PIF, in consultation with appropriate stakeholders, including the GEF operational focal point and the GEF Secretariat.
 - (v) Assist with the preparation of the PPG.
 - (vi) Obtain endorsement letter(s) from the operational focal point(s).
 - (vii) Discuss with the GEF Secretariat PIF clearance and PPG approval.
- (c) Preparation of the detailed Project Document
 - (i) Prepare and execute legal agreements for PPG activities. Keep the operational focal point informed.
 - (ii) Help the project proponent write Terms of Reference for consultant(s), if required, to undertake PPG activities.
 - (iii) Assist the project proponent to identify and recruit consultants to assist with project preparation, if necessary.
 - (iv) Supervise project preparation, in consultation with all appropriate stakeholders, including missions to the field, with particular focus on risk assessment, governance issues, execution arrangements, co-financing, capacity development, partnership building and outreach.
 - (v) Negotiate and reach agreement on incremental cost with government and other relevant stakeholders.
 - (vi) Submit Project Document with Request for CEO endorsement template to the GEF Secretariat.

- (vii) Coordinate with relevant stakeholders in formulating a programmatic approach (PA); prepare a Program Framework Document (PFD) for submission to the GEF Secretariat for work program entry and Council approval; implement the PA; monitor and report on progress of the PA, prepare and submit for approval all PIFs under the PA; complete implementation of all projects under the PA.
- (d) Project Approval and Start-up
 - (i) Appraise the project and finalize project implementation arrangements, including mission travel.
 - (ii) Prepare legal and other documentation for approval by the GEF Agency approval authority.
 - (iii) Advise the project proponent on the establishment of a project management structure in the recipient country.
 - (iv) Assist project management to draft TORs and advise on the selection of experts for implementation.
 - (v) Advise on and participate in project start-up workshop.
- (e) Project implementation and supervision
 - (i) Mount at least one supervision mission per year, including briefing operational focal points on project progress.
 - (ii) Provide technical guidance, as necessary, for project implementation.
 - (iii) As necessary, include technical consultants during supervision missions to advise government officials on technical matters and provide technical assistance for the project as needed.
 - (iv) Pay advances to the executing entity and review financial reports.
 - (v) Oversee the preparation of annual project implementation reports for submission to the GEF Secretariat.
 - (vi) Monitor and review project expenditure reports.
 - (vii) Prepare periodic revisions to reflect changes in annual expense category budgets.
 - (viii) Undertake the mid-term review, including possible project restructuring. Send a copy to the GEF Secretariat.
- (f) Project completion and evaluation
 - (i) Oversee the preparation of the Project Completion Report/Independent Terminal Evaluation, submit the report to the GEFEO and send a copy to the GEF Secretariat.
 - (ii) Prepare project closing documents.
 - (iii) Prepare the financial closure of the project.

Proposed Guidelines

18. The fees for project cycle management services are provided to GEF Agencies to manage the portfolio of projects under the ongoing project cycle. These activities are described above and details can be found in Annex 2.⁵

Project Management Costs

19. Background. The execution of projects requires the project executing entity to manage, administer and supervise the day-to day activities of projects and is financed through project management costs (PMCs). A component related to these costs is included in the individual project budgets. Historically, the amounts budgeted were based on expected expenditures. However, since there was no exact definition limiting the scope of such expenditures, the Agencies' use of these funds was not standardized and amounts varied. As a result, an informal policy to limit PMCs to 10% of the financing amount was put in place in 2007.⁶

20. Definition. PMCs represent the actual costs associated with the unit executing the project on the ground and are included in the project budget. PMCs are usually financed from the GEF project grant and co-financing sources.

21. Activities covered. PMCs finance project management activities undertaken by the executing entity to oversee the execution of the project. PMCs can include staffing costs and project related activity expenditures. Staffing costs may include the hiring of a project manager, a project assistant technical specialist(s), a procurement specialist and/or a financial specialist to help with the management and execution of the project. Project related activities may include the preparation of procurement plans, terms of reference and procurement packages, the oversight of consultant activities, monitoring and evaluation, knowledge management, the preparation of progress reports and financial reports for the project, and consultation with project stakeholders. Any communication or infrastructure related to the project should include appropriate GEF branding.⁷

Proposed Guidelines

22. In order to ensure the proper use of GEF funding provided for PMCs and to avoid over-funding of such costs, the following rules will be enforced:

- (a) Government staff seconded to work in the execution of the project cannot be supported from the GEF PMCs.⁸ Such costs should be charged out of the co-financing budget that includes government contributions.
- (b) If the project executing entity charges any fee over and above the direct PMCs, the fee should be covered by part of the 9% fee provided to the GEF Agency.

⁵ The table in Annex 2 presents indicative data and should be used for guidance only.

⁶ This cap was introduced in the June 2007 work program cover note.

⁷ The MOUs with the GEF Agencies and the CEO Endorsement/Approval letters will be modified to reflect this requirement.

⁸ This restriction is subject to the policies of the relevant Agency (e.g. regarding certain post-conflict countries).

- (c) There should be proportionality between the PMs and the total project financing. Generally, the ratio of GEF PMCs to total PMCs should be the same as the ratio of the GEF project grant amount to the total project cost (e.g., if the ratio of the GEF project grant to total financing is 1:20, then the GEF PMCs should be 5% of the total PMCs).⁹
- (d) In any case, the GEF PMCs should not exceed 10% of the GEF project grant.
- (e) When the GEF Agency also acts as the executing entity, the GEF Agency should identify possible cost savings which should be reflected on the budget line item for PMCs.

