



GEF/C.40/05/Rev.1
April 27, 2011

GEF Council Meeting
May 24-26, 2011
Washington, D.C.

Agenda Item 11

FY12-14 BUSINESS PLAN AND FY12 CORPORATE BUDGET

Recommended Council Decision

The Council, having reviewed document GEF/C.40/05/Rev.1, *FY12-14 Business Plan and FY12 Corporate Budget*, takes note of the business plan and approves an FY12 corporate budget of \$32.546 million, comprising:

- (a) \$ 19.016 million, including \$491,000 to support the costs of a GEF special initiative for the GEF's participation in Rio+ 20 events;
- (b) \$ 2.244 million for the STAP;
- (c) \$3.046 million for the Trustee; and
- (d) \$8.24 million for the Evaluation Office, comprising \$2.74 million for its core annual budget and \$5.5 million in funding for multi-year evaluations.

The Council also approves an additional \$100,000 for the Trustee's special initiative, *Independent Review of Systems*.

Council requests the Secretariat, in consultation with the GEF entities, to present a combined FY13 corporate budget and FY13-14 business plan for discussion at its spring 2012 meeting. This combined budget and business plans should report on the use of GEF resources during FY12 and GEF accomplishments over the same period. It should also present a refined plan for implementing policies and programming during the remainder of the GEF-5 replenishment.

EXECUTIVE SUMMARY

1. The GEF is in its fifth replenishment period (GEF-5). The policy recommendations of the replenishment provide guidance for the priorities and activities for the 4-year period of GEF-5 (FY11-14). To better focus and integrate GEF's response to the policy recommendations, the Business Plan for the remainder of GEF-5 is aligned with the key goals of enhancing country ownership, improving institutional efficiency and effectiveness, enhancing the results delivery and strengthening relations with the conventions and key partners.
2. The Business Plan describes the status of policy development and implementation already underway, or planned, in order to: (i) implement the policy recommendations of the fifth replenishment; and (ii) implement the GEF operations in GEF-5. Since the conclusion of the GEF-5 replenishment, the Secretariat has completed or begun implementation of all of the agreed GEF-5 policy reforms according to the schedule agreed during the replenishment. Important progress includes the following:
 - (a) The reformed Country Support Program and funding of National Portfolio Formulation Exercises (NPFES) through direct access are under implementation.
 - (b) The GEF has updated its Policy on Monitoring and Evaluation and is carrying out its strengthened approach to results-based management.
 - (c) The Council has agreed to implement a pilot on broadening the GEF partnership under paragraph 28 of the GEF Instrument, and a proposal on the pilot is being presented to Council at its May 2011 Meeting; and
 - (d) Important proposals for transformative programmatic approaches are under development.
3. The GEF's program in implementing reforms has increased the level of confidence in the GEF among partners and stakeholders. As one sign of this positive atmosphere, the GEF facilitated a highly successful showcasing of the GEF's contributions to biodiversity conservation and sustainable use at the Tenth Meeting of the Conference of the Parties (CoP-10) of the Convention on Biological Diversity (CBD) in Nagoya.
4. The entities of the GEF partnership – the Secretariat, the Agencies, the Trustee, the Evaluation Office (EO), and STAP – will continue to work in partnership for the next three years of the GEF-5 period to accomplish the key goals set forth in the GEF-5 policy recommendations and the GEF-5 programming document. The GEF will continue to implement all agreed measures to enhance country ownership, improve the GEF's efficiency and effectiveness, make the GEF more accountable to the conventions, and strengthen relations with key partners.
5. The total budget requests for FY12 of the four GEF entities amount to \$32.546 million. This represents a 19.8% increase over the approved FY11 budget of \$27.163 million. This includes, however, an Evaluation Office (EO) request of \$5.5 million to cover the costs of multi-year evaluations over three years (FY12-14). If one includes only one-third of this amount in the

FY12 figure (\$1.88 million), the total cost is \$28.879 million, which is a 6.3% increase over FY11.

6. The components of this budget are as follows:

- (a) The GEF Secretariat's core budget amounts to \$18.525, which is the same level as its FY11 budget request, representing a zero nominal increase. In addition, the Secretariat is requesting \$490,750 as special initiative to fund the GEF's activities related to the Rio +20 Summit.
- (b) As explained in GEF/ME/C.40/1, *Four-year Work Program and Budget of the GEF Evaluation Office*, GEF Evaluation Office (EO) is requesting a total of \$8.24 million in resources. While this is 120% greater than its FY11 approved budget, it should be noted that \$5.5 million is to fund evaluation activities over the next three years. The EO is recommending a total funding envelop for its activities during the FY12-15 period of \$18.56 million, which is 19.4% higher than its total expenses over FY08-12 of \$15.54 million.
- (c) The Trustee is requesting \$3.046 million for its FY12 core budget, a 11.9% increase over FY11. Most of this increase is for a new "non-core central unit cost" that the World Bank is assessing Financial Intermediary Funds (FIFs). The Trustee is also requesting \$100,000 in additional resources for the special initiative *Independent Review of Systems*, which had been approved in 2009 with budget of \$150,000 but has gone over budget.
- (d) The Scientific and Technical Advisory Panel (STAP) proposes a slight increase of 3.3%, in line with inflation.

7. In the paper, the Secretariat notes that it does not agree with the new "non-core central unit cost" that the Trustee is assessing the GEF. The Secretariat questions this charge as it believes that the Bank already achieves cost recovery on some of the items included. The Secretariat also feels that it was not adequately consulted on this item.