COMPARISON WITH OTHER ORGANIZATIONS

23. In order to validate whether the GEF policy on fees and PMCs is appropriate, it was compared to the policies implemented by other similar institutions. Data was very scarce and was obtained from the websites of the different institutions as summarized in Table 1.

Table 1: Summary of Fees by Fund

Fund	Fees for Corporate Activities	Fees for Project Cycle Management
Carbon Investment Funds (CIF)	<ul style="list-style-type: none"> • Administrative budget for corporate services; • \$280,000 for Clean Technology Fund (CTF) and \$388,000 for Special Climate Fund (SCF) for country programming support; and • Project fee 	
Global Funds for AIDS, Tuberculosis and Malaria (GFATM)	Direct access to countries - no details of fee provided for projects implemented through the World Health Organization (WHO)	
Global Alliance for Vaccines and Immunization (GAVI)		
United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation (UN-REDD)	1% of donor contribution-administrative fee	Maximum 7% of project budget - indirect costs
United Nations Environment Programme (UNEP)	13%	
Adaptation Fund for the Kyoto Protocol	8.5%	
Global Environment Facility (GEF)	1%	9%

Sources: various websites.

24. The Trust Fund Committees of the Climate Investment Funds (CIF), i.e., the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF), provide the six Multilateral Development Banks (MDBs) three different types of compensation for costs they incur in relation to CIF activities and operations: (i) the annual CIF budget includes administrative resources for the expected work program of the CIF's entire corporate management structure: the Trustee as manager of the financial assets of CIF, the Administrative Unit as the coordinator of CIF work, the organizer of the Partnership Forum, and the provider of support to the Trust Fund

⁹ Depending on the nature of the project, special cases will be reviewed and discussed with GEF Secretariat on a case by case basis.

and other CIF committees, and the six MDBs as the "implementing agencies" under the CIF (the revised FY10 budget for these administrative services amounted to USD 11.8 million of which USD 4.5 million is allocated to the six MDBs; (ii) the annual budget also covers the expenditures that the MDBs will incur in assisting recipient countries in preparing investment plans and strategies for the CTF and the three targeted programs under the SCF (the standard budget for joint MDB support per investment plan or its equivalent amounts to USD 280,000 under the CTF and USD 388,000 under each of the SCF targeted programs; and (iii) compensation for MDB expenditures related to the preparation, supervision, and evaluation of individual projects (which is not covered under the annual administrative budget) is provided in the form of separate and individual MDB project fees¹⁰.

25. The financing for GFATM and GAVI is sent directly to countries and when an implementing agency such as the WHO is present, the fees are not reported separately.

26. Among the Agencies examined, no data was found on policies regarding project management costs. On fees, the UN-REDD and UNEP were found to most closely mirror GEF policies.

27. The Board of the Adaptation Fund adopted a policy in September 2010 to set the fee for implementing entities at 8.5%.

CONCLUSION

28. Many activities cut across different fee categories and need to be better defined. Annex 2 lists in more detail the specific activities relating to project identification, implementation and execution and the corresponding fee category that applies to it. The GEF Secretariat anticipates that this Annex will assist the Agencies in their submissions and allow them to set-up better reporting of the various expenses. Even though the table in Annex 2 is incomplete at this stage, it will be considered as a work in progress and will benefit from inputs from all interested parties. An updated Table may be shared with Council Members for information at subsequent meetings until the table is deemed sufficiently comprehensive.

29. Due to the importance of having transparent and uniform data presented, it is imperative to undertake this exercise at this time. As a result, we request the Council to recommend that the Agencies and the Secretariat collaborate to develop new reporting requirements which will be in addition to those described in Annex 1.

30. The GEF has paid large sums of fees to its Agencies (about \$700 million) since the inception of the fee system. In order to determine whether the fee level is adequate, it is important to understand what the funds are used for. The incomplete reporting from Agencies on how the funds have been spent and how they have been managed globally continues to hinder such an analysis. Annex 3 for FY2009 and Annex 4 for FY2010 both show a compilation of data received from Agencies in response to a request from the Secretariat to perform an analysis on the level of fees and management costs. Clearly, the data was not sufficient to conduct such an analysis, largely due to: (i) the formulation of insufficiently clear questions; (ii) an

¹⁰ The level of project fees for funds under the CIF is still under discussion.

inconsistent approach and data gaps in Agency reports; and (iii) the Agencies' different financial systems, which capture and report data in different ways. The working group that has been convened for this issue will continue to work together to prepare a more comprehensive matrix to be filled out by all Agencies to allow a better analysis. This matrix should be ready by April 2011 for the Secretariat to report to the Council. This new matrix would replace the reporting template agreed by the inter-agency group two years ago, referred to above.

31. Despite its disparity, an examination of the data leads to some interesting inferences:

- (a) Staff and consultant complements at the Agencies don't seem to be related to the size of their respective GEF portfolios.
- (b) While some Agencies have a small GEF coordination unit, with a larger complement of GEF-financed staff and consultants in operational activities (World Bank – about 90 staff and consultants equivalents in FY09),¹¹ others, in particular Agencies in the UN system, UNDP (259 staff and consultants equivalent)¹², UNEP (64 staff and consultants), and UNIDO (57 staff and consultant equivalents) -- have organized centralized GEF project development and implementation functions that may undermine the mainstreaming objectives of the GEF.
- (c) The reporting that shows very low staff and consultant costs at the country-level either reflects insufficient tracking of such expenses (most Agency reports do not segregate field staff from HQ staff) or an inadequate level of staff and consultants located in country offices. If the latter is true, then it is a matter of concern, as it could be an underlying factor leading to the project preparation and implementation delays that countries often complain about. Agencies may want to rebalance their HQ and country-based staff.
- (d) A large number of staff and consultants financed from GEF resources (conservatively estimated to be between 700 and 800 staff and consultant equivalents) are outside the jurisdiction of the GEF governance system. In addition, they are also outside the scrutiny of the governance mechanisms of the Agencies since the resources are provided through a trust fund and not the core budgets of the Agencies.




















32. Council may want to think about a mechanism by which a clearer accountability of GEF-financed staff is ensured.

33. In addition, once parameters are in place to identify the exact costs of each activity and to allow Agencies to report on them using common definitions and standards, the GEF Council may want to review the current fee policy structure and request a proposal for a revised policy at a future date.

¹¹ It is estimated from data provided that the World Bank has a total of about 90 staff and consultants equivalents financed from GEF resources in FY09, of which about 7 staff and consultants work for the GEF coordinating unit. The estimate is based on a fully loaded annual staff cost of about \$187,000.

¹² UNDP claims that 85% of its staff and consultants equivalent is based in country offices

GEF Reporting Requirements

Agency	Name of Report	Submitted to			Frequency	Purpose of Report	Remarks
		Trustee	GEFSEC	GEFEO			
1	Report on Cancellation of amounts on Ongoing Activities (projects, including project preparation activities, and fees)				Quarterly, ending March 31, June 30, Sept 30 and Dec 31 <i>To GEFSEC:</i> Project cancellation notification on event basis	To reflect current status of GEF projects in the general ledger for the GEF Trust Fund, thereby allowing the Trustee to adjust the liability to agencies and corresponding commitment authority.	Form required. <u>Deadline:</u> Due within 30 days after the reporting period.
2	Report on Financial Closure of Approvals		copied		For the periods ending: March 31, June 30, September 30, December 31.	To notify Trustee on the dates in which projects have finally been financially ended signifying the closure of books.	Form required. <u>Deadline:</u> Due within 30 days after the reporting period.
3	Report on Reflows (pertaining to non-grant instruments)				For the periods ending: March 31, June 30, September 30, December 31.	To notify Trustee on the dates and amounts of reflows of funds received by Agency from GEF projects, broken down by each GEF project	Form required. <u>Deadline:</u> Due within 30 days after the reporting period.
4	Annual Financial Statements and Audit Report				At the end of the Agency's fiscal year	As part of the Trustee's fiduciary duty to ensure that the GEF funds are being used in accordance with the Instrument and the Council decisions.	Form not required. <u>Deadline:</u> Due within 6 months after the end of the Agency's fiscal year.
5	Statement of Investment Income Earned on GEF Funds				Semi-Annual; For the periods ending June 30 and December 31	To comply with Trustee's fiduciary responsibility. Investment income remitted to any of the Trust Funds (GEF Trust Fund, SCCF, LDCF) is available for allocation by the Council.	Form required. <u>Deadline:</u> Due within 45 days after the reporting period.
6	Annual report of Agency Commitments made against projects and project preparation activities				For the period ending June 30	Trustee needs this for the annual audit of the GEF Trust Fund. <i>To be implemented only after electronic data sharing is implemented. It is an informal "control" report.</i>	Form required. <u>Deadline:</u> Due within 45 days after the reporting period.
7	Annual Report of Agency (actual not accrued) made against Agency commitments to projects and preparation activities				For the period ending June 30	Trustee needs this for the annual audit of the GEF Trust Fund. <i>To be implemented only after electronic data sharing is implemented. It is an informal "control" report.</i>	Form required. <u>Deadline:</u> Due within 45 days after the reporting period.
8	Cash Transfer Request for GEF Projects and Project Preparation activities				Every 6 months or as agreed by the Trustee	To request Trustee for cash transfer for project grants	Use Form as attached to the Financial Procedures Agreement
9	Cash Transfer Request for Fees				Every 3 months or as agreed by the Trustee	To request Trustee for cash transfer of Agency fee	Use Form as attached to the Financial Procedures Agreement
10	Cash Transfer Request for Special Initiatives				After Council decision and Trustee commitment	To request Trustee for cash transfer for GEF special initiatives.	Use Form as attached to the Financial Procedures Agreement
11	Cash Transfer Request for Administrative Budget				After Council decision and Trustee commitment	To request Trustee for cash transfer of administrative budget	Use Form as attached to the Financial Procedures Agreement
12	Program and Project Implementation Report (PIR)				Annually	A PIR is submitted for each project after CEO approval/endorsement and for each Program after Council endorsement/approval. Each Agency reports on the general performance of each of their GEF projects and programs, implementation progress and outcome achievements.	
13	Project/program Completion/Terminal Evaluation Report		copied		1 year after closing date of project*	Terminal evaluations are completed according to GEF Evaluation Office guidelines.	
14	Report on Agency's Approval of GEF Projects				Quarterly, ending March 31, June 30, Sept 30 and Dec 31;	To reflect current status of GEF projects on Agency approvals for the purpose of fund commitment by Trustee and to comply with reporting requirements to GEF Secretariat	Due 30 days after the end of the quarter.
15	Status of GEF Projects				Annually, for fiscal year ending June 30	For annual ORGP reporting.	Due by September 1
16	Evaluation Report on Enabling Activities				Annual	Stocktaking report on the status of enabling activities in all focal areas.	