TABLE OF CONTENTS

INTRODUCTION	1
ACHIEVEMENTS DURING FY11.....	1
BUSINESS PLAN FOR FY 12-14	2
Enhancing Country Ownership.....	3
Enhancing Results Delivery	11
Strengthening Partnership.....	16
FY12 CORPORATE BUDGET	18
Corporate Budget Expenditure under GEF-4	19
Projected Corporate Budget Requests under GEF-5	20
SECRETARIAT FY12 ACTIVITIES, OUTPUTS, AND BUDGET	21
Core Secretariat Outputs and Activities.....	23
Special Initiative for Rio+20	24
STAP FY12 ACTIVITIES, OUTPUTS, AND BUDGET	25
FY12 STAP Budget.....	27
TRUSTEE FY12 BUDGET, ACTIVITIES, AND OUTPUTS	28
EVALUATION OFFICE BUDGET REQUEST	30
ANNEX 1: PROGRESS IN IMPLEMENTING GEF-5 POLICY RECOMMENDATIONS.....	31
ANNEX 2: RESOURCES PROGRAMMED DURING FY11 AND GEF-5	33
ANNEX 3: GEF SECRETARIAT -- FY11 REVIEW OF ACTIVITIES AND ACHIEVEMENTS	34
ANNEX 4: STAP -- FY11 REVIEW OF ACTIVITIES AND ACHIEVEMENTS.....	43
ANNEX 5: TRUSTEE -- FY11 REVIEW OF ACTIVITIES AND ACHIEVEMENTS	46

INTRODUCTION

1. The GEF is nearing the completion of its first year under the Fifth Replenishment of the GEF Trust Fund (GEF-5): the replenishment negotiations concluded in May 2010 when 34 countries pledged a total of \$4.34 billion to support programming for the period July 1, 2010 – June 30, 2014.

2. This Business Plan describes how the entities of the GEF partnership will collaborate to implement the GEF-5 policy recommendations and accomplish the GEF's resource programming objectives over the remainder of the GEF-5 period (FY12-FY14). It also reports on the implementation of reforms and programming decisions during the first year of GEF-5 (FY11), including new activities that are new responsibilities of the Secretariat.

ACHIEVEMENTS DURING FY11

3. During FY11, the GEF delivered on the following key achievements:

- a) Completion or initiation of the vast majority of reforms agreed as part of the GEF-5 replenishment aimed at enhancing country ownership and improving the GEF's efficiency and effectiveness. These are described in greater detail in Annex 1, but include:
 - i. Further streamlining of the GEF project cycle and reform of the GEF's programmatic approach modalities;
 - ii. Successful reform and consolidation of the GEF Country Support Program and initiation of GEF Secretariat management of the program;
 - iii. Launch of GEF direct access funding to countries for certain activities, beginning with the funding of National Portfolio Formulation Exercises (NPFs), and continuing with funding to countries for convention reports and national communications;
 - iv. Substantial progress towards broadening the GEF partnership under paragraph 28 of the GEF Instrument, including Council agreement that the GEF will undertake a pilot to accredit new GEF Project Agencies and approval of accreditation procedure;
 - v. Operationalization of the System for a Transparent Allocation of Resources (STAR), the GEF's improved and more flexible system for allocating resources to countries to enhance transparency and country ownership;
 - vi. Agreement on a results-based management work plan for GEF-5 and presentation to the Council of a knowledge management (KM) strategy and an enhanced Annual Monitoring Report (AMR) under this program as key first steps.
- b) Approval of \$257.66 million in GEF Trust Fund project and program resources through April 15, 2011, including through two GEF Trust Fund work programs to date. A work program of \$189.58 million is being presented to the Council at the May 2011 meeting, which if approved, would bring total approved resources for the year to \$447.24 million;

- c) Highly successful showcasing of the GEF's contributions to biodiversity conservation and sustainable use at CBD CoP-10 and through multiple events under the United Nations Year on Biological Diversity.
- d) Representation of the GEF at three other important convention meetings: CoP-16 of the United Nations Framework Convention on Climate Change (UNFCCC); CoP-5 of The Stockholm Convention on Persistent Organic Pollutants (the Stockholm Convention); and the Ninth Session of the United Nations Convention to Combat Desertification's Committee for the Review and Implementation of the Convention (CRIC-9);
- e) Establishment of the Nagoya Protocol Implementation Fund to support early entry into force and effective implementation of the Nagoya Protocol of the CBD;
- f) Mobilization of \$137 million in new donor pledges for the Least Developed Countries Fund (LDCF) and \$33 million in new donor pledges for the Special Climate Change Fund (SCCF);
- g) Total expected approval of approximately \$49.27 million in LDCF and \$36.1 million in SCCF project resources in FY11, including funding of joint projects with the GEF Trust Fund;
- h) The initiation of resource programming under the GEF's Sustainable Forest Management/ Reducing Emissions from Deforestation and Forest Degradation (SFM/REDD+) program and presentation to the Council of the Great Green Wall Initiative, the first programmatic approach for GEF-5;
- i) Council agreement on a strategy for enhancing engagement with civil society organizations and completion of a revised strategy for engagement with the private sector;
- j) Convening of two meetings of the STAP, including a highly successful meeting at the headquarters of the United Nations Industrial Organization (UNIDO) that enabled a rich dialogue on the GEF's work in the areas of climate change and chemicals; and
- k) Continued provision of Secretariat services to the Adaptation Fund (AF) of the Kyoto Protocol which has enabled important contributions to the first successful funding of projects by this innovative fund.

BUSINESS PLAN FOR FY12-14

4. The entities of the GEF partnership – the Secretariat, the Agencies, the Trustee, the EO, and STAP – will continue to work in partnership for the next three years of the GEF-5 period to accomplish the key goals set forth in the GEF-5 policy recommendations and the GEF-5 programming document. The GEF will continue to implement all agreed measures to enhance country ownership, improve the GEF's efficiency and effectiveness, make the GEF more accountable to the conventions, and strengthen relations with key partners. The programming of resources during GEF-5 is being guided by the priorities established in the agreed GEF-5 focal area strategies with the aim of achieving transformational impact on the ground.

5. The Business Plan for the remainder of GEF-5 is aligned with these key goals and is set forth under the following four themes:

- (a) Enhancing country ownership;
- (b) Improving institutional efficiency and effectiveness;
- (c) Enhancing the results delivery; and
- (d) Strengthening relations with the conventions and key partners.