List of Activities funded by GEF funds (fees and management costs)

Activities	Expense Category			
	Corporate	Project Cycle	Project Management	Not covered
Meetings				
✦ Attend Replenishment meetings	✓			
✦ Attend Convention meetings				✓
✦ Attend Assembly meetings	✓			
✦ Attend Council Meetings	✓			
Reports				
✦ Prepare reports at the request of GEFSEC or Council (PIR, adhoc requests...)	✓			
✦ Prepare reports supporting the agency position on GEF policy				✓
✦ Send comments on papers	✓		✓	
✦ Prepare financial reports to ensure proper use of funds				
✦ Annual Report of Agency Commitments	✓			
Staffing				
✦ Hire program manager to manage project on the ground			✓	
✦ Hire program assistant to assist program manager			✓	
✦ Hire accountant or financial specialist to perform specific activities related to the project			✓	
Project Preparation				
✦ Prepare PIF, PPG,		✓		
✦ Coordinate project implementation with partners and stakeholders				
Communication and Outreach				
✦ Participate in sub-regional consultations	✓			
✦ Participate in country dialogues	✓			
✦ Participate in STAP meetings	✓			
✦ Prepare website to manage project			✓	
Monitoring and Evaluation				
✦ Project Completion / Terminal Evaluation Report		✓		
✦ Mid-Term Evaluation report		✓		
✦ Maintain records of all project-related documentation			✓	
✦ Build partnerships and leverage resources			✓	
✦ Office facilities, equipment, vehicles and communications				
Travel				
✦ Travel to supervise project		✓		
✦ Travel to execute project			✓	
Miscellaneous				
✦ Financial Audit				
✦ Meeting workshops				
✦ Review expenditures and ensure they are in line with project guidelines			✓	
✦ Develop and implement project-specific management tools, procedures and systems			✓	
✦ Work Program planning			✓	
✦ Ensure compliance with audit requirements		✓		
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Summary of Expense Information Received from Agencies (FY2009)

(to be read in conjunction with Annex 5)

FY2009	WB	IADB	UNDP	UNEP	IFAD	UNIDO	AsDB	FAO	EBRD	AfDB
1/ Staff and Consultant Costs										
<i>Full Time staff at HQ</i>										
Staff cost	14,174,808	no GEF funds used	20,723,455	5,006,744	537,994	217,743	no GEF funds used	854,731		
Number of positions (FTE)	N/A		229	47	6	54	5	4		
Total staff days	20,415		59,790	11,844	560	441	1,352	1,121		
<i>Field staff</i>										
Staff cost	included in full-time staff data	no GEF funds used	included in full-time staff data	2,346,528	-	see Annex 5	no GEF funds used	see Annex 5		
Number of positions (FTE)	N/A		included in full-time staff data	11	0	see Annex 5	1			
Total staff days	included in full-time staff data		included in full-time staff data	2,772		see Annex 5	205	see Annex 5		
Number of field offices	TBD		158	7						
<i>Consultants</i>										
Staff cost	3,136,695	293,045	2,619,405	176,464	112,412	64,886	295,575	48,100	62,263	
Number of positions (FTE)	N/A		30	6	9	3	3	1		
Total staff days	TBD	837	7,715		578	375	729	158		
<i>General Operating Costs</i>										
Office space, supplies, equipment	1,836,529		4,164,868	548,812		see Annex 5		10,570		
Legal, Audit fee	780,147		N/A	67,147		see Annex 5		see Annex 5		
2/ Travel Budget										
<i>Project-related travel to the field</i>										
Number of trips	TBD	19	N/A		12	60	4			
Cost of travel	5,333,309	37,737	2,213,798	361,808	51,559	221,339	20,182	see Annex 5	2,734	
<i>Travel to Convention meetings</i>										
Number of trips	TBD				9	included in project-related travel to the field		see Annex 5		
Cost of travel	included in travel to GEF mtgs	no GEF funds used		included in 'other travel' total below	21,355	included in project-related travel to the field	N/A	see Annex 5	included in project-related travel to the field	
<i>Travel to GEF meetings and events</i>										
Number of trips	TBD	7			15	included in project-related travel to the field	9	see Annex 5		
Cost of travel	113,410	24,811	217,903	included in 'other travel' total below	57,219	included in project-related travel to the field	31,274	84,424	included in project-related travel to the field	
<i>Other travel</i>										
Number of trips	TBD	1			0	included in project-related travel to the field	9			
Cost of travel	included in travel to GEF mtgs	1,147		344,576	-	included in project-related travel to the field	75,820		included in project-related travel to the field	
3/ Communications Budget										
Non project-related spending	TBD	-	868,981	22,902	5,058	see Annex 5		not collected in FY 2009		
Output (publications, exhibits, materials for conference ...)	TBD		N/A	publications, posters, flyers	publications, knowledge mgt events					
Number of outputs			N/A							
4/ Project-Related Costs										
<i>A. GEF Agency Project Supervision, Monitoring and Evaluation</i>										
GEF Project Grant	TBD	-	15,436,183	not used for these activities	567,867	756,909		144,528		
GEF Agency Fees	13,473,719	74,621	N/A	Project grant not used by GEF Agency	115,460					
Other financing	12,272,267	258,406	N/A	4,021,082	-					
Number of projects	223	16	694	275	3					
<i>B. GEF Agency Project Preparation and Approval</i>										
GEF PPG Grant	N/A	560,004	10,960,000	Project grant not used by GEF Agency	1,619,909	923,070		1,189,532		
GEF Agency Fees	7,981,333	130,616	N/A	2,344,103	150,054					
Other financing		738,941	N/A		-					
Number of PPGs	17	22	204	60	8					
<i>C. Project Communications Budget</i>										
Amount funded by fees	TBD	-	no fees used	no fees used	5,058					
Amount funded by GEF project budget	TBD	82,221	50,459	tbd	-					
<i>D. Project Management Costs (Executing Agency)</i>										
Cost of Staff	TBD	690,713	-	tbd	-					
Cost of Consultants	TBD	158,448	64,482	tbd	-					
Cost of Travel	TBD	181,199	13,837	tbd	-					
Cost of Workshops and Meetings	TBD	86,407	-	tbd	-					
Other Costs	TBD	46,324	-	tbd	-					
5/ Agency Fees Received	9,066,243	no fees received	13,928,396	2,981,418		2,570,521	398,830	2,242,482		

Summary of Expense Information Received from Agencies (FY2010)
(to be read in conjunction with Annex 5)

FY2010	WB	IADB	UNDP	UNEP	IFAD	UNIDO	AsDB	FAO	EBRD	AfDB
1/ Staff and Consultant Costs										
<i>Full Time staff at HQ</i>										
Staff cost	15,801,730	no GEF funds used		4,961,330	347,903	262,684	no GEF funds used	738,084	48,384	
Number of positions (FTE)	N/A			45	7	55		4		
Total staff days	18,560			11,804	380	447	1,679	940		
<i>Field staff</i>										
Staff cost	included in full-time staff data	no GEF funds used		2,247,832	-	see Annex 5	no GEF funds used	see Annex 5	included in full-time staff data	
Number of positions (FTE)	N/A			14	0	see Annex 5	1			
Total staff days	included in full-time staff data			3,672		see Annex 5	150	see Annex 5		
Number of field offices	TBD			7						
<i>Consultants</i>										
Staff cost	2,836,831	504,428		111,558	214,712	14,114	350,920	34,605	36,129	
Number of positions (FTE)	N/A			7	17	1	3	0		
Total staff days	TBD	1,637			1090	69	654	92		
<i>General Operating Costs</i>										
Office space, supplies, equipment	2,099,339			236,253		see Annex 5		8,765		
Legal, Audit fee	886,631			50,937		see Annex 5		see Annex 5		
2/ Travel Budget										
<i>Project-related travel to the field</i>										
Number of trips	TBD	62			18	76	10	see Annex 5		
Cost of travel	4,741,737	145,518		532,432	82,332	203,233	26,260			
<i>Travel to Convention meetings</i>										
Number of trips	TBD				2	included in project-related travel to the field	1	see Annex 5		
Cost of travel	included in travel to GEF mtgs	no GEF funds used		included in 'other travel' total below	14,079	included in project-related travel to the field	no GEF funds used	see Annex 5		
<i>Travel to GEF meetings and events</i>										
Number of trips	TBD	18			17	included in project-related travel to the field	8	28		
Cost of travel	204,050	53,532		included in 'other travel' total below	58,745	included in project-related travel to the field	45,287	108,302		
<i>Other travel</i>										
Number of trips	TBD	1			0	included in project-related travel to the field	7			
Cost of travel	included in travel to GEF mtgs	1,662		303,336	-	included in project-related travel to the field	31,653			
3/ Communications Budget										
Non project-related spending	TBD	20,426		9,000	14,331	see Annex 5		57,067		
Output (publications, exhibits, materials for conference ...)	TBD	brochures, IDB/GEF webpage, DVDs, videos other materials		publications, posters, flyers	hosting RP mtg, publications					
Number of outputs					2					
4/ Project-Related Costs										
<i>A. GEF Agency Project Supervision, Monitoring and Evaluation</i>						856,951		915,064		
GEF Project Grant	TBD	-		Project grant not used by GEF Agency	915,081					
GEF Agency Fees	12,736,579	210,784		3,918,584	140,448					
Other financing	12,972,092	258,406		-	-					
Number of projects	221	16		279	6	836,133		1,738,636		
<i>B. GEF Agency Project Preparation and Approval</i>								770,000		
GEF PPG Grant	N/A	618,351		Project grant not used by GEF Agency	630,000					
GEF Agency Fees	6,669,841	213,502		2,173,087	123,011					
Other financing		977,823		-	-					
Number of PPGs	10	22		56	6					
<i>C. Project Communications Budget</i>										
Amount funded by fees	TBD	-	no fees used	3,000	14,331			see Annex 5		
Amount funded by GEF project budget	TBD	15,298	61,250	tbd	-					
<i>D. Project Management Costs (Executing Agency)</i>										
Cost of Staff	TBD	608,707	-	tbd	-			see Annex 5		
Cost of Consultants	TBD	217,449	111,409	tbd	-					
Cost of Travel	TBD	136,325	23,379	tbd	-					
Cost of Workshops and Meetings	TBD	86,707	-	tbd	-					
Other Costs	TBD	106,556	-	tbd	-					
5/ Agency Fees Received	13,239,379	1,715,336	26,187,040	7,550,723		1,463,000	1,750,391	1,015,500		

Agency's Explanations of Data Compiled in Annexes 3 and 4

WB – The World Bank:

N/A = Not Available (SAP does not provide/track this data)

TBD = To Be Determined (e.g. requires detailed analysis to obtain data from SAP/BW or other sources).