6. The programming of resources during GEF-5 is being guided by the priorities established in the agreed GEF-5 focal area strategies. Within the climate change, biodiversity, and land degradation focal areas, programming decisions will be made subject to the individual country allocations under the STAR, fully reflecting national priorities for the generation of global environmental benefits, as reflected in national strategies and plans. Some countries are also conducting voluntary NPFs to further define their GEF-5 programming priorities.

Enhancing Country Ownership

7. Since June 2010, the GEF has focused on enhancing country ownership by proposing reforms and taking action in the following areas:

- (a) Reforming the country support program (CSP);
- (b) Assisting countries to undertake voluntary NPFs;
- (c) Broadening the GEF partnership under paragraph 28 of the GEF Instrument;
- (d) Preparing to provide direct funding to countries for their Convention reporting obligations; and
- (e) Allocating resources to countries in a more flexible manner.

Reforming the Country Support Program

8. The GEF has reformed the CSP to make it an even more effective platform for strengthening country capacity and ownership. In June 2010, the Council approved a plan to reform the National Dialogue Initiative and the CSP¹ and allocated \$26 million to implement the program. The Secretariat strengthened its External Affairs (EXT) team and worked with UNDP to transition the CSP to Secretariat management, which was finalized in January 2011. The CSP, led by the Secretariat's EXT team, is now a single, integrated platform for providing support to recipient countries to strengthen country level coordination and ownership and raise awareness of the GEF.

9. The CSP will have supported the following activities in FY11 as of the end of May:

- (a) Six Expanded Constituency Workshops (ECWs) – in Democratic Republic of the Congo, Belize, Ukraine, Vietnam, Colombia, and Panama;

¹ See GEF/C.38/7/Rev.1, *Reforming the Country Support Program and Procedures for Implementation*

- (b) 11 Regular Constituency Meetings;
- (c) Provided support for the annual work plans of nine recipient country Operational Focal Points (OFPs);
- (d) Convening of one familiarization seminar.

10. The Secretariat has not convened multi-stakeholder dialogues in the past year, but it has recently received two requests on which it is acting. Over the FY12-14 period, the GEF will continue to support the CSP as envisioned in Council document GEF/C.38/7/Rev.2, *Reforming the Country Support Program and Procedures for Implementation*.

GEF National Portfolio Formulation Exercises

11. As a central element of efforts to strengthen country ownership under the CSP, the GEF is assisting interested recipient country governments to establish or to strengthen national processes and mechanisms to facilitate GEF programming. During the past year, the GEF has been working to provide interested countries with up to \$30,000 to execute voluntary NPFES.

12. The voluntary NPFE program aims to ensure that the programming of GEF activities is aligned and coordinated with national planning processes (e.g. poverty reduction strategies) and that it responds to countries' priorities for generating global environmental benefits under the multilateral environmental conventions to which the GEF serves as the financial mechanism. The key output of a voluntary NPFE is a National Portfolio Formulation Document (NPDF), which should identify and describe a country's strategic priorities under each of the GEF focal areas and include an indicative list of projects that will be developed to achieve a country's objectives for generating global environmental benefits.

13. Within the GEF Secretariat, the EXT team is taking the lead in coordinating outreach to countries and processing applications. The EXT team is being backstopped by the GEF operations and business strategy (OBS) team in making arrangements with administrative units of the World Bank to assist in processing the applications and concluding the grant agreements.

14. The Secretariat reports on the implementation of the NPFE program in Council document GEF/C.40/Inf.8, *Annual Progress Report: NPFES*. The Secretariat quickly finalized the application for NPFE grants, guidelines for applying for NPFE grants, and all other necessary forms for the process in the summer of 2010. The Secretariat educated country OFPs of the availability of funding and how the application and funding process would work. The GEF hired staff to handle the reviews of recipient country national agencies related to financial management capacity and procurement in the late summer 2010.

15. As reported in document GEF/C.40/Inf.8, the process for clearing proposals for direct access grants inside the World Bank is complex (over 30 steps are involved) and has taken far longer than could have been anticipated. Moreover, countries have been slower in submitting NPFE grant requests than had been expected. Indeed, the Secretariat was still receiving NPFE grant requests as of mid-April 2011. As of that time, a total of approximately 49 countries had either applied for NPFE grants or have let the Secretariat know that they are undertaking similar exercises with their own resources. This can be further broken down as follows:

- (a) The Secretariat has received NPFE grant applications from 41 countries.
- (b) Funding has been disbursed to four of these countries.
- (c) The legal documents required for disbursement have been sent to 23 countries.
- (d) Eight countries have let the Secretariat know that they are undertaking processes equivalent or simpler to NPFEs with their own resources. Three of these countries have completed their processes; five are underway.

16. The Secretariat will continue to work with the relevant divisions of the World Bank to process the remaining application as quickly as possible. The Secretariat is also discussing with the World Bank ways in which bottlenecks in the process can be removed so that direct access grants for remaining NPFEs and convention reports and national communications can be handled more efficiently.

Broadening the GEF Partnership

17. Since the conclusion of the GEF-5 replenishment, the Secretariat has presented two proposals to Council on broadening the partnership, respectively at the June and November 2010 Council meetings.² In July 2010, the Council formed a six-member Subcommittee (chaired by the CEO, with three Council Members from non-recipient constituencies and three from recipient constituencies) to advise the Secretariat on further development of the proposal. The Secretariat and Trustee also collaborated to form a task force of experts to provide advice on the accreditation procedure that new agencies would undergo. This task force was comprised of three individuals with expertise in the following areas: accreditation processes, evaluation, internal audit, fiduciary standards, and environmental and social safeguards.

18. In November 2010, the Council agreed that the GEF shall implement a pilot on accrediting new agencies able to work with the Secretariat and Trustee directly to assist countries to prepare and implement GEF projects under the provisions of paragraph 28 of the GEF Instrument. To be referred to as “GEF Project Agencies,” these new entities will be able to access resources directly from the GEF Trust Fund for projects, but they will not be compensated for corporate activities. The Council also approved an accreditation procedure for GEF Project Agencies that reflected the advice and input of the Council Subcommittee and task force of experts.

19. Since November 2010, the Secretariat, in collaboration with the Trustee, has sought the Subcommittee’s input in developing a proposal on the pilot on accrediting GEF Project Agencies. The Secretariat is presenting a proposal – contained in Council document GEF/C.40/09, *Broadening the GEF Partnership under Paragraph 28 of the GEF Instrument* – on how it will implement the pilot at the May 2011 Council meeting, which includes criteria to guide the pilot and Value-added Review Criteria to assess applicant’s value-added and strategic fit with the GEF. The Secretariat has also developed a draft accreditation procedures manual and an application and guidelines for Stage 1 of the accreditation procedure, which is being presented to Council as an information document: see GEF/C.40/Inf. 4, *Procedures Manual for the Accreditation of GEF Project Agencies*. In response to Council requests, the Secretariat has also

² See document GF/C.38/8, *Broadening the GEF Partnership by Operationalizing Paragraph 28 of the GEF Instrument*.

prepared a proposal for a Policy on Environmental and Social Safeguards and a Policy on Gender Mainstreaming for Council. This proposal is contained in Council document GEF/C.40/10, *GEF Policies on Environmental and Social Safeguards and Gender Mainstreaming*. Criteria under these policies would be applied to the accreditation process for GEF Project Agencies. The existing GEF Agencies would also be expected to meet them.

20. Provided the Council approves the criteria the pilot, the Secretariat will open the window for new institutions to apply to serve as GEF Project Agencies starting in mid-2011. Under the proposal, the Secretariat will be able to receive applications for accreditation through September 15, 2012 and will review applications according to the Value-added Review criteria in two batches and provide recommendations to the GEF Council on which applications should be approved. The Secretariat will work with the Trustee to establish a GEF Accreditation Panel, which will assess whether Council-approved Applicants meet the GEF's fiduciary standards and criteria on environmental and social safeguards and gender mainstreaming.

Convention Reports and National Communications

21. In June 2010, the Council reviewed and approved the GEF Secretariat's proposal for responding to countries requests for direct access funding of convention reports and national communications.³ The Natural Resources team (for reporting under the CBD and the United Nations Convention to Combat Desertification (UNCCD)) and the Climate and Chemicals team (for reporting under the UNFCCC and the Stockholm Convention), in close collaboration with the EXT and OBS teams are gearing up to engage with recipient country operational focal points. Experience gained from developing and implementing policies and procedures for direct access for NPFES is providing a strong foundation for streamlining procedures and developing similar policies for direct access for the preparation of convention reports.

22. During the remainder of GEF-5, the GEF Secretariat's workflow in terms of processing direct access grants will shift from the provision of NPFE grants (the Secretariat's focus in FY11) to the provision of grants for convention reports. The Council approved \$500,000 to support administrative services provided by the World Bank for direct access grants in FY11. As described in its FY12 budget request (see pages 21-24), the Secretariat is requesting continued funding to support the World Bank's provision of such services for the processing of convention report grant applications in FY12, but at a lower funding level.

Implementation of the System for a Transparent Allocation of Resources

23. Based on the findings of a mid-term review by the GEF Evaluation Office, the GEF transformed the Resource Allocation Framework (RAF) into the STAR. The STAR is more flexible than the RAF, with less cumbersome rules. One of its more important features is that it provides smaller GEF recipient countries with flexibility in programming resources across focal areas. Implementation of the STAR began in July 2010, when the Secretariat posted approved guidelines together with the country allocations for the three focal areas included under the STAR. The STAR will serve as a key programming tool in GEF-5 to ensure transparent resource allocation corresponding to criteria and priorities approved by the Council. The STAR has

³ See GEF/C.38/6/Rev.1: *Policies and Procedures for the Execution of Selected GEF Activities -- National Portfolio Formulation Exercises and Convention Reports -- with Direct Access by Recipient Countries*

facilitated the work of the Secretariat as well as the understanding of how resources are programmed in the GEF by both recipients and donor countries.

24. The Secretariat reports on the implementation of the STAR to date in Council document GEF/C.40/Inf. 6, *Progress Report on the Implementation of the System for a Transparent Allocation of Resources (STAR)*. It is still too early to discern much about the impact of the changes in the allocation system. In addition to the programming of STAR resources to national programs under the GEF Small Grants Program (SGP), most of the individual project grants put forward in work programs to dates have been for relatively larger countries. Some countries – including Azerbaijan and Jamaica – have drawn from STAR allocations in more than one focal area to fund projects that provide multi-focal area benefits. Under the programmatic approach supporting the Great Green Wall Initiative, countries have also chosen to draw from allocations across the three focal areas to fund multi-focal area projects. As programming continues during GEF-5, the Secretariat and the GEF Agencies will facilitate countries' access to resources under the STAR, helping them to take advantage of the benefits of the STAR. The Secretariat will monitor the use of allocations with a view to learn lessons that can be applied to GEF-6, particularly with regard to how well the flexibility mechanisms are working.

Institutional Effectiveness and Efficiency

25. The first element of the drive to improve the GEF's overall efficiency and effectiveness is to improve its efficiency and effectiveness as an institution. This is achieved through the following initiatives:

- (a) Streamlining of the project cycle to build on progress in GEF-4, including implementation of a pre-Project Identification Form (pre-PIF) tracking system;
- (b) Implementation of a results-based management framework, including knowledge management;
- (c) Development of an information technology development plan based on the findings of an independent review of the GEF's systems is nearing completion;
- (d) Improved coordination and collaboration within the partnership; and
- (e) Continued vigilance in managing administrative costs.

Streamlining the Project Cycle and Programmatic Approaches

26. In June 2010, the Council reviewed document GEF/C.38/5, *Streamlining the Project Cycle and Refining the Programmatic Approach*, and agreed to several changes in the project cycle to enhance efficiency. First, rather than circulating all final project documents for GEF full-size projects to the Council for a four-week review period, the GEF CEO will only circulate these documents in two circumstances, as agreed by Council. Second to streamline the process for medium size projects, it was agreed that the CEO would be provided with delegated authority to approve projects without prior circulation to the GEF Council for comments. It should be noted however that all project documents will be posted to the GEF website after CEO endorsement. Finally, the Council agreed to shorten the project cycle business standard for full-sized projects to a maximum of 18 months.