1. Agency Fees are based on 10% of total grant approved for the fiscal year. Expenditures above fee amount are obtained from prior year accruals.
2. The above expenses include expenses for the SCCF and LDC programs which are tracked and processed similarly to the GEF. Trustee expenses are excluded (they were erroneously included in the AMR).
3. Project cycle activities are reported in SAP/BW as direct costs. These costs have been escalated to reflect full costs as charged by the SAP billing system. Staff costs include sustaining and indirect costs.
4. There are no Bank staff who work full time on the GEF, nor are there any Bank staff who charge 100% of their time to the GEF, thus, such costs as mission travel are quite often shared with non-GEF activities.
5. Central Units include Legal, Accounting, Disbursement and IEG (the Bank's Independent Evaluation Group) and audit fees. These costs are reported under Corporate for this analysis as project-related legal costs are not charged directly to the project. Other cost category under Project Cycle Management includes such non-project-specific costs as Regional Coordination, Thematic Specialists, etc.
6. Consultant time is available, but the Bank does not collect and track this data for each program, but for the Bank as a whole. The data is available from each individual consultant's contract; it would however be a labor intensive effort to collect this data for hundreds of consultant contracts.
7. The Bank's systems report its expenses only by preparation and supervision components of the project cycle.

IDB or IADB – Inter-American Development Bank:

8. The IDB does not use GEF funds to cover staff salaries. As a reference, in the AMR2009 exercise the calculated cost for staff was of \$1,421,550, for a total of 3,224 days (12.4 FTE). This calculation includes both staff at HQ and field offices. The FTE is calculated based on 260 working days a year.
9. Calculated costs for staff for FY2010 will be presented in the AMR2010.
10. The request from the GEFSEC for this exercise (received on 7/7/2010) did not require reporting on “General Operating Costs”. For the AMR2009, IDB reported an overhead cost of \$177,904.
11. Calculated overhead costs for FY2010 will be presented in the AMR2010.

12. The IDB has not used GEF funds to cover expenses for travel to convention meetings. However, IDB staff has participated in some convention meetings, particularly pertaining to those under the UNFCCC.
13. Communication expenses funded by GEF have included activities related to the GEF Assembly in May 2010:
14. 600 Brochures (Spanish and English) and translation costs
15. IDB-GEF webpage (only translation costs)
16. Booth and materials for information dissemination (rent of screen, DVDs and table/chairs, 7 banners, etc)
17. 2 IDB-GEF promotional Videos (camera man not yet charged for FY10)
18. IDB-WB side event materials, translation costs and 1 photographer
19. For section 4/A, the GEF-IDB portfolio that has been considered for this exercise includes 16 projects approved by the GEF and the Bank up to June 2010.
20. For section 4/B, the data represents expenses from 22 projects that were under preparation during FY2009 and/or FY2010.

UNDP – United Nations Development Programme:

21. **Use of GEF Fee at portfolio level:** UNDP's Executive Board imposes requirements on how UNDP recovers the costs for services to projects funded from external resources (such as the GEF Trust Fund) and distributes the associated fees amongst its global network. More specifically, UNDP's cost recovery policy requires UNDP to recover the "full cost of the services being provided to Other Resources funded programmes." (Version 4 of the UNDP "Policy on Cost Recovery from Regular and Other Resources" dated 2 February 2009). UNDP is therefore required to use the 10% GEF Agency Fee at the portfolio level. UNDP's project cycle management services and support to GEF Corporate Activities is provided through a global network of country, regional and headquarters' teams supporting projects and programmes funded from multiple sources of funds. In providing these services, the GEF Fee is currently distributed in the following way: 2% to UNDP Central Services (Office and Finance and Audit, Legal Support Office, Administrator's Office etc); 5% to headquarters and regional coordination units; and 3% to the relevant UNDP Country Office. At each level, these fee shares are "comingled" with fee shares received from the multiple other sources of external funds that UNDP provides support to. It is therefore unfortunately not possible to report to the use of the GEF Fee to the level of detail requested by the GEF CEO.
22. **Information regarding use of GEF Fee is provided as an estimate:** Given UNDP's use of the GEF Agency Fee at the portfolio level, it is important to stress that the information provided is at best only an approximation of how the GEF Agency Fee is used in UNDP to support GEF-financed projects and programmes. This information is based on data collection from UNDP's country offices and field offices, UNDP regional and headquarters units, and UNDP central services teams. As stated in the AMR for 2008-2009, UNDP does not use an agency wide time reporting system and therefore the staff time and costs of the more than 1,000 staff in UNDP country and central office teams involved in delivering support to the GEF are more difficult to verify. While country offices are asked to provide

their time and costs for the year, not all offices reported. In consequence the total time and costs are calculated based on the proportion of country offices reporting.

23. **Staff and Consultant Costs.** UNDP does not separate the 9% project cycle management fee from the 1% corporate fee. All data provided is based on a 10% fee.
24. Given UNDP's use of the GEF fee at a portfolio level, HQ and field staff data are consolidated.
25. Number of FTE positions is calculated from estimated total staff time (days), as reported in the Administrative Expenses Review, divided by 261 working days a year (21.75 days per month * 12 months).
26. Costs related to Legal and Audit fees are captured under staff and/or overhead costs.
27. **Travel Budget.** UNDP cannot report on the number and cost of project-related travel trips to the field, trips relating to convention meetings, GEF meetings and events and other travel without detailed investigation into a large number of files at HQ, Regional and Country Office level. This would be materially significant in labour and time and therefore also very expensive. In consequence such an exercise was not undertaken at this time.
28. **Communications Budget.** UNDP cannot provide a summary of each communication output over its entire portfolio of projects without considerable investigation. This would be materially significant in labour and time and therefore also very expensive. In consequence such an exercise was not undertaken.
29. **Project-related Costs.** The GEF Project Grant is not used by UNDP for project supervision, monitoring and evaluation.
30. UNDP does not use the GEF PPG for costs in providing support to project preparation and approval. This is included in project cycle management costs relating to use of GEF Fee outlined in sections 1, 2 and 3 of the table.
31. UNDP does not use GEF Fees for funding project-level communications.
32. The figures in this section refer only to the 27 projects which are Directly Executed by UNDP.
33. **Agency Fees.** Fee Amount based on Grant Approvals during the GEF Fiscal Year. Reflects agency fees committed by the Trustee.
34. **FY10 data** will be available in December 2010 after compilation of the data from the field offices.