27. The GEF Secretariat and the Agencies defined additional business standards. The Project Management Information System (PMIS) has been improved to include different milestones that had not previously been tracked. This will be reported on in the AMR.

28. Pre-PIF Tracking System: The Fourth Overall Performance Study of the GEF (OPS-4) highlighted that the greatest inefficiencies in the GEF project cycle existed in the stage prior to PIF submission to the GEF Secretariat. To address this issue, the Secretariat has launched a pre-PIF tracking module in the GEF's PMIS in March 2011. The module is accessible to all operational focal points who wish to use it to track exchanges between countries and the Agencies while concept proposals are developed into a PIF. This improvement will generate information that should lead to the elimination of pre-PIF bottlenecks.

Strengthening Results-based Management (RBM)

29. Revision of the GEF Monitoring and Evaluation Policy. In November 2010, the GEF Council approved a revised Monitoring and Evaluation Policy (see Council document GEF/ME/C.39/6) as the basis for strengthening RBM in the GEF, including monitoring, evaluation, and knowledge management. The revised policy reflects findings and recommendations of the peer review of the GEF evaluation function conducted in the framework of OPS-4, as well as comments from Council members and GEF-5 Replenishment Participants. The policy reflects the GEF's approach to RBM, including better definition of roles and responsibilities for different entities and levels within the GEF, including the role of OFPs, and more emphasis and better articulation of KM and learning;

30. Implementation of RBM Work Plan: Council approved a RBM work plan in November 2011 that lays out the steps the GEF Secretariat, in collaboration with the Agencies, the GEF Evaluation Office, and STAP, will take to implement RBM and KM during GEF-5. It is comprised of the following five components:

- (a) Establish and implement an annual monitoring review process for GEF-5;
- (b) Upgrade and integrate portfolio monitoring in the PMIS;
- (c) Develop tools to enhance portfolio monitoring;
- (d) Develop and implement a knowledge management strategy; and
- (e) Provide and develop internal guidance on GEF RBM and knowledge management.

31. At this meeting, the Secretariat is presenting an enhanced AMR (Council document GEF/C.40/04, *Annual Monitoring Report FY10*) and two information documents. The first was prepared by the GEF Secretariat in response to a request from donors to clarify how RBM at the GEF establishes "a process to ensure the quality of objectives, baselines, and results indicators, where each step of the results chain can be easily defined and tracked."⁴ The document presents an overview of the RBM at the GEF and explicitly lays out how the system tracks each step in the results chain (See GEF/C.40/Inf.9, *RBM System: Process to Ensure the Quality of*

⁴ This language is taken from GEF-5 replenishment document GEF/R.5/32, paragraph 41.

Objectives, Baselines, and Results Indicators). It is also presenting the work plan for the GEF-5 KM strategy (GEF/C.40/Inf.3, *GEF Knowledge Management Initiative: Strategic Framework and Work Plan for GEF-5*). The Secretariat will provide the GEF Council with a progress report on implementation of RBM to Council at its meeting in November 2011.

32. KM Strategy: Document GEF/C.40/Inf.3, *GEF Knowledge Management Initiative: Strategic Framework and Work Plan for GEF-5*, confirms that while the GEF has not had an explicit KM strategy to date, it has already undertaken many KM activities, and is now proposing a comprehensive strategy to address this important issue throughout GEF 5. A core part of the strategy is to further integrate and enhance these activities, including through new KM activities and products. It also points out that the GEF needs first to tackle key technical and resource constraints prior to moving onto a full-fledged GEF-wide strategy. As a first step, the Secretariat proposes focusing its initial KM activities that will help better identify the features that the new platform should have and integrate knowledge processes into the Secretariat's daily operations.

33. This document outlines a proposed work plan for Secretariat KM activities in GEF-5 that are linked to the GEF's overall KM goal: to contribute to improving the efficiency and effectiveness of investments or actions world-wide that generate global environmental benefits. The work plan proposes as a first step to undertake knowledge needs assessment and KM comparative analysis, to gather information on GEF stakeholders' knowledge and learning needs, and compare GEF KM practices with the ones currently in use among comparable organizations. This preliminary study will validate the topics and provide details to refine the activities listed below each of the two objectives following objectives.

- (a) Objective 1: To learn methodically from projects and programs financed from its resources, as well as from its partners and clients.
 - i. Reform the GEF's AMR Process;
 - ii. Design of Focal Area Lessons-Learned Questions
- (b) Objective 2: To share the data, information, and knowledge gathered with a wide range of stakeholders to promote innovation and best practice.
 - iii. Develop a GEF Knowledge Platform: The GEF Environmental Portal;
 - iv. Expansion of GEF Website and Enrich with knowledge products; and
 - v. Development of new GEF Knowledge products and outreach activities;
 - vi. A GEF/Google partnership.

Information Technology Development Plan

34. The GEF needs to strengthen its management information systems in order to further improve its institutional efficiency and effectiveness, including with regard to RBM, KM, and managing transactions between different parts of the partnership. The Secretariat and Trustee have been reviewing a number of work processes to further enhance efficiency. In 2012, the Secretariat expects to initiate work to draft an information technology development plan that will

further improve its IT operations, with a particular focus on improving the GEF PMIS, a key programming tool for the Secretariat, the GEF Agencies, and participant countries.

35. In 2010, the Secretariat opened the PMIS to recipient country OFPs so they can track progress of their proposals in the system. As explained above, in March 2011, the Secretariat included the pre-PIF module to help identify areas where bottlenecks in the pre-PIF stage can be eliminated. The GEF intends to continue expanding the scope covered by the PMIS to cover the full project cycle. The Council approved a special initiative in FY10 for the Trustee to hire external consultants to perform a systems review. The findings of the review are being finalized. One initial conclusion was that significant efficiency gains could be made through a greater integration of the GEF's data processing engine (the PMIS) with the Bank's SAP, which processes all financial transactions. In particular, this should greatly facilitate monitoring, resources management, and eliminate duplicate data entries (by the Secretariat and Trustee) that have constituted a heavy burden until now. The Secretariat and Trustee are looking at the most cost effective ways to achieve this closer integration while building on the expanded PMIS developed by the Secretariat and its partners over the years. The Trustee and Secretariat will apprise the Council of the final conclusions and appropriate recommendations in the context of the broader information technology work plan.

Improving Collaboration within the Partnership

36. The GEF-5 policy recommendations included an annex that clarified the roles and responsibilities of the various entities within the GEF network. This document was approved by the GEF Council in May 2010 and is serving as the basis for guiding improved collaboration among members of the network in GEF-5. Starting in 2010, the GEF Secretariat has convened partnership-wide coordination meetings more frequently to ensure that all members of the network are aware of important developments and have an opportunity to provide input on important policy issues. Second, the focal area task forces convene frequently to discuss focal area programming and convention related issues.

Management of Administrative Costs

37. The GEF will continue to monitor and seek ways to control administrative costs, both in terms of its corporate budget and in terms of agency fees. One measure taken to decrease administrative costs is the reform for project management fees for programmatic approaches for qualifying agencies, which were reduced to from the prior 10% of project total to 8% of the total program. An additional measure is that newly Accredited Project Agencies will only receive a fee for project cycle management services (9%) and not the additional 1% provided to GEF Agencies for corporate services.

38. The Secretariat, in collaboration with the GEF Agencies, has improved the template for annual reporting of administrative costs (GEF/C.40/Inf.11, *Format for Reporting on Resources Provided to Agencies for Administrative Purposes*). As requested by Council, the Secretariat is also in the process of hiring a consultant to undertake an independent review of the administrative expenses incurred by the GEF Agencies, as requested by the Council.

Enhancing Results Delivery

39. The second element of the GEF's drive to improve its efficiency and effectiveness is to achieving greater impact on the ground through more strategic program delivery aimed at achieving transformational impact. All the measures described in this document will contribute towards this goal, particularly the greater use of programmatic approaches, NPFs, improvements in RBM, and closer collaboration with key partners. The GEF entities, Agencies, and recipient countries are using all tools and mechanisms at their disposal to develop and implement important initiatives called for in the GEF-5 focal area strategies and programming paper. In the sections below, we highlight several of the important initiatives under development that will deliver on the key goals of the GEF-5 focal area strategies. These include important programmatic approaches under development or discussion, implementation of the GEF's SFM/REDD+ Program, and GEF initiatives to support technology transfer.

Key Programmatic Approaches under Development for GEF-5

40. During the Forth replenishment, the GEF made important headway in increasing its reliance on programmatic approaches. To incentivize greater use of this important tool, in June 2010, the GEF Council streamlined the approval process for GEF programmatic approaches implemented by GEF Agencies that meet certain qualifying criteria (referred to as "qualifying agencies") for delegated authority of projects in a GEF program⁵. Since the beginning of GEF-5, the GEF Secretariat and the GEF Agencies, particularly the qualifying agencies, are working together and with recipient countries to identify and support the development and implementation of programmatic approaches that will achieve truly transformative impact. In fall 2010, the Secretariat convened a meeting with GEF Agencies to discuss initial ideas for programmatic approaches during GEF-5. The Secretariat and Agencies have also been coordinating their efforts bilaterally, at the margins of important international meetings, and through focal area task force meetings.

41. The first GEF-5 programmatic approach is being presented to the Council at this meeting - "Sahel and West Africa Program Supporting the Great Green Wall Initiative" (referred to hereafter as the GGWI Program) – which is being implemented by the World Bank, a qualifying agency. This program is a solid illustration of the increasingly innovative and strategic manner in which the GEF is seeking to deploy its resources in GEF-5, both to achieve cross-focal area benefits and transformational impact. The following are noteworthy, strategic aspects of the GGWI Program.

- (a) It is a multifocal area program that will receive funding from and deliver benefits in terms of biodiversity, climate change mitigation and adaptation, sustainable land and forest management, and REDD+. It aligns closely with the goals of the GEF-5 focal area strategies.

⁵ See Council document GEF/C.38/05/Rev.1, *Streamlining the Project Cycle & Refining the Programmatic Approach*. Other Agencies are able to submit programs as "program coordinating agencies."

- (b) It is a multi-trust fund program that be funded from the LDCF, SCCF, and the GEF Trust Fund, delivering both global environmental and adaptation benefits.
- (c) It is a reflection of both strong country ownership and regional collaboration. Each country is designing a GEF project based on national priorities, using STAR allocations, but it also takes action at the regional level.
- (d) The GEF plays a clearly incremental and additive role, funding incremental or additional costs associated with global environmental benefits and adaptation, on top of planned baseline investments amounting to \$1.8 billion in 12 countries.
- (e) The Secretariat and Agencies have sought the scientific and technical advice and input of the STAP in improving the program.

42. As discussed below, the GEF Secretariat, Agencies, and recipient countries are discussing additional programs relating to natural resource management, climate change mitigation, and chemicals that will deliver upon the goals of the GEF-5 focal area strategies. It should be noted, however, that some of these programs are still at the conceptual stage, and there is no guarantee that all will be brought forward to Council for approval.