UNEP – United Nations Environment Programme:

35. Until UNEP/GEF's staff time recording is complete, analysed and applied to FY10 expenditures we are not in a position to split staff costs between corporate and project cycle management. The information provided presents the aggregate staff costs and staffing levels for corporate and project cycle activities. Full analysis by the GEF's five corporate and two project cycle categories will be completed prior to the agreed FY10 Administration Expense reporting deadline. For FY09 this information and analysis was contained in our FY09 Administration Expenses report.
36. The source of funding is solely the GEF fees

37. The number shown for consultants is the number of individual consultancies contracted during the year
38. Figures for the number of hours procured are not yet available.

IFAD – International Fund for Agricultural Development:

39. FTE Staff at HQ: A total of 6 staff contracts (3 professionals + 3 support staff) in FY09 and 7 staff contracts (4 professionals + 3 support staff) in FY10 were partially financed by GEF fees for an estimated total of 560 days and 380 days respectively. Staff time is multiplied by total salary costs (per staff day) using the average cost per category of staff and includes overhead costs such as office space, utilities, HR, IT, etc.
40. Consultants: A total of 9 consultancies in FY09 and 17 in FY10 were financed by GEF fees for an estimated total of 578 days and 1,090 days respectively. All recruitments are directly related to design or technical supervision of GEF grants.
41. Project-related travel: A total of 12 missions in FY09 and 18 missions in FY10 were related to GEF grant design or technical supervision. FY09 benefitted of cost savings from combined missions.
42. Convention meeting travel: A total of 9 missions in FY09 and 18 missions in FY10 related to IFAD participation when there was also a GEF meeting/event.
43. GEF meetings and events travel: A total of 15 missions in FY09 and 17 missions in FY10 were related to GEF business only (Council meetings, STAP technical meetings, GEF replenishment meetings, STAP meetings, regular dialogue workshops and GEF Assembly meetings).
44. Communication Budget: FY09 amount includes 2 knowledge management events in IFAD on GEF projects and contribution to production of IFAD/GEF related publications where text was written by FTE staff. FY10 amount includes hosting March 2010 GEF-5 replenishment meeting and contribution to the production of IFAD/GEF related publications where text was written by FTE staff.
45. Amounts provided by fiscal year under project-related costs section are an estimated expenditure.

UNIDO – United Nations Industrial Development Organization:

46. UNIDO's base accounting currency is Euro. All amounts were converted to US dollars using the average United Nations rate based on the relevant fiscal years.
47. UNIDO's submission captures as much data as possible. However, based on UNIDO's present business model, the separation of such costs reporting is not possible in the absence of a cost center accounting system.
48. UNIDO does not separate the 9% project cycle management fee from the 1% corporate fee. All data provided is based on a 10% fee.
49. **Staff Costs.** A total of 54 staff members in FY09 and 55 staff in FY10 were partially financed through GEF Agency fees for a total of 441 days and 447 days respectively. Staff time is multiplied by total salary costs (per staff working day) using the average cost per category of staff. Staff cost allocation to GEF activities does not cover activities undertaken for (a) GEF Agency Project Supervision, Monitoring and Evaluation, and (b) GEF Agency

Project Preparation and Approval. Both are covered under the component titled “project-related costs”.

50. **Consultant Costs.** A total of 3 consultants in FY09 and 1 consultant in FY10 were partially financed through GEF Agency fees for an estimated total of 375 days and 69 days respectively. Consultant time is multiplied by total salary costs (per consultant’s working day). Consultants’ cost allocation to GEF activities does not cover activities undertaken for (a) GEF Agency Project Supervision, Monitoring and Evaluation, and (b) GEF Agency Project Preparation and Approval. Both are covered under the component titled “project-related costs”.
51. Field staff costs will be included under the component “General Operating Costs”. The data will be based on the methodology for Assumptions for UNIDO’s Administrative Cost model.
52. Methodology for Assumptions for UNIDO’s Administrative Cost Model: Based on UNIDO’s present business model, the separation of costs reporting is not possible in the absence of a cost center accounting system. In light of this, UNIDO has developed a methodology that will best capture and provide separation of cost incurred from the income generated from projects.
53. The General Operating Costs component is captured in the methodology for Assumptions for UNIDO’s Administrative Cost model.
54. **Travel Budget.** The travel component is available in an aggregated total. Further breakdown can be given in the future.
55. **Communications Budget.** Data was circulated to project managers for further analysis.
56. **Project-related costs.** Data is compiled from monthly time sheets filled by staff members. This component does not reflect costs incurred by UNIDO’s project evaluation unit or project approving committees.
57. UNIDO will continue to further develop means to capture the required data. This could lead to further developing the use of the GEF time sheets as well as others mechanisms.

AsDB – Asian Development Bank:

58. Staff costs are inclusive of overhead costs.
59. Consultant information refers to headquarters-based and may include some field time.
60. Project related costs (item 4) cannot be provided in full at this time as the accounting system is not compatible with the format of the requested information.