43. The GEF Agencies and the Secretariat's natural resources and climate change mitigation teams are discussing several exciting, high profile programmatic approaches with recipient countries. Most will achieve multiple global environmental benefits and draw on countries' STAR allocations. Several will include financing from the GEF's SFM/REDD+ Incentive Mechanism. These programs include:

44. Natural Resource Programs: The Secretariat and Agencies are collaborating on the development of programs in the following areas:

- (a) Mekong Basin Forests Initiative: The Secretariat is in discussions with the Asian Development Bank (ADB) and World Bank on this potential program, which seeks to build on the Greater Mekong Sub-region Core Environment Program and Biodiversity Initiative and will focus on protected area management, SFM/REDD+, and the integration of biodiversity conservation and poverty alleviation at a landscape level.
- (b) Tiger Conservation: The GEF and World Bank, and potentially other agencies, continue to have discussions with tiger range states on GEF funding for tiger conservation focused on the consolidation of protected areas, protection of natural habitat and actions at the landscape level intended to conserve biodiversity beyond tigers.
- (c) Congo Basin SFM Program: The GEF is considering possible follow-on financing for its SFM Program, supported in GEF-4.
- (d) Sustainable Charcoal Use and Production: The Secretariat's climate mitigation and natural resources teams are discussing a potential program in Eastern and Southern Africa on green energy alternatives, focused on sustainable charcoal.

- (e) Arctic Program: The Secretariat has been providing upstream guidance to Russia on that country's intent to submit to GEF an ambitious multi-focal area program for the Arctic to serve the development needs of the region as well as address and prevent potential environmental impacts of anticipated economic development of this sensitive region of high global importance.
- (f) Freshwater Body Basin Programs: The Secretariat and Agencies are examining the potential to develop regional programs focused on the sustainable management of the river basins in Africa, including the Lake Chad Basin, which will be linked to the GGWI Program. These river basin programs will utilize funding from the International Waters focal area and STAR allocations to increase the synergies among the focal areas.
- (g) The MENA Desert Ecosystems and Livelihoods Program (MENA-DELP): The GEF and World Bank are engaged in discussions with countries in the Middle East and North Africa region on a program that will focus on capturing and harnessing the ecosystem services of deserts. The program will create opportunities for countries to leverage GEF resources under the STAR in the context of pursuing development options related to community-based livelihood practices, biodiversity conservation, and renewable energy.

45. Climate Change Mitigation Programs: In addition to supporting several of the programmatic approaches mentioned above (related to SFM/REDD+), the Secretariat's climate change mitigation team and Agencies are discussing several important programs that seek to achieve catalytic impact in terms of transfer of technologies and transformation of key energy and transportation sectors. They include the following:

- (a) Sustainable Transport and Urban Development Programs: The Secretariat and Agencies are working to develop a few programs that will invest in comprehensive, integrated approaches and innovative technologies for low-carbon transport and urban development.
- (b) Low Carbon Communities and Small Islands Program: Some regional programmatic approaches are under discussion or development to mobilize the private sector to provide clean, affordable, and quality energy services to people without access to electricity in Sub-Saharan Africa and other regions. These initiatives will complement planned baseline investments in remote rural, off-grid areas.
- (c) Industrial Investments with Superior Energy Management Program: this will be a thematic program, funded through national projects that will link private sector investment in industrial energy efficiency with strong and enforceable standards for secure performance and strong energy management.

46. Chemicals Programs: GEF programming in the GEF-5 period will seek to promote the sound management of chemicals, particularly in POPs and ODS, throughout their life-cycles to minimize adverse effects on human health and the environment. For the use of the funding allocated for pilots in sound chemicals management and mercury reduction, the GEF will follow the strategies for mercury programming and sound chemicals management provided with the Council in November 2010⁶. Overall, the programming framework will reflect the transition

⁶ See, respectively: *Strategy for Mercury Programming in the 5th Replenishment Period of the Global Environment Facility (GEF/C.39/Inf.09)* and *Strategy on Sound Chemicals Management for the 5th Replenishment Period of the Global Environment Facility (GEF/C.39/Inf.11)*

from single thematic interventions to a more comprehensive approach that targets resources priority issues of national, regional, and global concern and while creating linkages between individual project interventions. In this context, the Secretariat and Agencies are discussing potential investments in both existing and new programmatic approaches.

- (a) Africa Stockpile Program: The Secretariat is discussing follow-on investment in this existing program, being led by the World Bank and FAO, which aims to clean up and safely dispose of all obsolete pesticide stocks in Africa and establish preventative measures to avoid future accumulation. The program would need to be evaluated as a basis for follow-on investment.
- (b) Best Available Techniques and Best Environmental Practices (BAT/BEP) in the Metallurgical Sector in Asia: This potential programmatic approach would seek to reduce or eliminate unintentional POPs releases from metallurgical industries in Asia by introducing primary and secondary BAT and BEP.
- (c) E-waste and New Persistent Organic Pollutants (POPs): This is a potential regional program that would seek to address new POPs (PFOS and PBDEs)⁷ as well as mercury reduction and emerging issues under SAICM8 in the Asia-Pacific Region. E-waste is one of the fastest-growing waste streams in this and other regions, and has given rise to problems in terms of handling of toxic substances like mercury and the presence of new POPs.

SFM/REDD+ Incentive Mechanism

47. The first project to be approved for funding under the GEF's SFM/REDD+ program was included in the March 2011 intersessional work program. Starting with funding provided to the GGWI Program, this incentive mechanism is likely to provide important funding for GEF-5 programs. Important prospective programs likely to receive such funding are the Mekong Program and Congo Basin programs mentioned above.

48. In the May 2011 work program, four of the six multi-focal area projects have SFM/REDD+ components that address both objectives, namely; i) reducing pressures on forest resources and generate sustainable flows of forest ecosystem services, and ii) strengthening the enabling environment to reduce GHG emissions from deforestation and forest degradation and enhancing carbon sinks from Land Use, Land-Use Change and Forestry (LULUCF) activities.

Support for Technology Transfer

49. Technology transfer is pivotal in addressing global environmental challenges under the conventions and in the GEF focal areas. Indeed, the broad dissemination and adoption of new know-how, practices, and technologies is fundamental to the GEF's ability to have sustainable, catalytic impact in transforming recipient countries' development pathways. The GEF has supported technology transfer through its projects, with a particularly strong emphasis in its climate change and chemicals projects. Technology transfer is a key activity for support under

⁷ These stand, respectively for Perfluorooctanesulfonic acid and Polybrominated diphenyl ethers, both of which have been added as listed substances under the Stockholm Convention.