FAO – Food and Agricultural Organization of the United Nations:

61. **Use of GEF Fee at portfolio level.** Fee resources are deposited into one account, and the 9% project management fee is not separated from the 1% for corporate management services. The fee is fungible across the portfolio, and is utilized in such a way as to ensure that resources are available throughout the life of the projects over a three to seven-year period and are hence not restricted to one replenishment period. Because the level of approvals is likely to fluctuate from year-to-year, flexibility and fungibility are essential, particularly to ensure adequate support to smaller projects (MSPs). Reporting on the use of

the fee at the level of detail proposed in the tables was not envisaged when a fixed rate fee structure was approved.

62. **FAO-GEF business model.** FAO has a small GEF Team in the Investment Centre Division comprised of 4 staff (3 professional and one administrative/secretarial). These are the only people working full-time on FAO-GEF collaboration at the project and corporate levels. Salaries are currently covered by Regular Programme and extra-budgetary resources as fees received are insufficient. The GEF Team works in close collaboration with a network of focal points in the technical departments, Regional and Sub-regional Offices, Inter-departmental Working Groups (on biodiversity, climate change, biosafety, desertification, among others). In addition, each project has a lead technical unit, budget holder, multidisciplinary project task force and involves the active participation of the FAO Country Offices. These colleagues do not work full-time on GEF, but there is more than 100 staff involved to varying degrees at HQ and the field in support of the FAO-GEF portfolio and in providing corporate management services.
63. **Data collection methodology.** FAO's submission captured as much information as possible with its existing systems and timesheets completed by all staff involved in the development and implementation of GEF projects and in the provision of corporate management services. FAO works calendar year (January to December) and costs are therefore best estimates. An estimate was made of the project and corporate management services provided by FAO during the reporting period 1 July 2009 through 30 June 2010 and did not limit the analysis to the level of the fees received to date. FAO is still in the process of building its portfolio, and there is an upstream investment until the projects are approved and the fees become available. Services provided has exceeded the level of fees received to date, and Regular Programme and extra-budgetary resources have been temporarily been utilized to cover this gap.
64. **Calendar year.** FAO works on a calendar year (January to December) basis, making it difficult to report, particularly at the project level, on a World Bank fiscal year basis.
65. **FAO staff.** FAO does not disaggregate staff costs between Headquarters and field staff. As mentioned above, there are only 4 staff working full-time on the FAO-GEF portfolio. For this template, all staff days worked have been converted into full-time staff equivalents using 261 working days per year (365 days per year divided by 7 days times 5 working days). General Operating Costs reflects office space, supplies and IT only. Legal, Audit, Finance and other central services have not been tracked separately. Some of the costs have been reflected under corporate activities and others under project cycle management.
66. Staff costs related to corporate management services only is reported in category 1 of the annexes 3 and 4, and staff costs related to project management services is reported in category 4. Otherwise, it would appear to be double-counting if reflected in both places.
67. **Consultant costs.** Both consultants and related travel expenses are reported separately in the four separate categories of Annex 3 and 4 except for the project-related expenses.
68. **Travel budget.** Travel costs related to attendance at GEF meetings and number of trips has been provided. Project-related travel related is included under project cycle management costs, but has not been tracked by number of trips. With the current travel expense management system, it would be very a very laborious, time-consuming and expensive exercise that would have to be carried out manually.

69. FAO collaborates extensively with the environmental conventions and participates actively in Convention meetings. GEF resources have never been used to travel to such meetings, not even when side events on GEF projects have been organized.
70. **Project management services costs (fees).** Concerning project-related costs, the total figure amounts under A and B is reflecting therefore the total staff, consultants, travel costs and overhead as reported separately to the GEF Secretariat in FY 2009 and 2010.
71. **Project Communications Budget and Project Management Costs (executing agency):** FAO works on a calendar year basis and preliminary information is only available after the accounts close at the end of December. Final project budget information is only available in February. It is therefore almost impossible to provide this project management cost data on a World Bank fiscal year basis. Project executing entities would furthermore have to provide the information in a timely manner, in the level of detail requested, which would most likely require a certain level of manual collaboration, which would be laborious and not cost efficient. Presently, FAO's project budget format does not have a budget category for project communications.
72. **Agency Fees:** Fee amounts are based on grants approved and fees received during the GEF Fiscal Year.

EBRD – European Bank for Reconstruction and Development:

73. This information presented is an analysis of expenses recharged through the 10% fees; it does not cover expenses related to project management (as part of the project grant or PPG grant) or in-kind contributions (i.e. full time staff working on GEF matters).
74. The data is kept separate because legally project inflows and fee inflow from the trustee are treated in two separate ways: project inflows remain in the GEF cooperation fund, the Bank utilizes them on behalf of GEF; fees are transferred to a separate EBRD account and expenses are drawn down from there.
75. There are two fee accounts because EBRD maintains two GEF funds: GEF1 is the old fund which was established in 2004 for the Slovenia water projects; GEF 2 was established in 2008, for all (recent) projects.
76. So far, the two fee accounts were treated in a fungible way, i.e. EBRD is still charging consultant costs to the GEF1 account and will continue to do so until it reaches zero, and then the account will be closed; for the GEF2 account, the expenses charged to it refer to travel and TC management fees. This doesn't mean that EBRD has no staff or consultants; it means (as explained above) that the two accounts are fungible.
77. EBRD works on a calendar year (January through December) and cannot present data by World Bank fiscal year (July to June).
78. Staff costs are charged monthly; consultant costs on assignment; we cannot calculate staff weeks.
79. In the table, there are some minus (-) values that represent refunds into the account.