⁸ The Strategic Approach to International Chemicals Management (SAICM).

the Nagoya Protocol Implementation Fund, which will support access and benefit sharing under the CBD.

50. The UNFCCC CoP has given the GEF a mandate to finance technology transfer. Following the GEF's progress in supporting the Poznan Strategic Program on Technology Transfer, the GEF has presented a proposal to establish and implement a Long-Term Strategic Program on Technology Transfer, which would enhance technology transfer efforts under the Convention. The GEF's proposed plan includes four elements:

- (a) provide support for Climate Technology Centers and a Climate Technology Network;
- (b) pilot priority technology products to foster innovation investments;
- (c) establish a public-private partnership for technology transfer; and
- (d) support technology needs assessments (TNAs).

51. The GEF is participating in the dialogue to operationalize the Technology Mechanism established under the Cancun Agreements reached at CoP-16. Indeed, the GEF's proposed long-term program is particularly well suited to supporting the Technology Mechanism's component for a Climate Technology Center and Network and the GEF. Indeed, the GEF is already delivering support. The GEF is presenting to Council a multi-trust fund project proposal to support this effort: Pilot Asia-Pacific Climate Technology Network and Finance Center. Implemented jointly by the ADB and UNEP, it will draw on GEF TF and SCCF resources to accomplish important technology transfer objectives, including implementation of TNA results, disseminate information, and improve enabling environments and build capacity for technology transfer.

Climate Change Resilience and Adaptation (LDCF, SCCF, Adaptation Fund)

52. Over the FY12-15 period, the GEF will increasingly look for opportunities to program GEF Trust Fund, LDCF, and SCCF resources in a synergistic manner that support increased climate change resiliency, adaptation, and generation of global environmental benefits. The GGWI program is the first illustration of this approach. It will include country-level projects that will incorporate activities to reduce vulnerability and increase capacity to adapt to actual or potential impacts of climate variability. The program is a good reflection of how the GEF can use resources strategically to support multiple benefits. LDCF resources will be deployed to meet the most urgent and immediate adaptation needs as identified by the National Adaptation Programmes of Action (NAPAs) in Chad (\$5 million), Ethiopia (\$5 million), Mali (\$5 million), Mauritania (\$3 million), and Togo (\$4 million). The SCCF, in turn, will support activities under the Nigeria Erosion and Watershed Management Project, providing resources to finance the adaptation costs of improving the resilience of civil works in areas that are particularly vulnerable to the impacts of climate change.

Scientific and Technical Advice

53. The GEF recognizes the importance of incorporating the latest scientific and technical knowledge into the development of its projects. The Secretariat, STAP, the Agencies, and the EO are committed to this important principle and are strengthening collaboration.

54. During the FY12-15 period, the STAP will focus greater attention on the development of advisory products on key scientific and technical issues. These products aim to serve as tools and/or toolkits that the Agencies and country-level partners can use in developing projects and programmatic approaches and the GEF Secretariat can use in reviewing project documents. The STAP develops these advisory products according to an annual work program that the Secretariat and Agencies have input in devising and is presented to Council. The STAP's FY12 work program is provided in Council document GEF/C.40/Inf. 12, *STAP Work Program for FY2012*.

55. The GEF is also pursuing new ways to ensure that scientific advice is incorporated into its operations. First, it is being proposed to the LDCF/SCCF Council that the STAP provide scientific and technical advice on LDCF projects and operations, supported by an administrative budget allocation from these funds. Second, the GEF entities and agencies are discussing how the GEF's approach to applied/targeted research in the context of GEF operations can be improved. Finally, GEF Agencies and the Secretariat has been receiving STAP's advice on the development and review of programmatic approaches from qualifying agencies both to improve each particular program and to learn lessons for improving the GEF programmatic approach for the future.

56. The Secretariat and STAP are also planning to work together to introduce the experience of the GEF to the broader scientific community. The Secretariat and STAP plan to represent the GEF at the Planet under Pressure Conference in London in March 2012. They also plan to host a science event at the margins of the Rio + 20 Summit in June 2012. Please see GEF Council Information Document GEF/C.40/Inf. 7, *GEF Initiatives for Rio +20*, for additional information.

Strengthening Partnership

Strengthening Relations with the Conventions

57. Participants to the GEF-5 Replenishment called for the GEF to take steps to deepen and enhance relations with the four conventions for which the GEF serves as a/the operating entity of their financial mechanisms. The Secretariat, in consultation with the convention secretariats, STAP, and GEF Agencies, has further revised the proposal that it initially presented at the November 2010 Council meeting, taking into account Council comments. The proposal is contained in Council document GEF/C.40/14, *Strengthening Relations with the Conventions in the GEF Network*. The document summarizes the multiple activities and processes through which the GEF currently cooperates with the conventions and their related fora and bodies. The document provides an indicative list of steps that the GEF might undertake to strengthen further its relations with the conventions it serves, including (i) strengthening existing avenues for communication and developing new ones, (ii) developing more and enhanced avenues for cooperation, and (iii) responding to significant, new convention guidance during replenishment periods.

58. During the past year, the GEF has engaged in convention processes in notable ways, including as follows:

- (a) CBD: At CoP-10 in Nagoya, the GEF was able to educate over 12,000 participants on the broad scope of new GEF biodiversity-related programs, strategies, and policies. The GEF distributed 12 different publications, seven of which were launched at CoP10. The

CEO chaired two events that were part of the high level segment, and the Secretariat, EO, STAP, and the GEF Agencies organized and led over 18 side events. The GEF has successfully launched the Nagoya Protocol Implementation Fund in response to CoP guidance.

- (b) UNFCCC: The GEF Secretariat participated in all key discussions at CoP-16 in Cancun and provided oral and written interventions in response to requests from subsidiary bodies. Through its annual report to the CoP, and interventions and events at the meeting, the GEF highlighted its support for adaptation action through the LDCF/SCCF, technology transfer (including the presentation of its Long-term Program on Technology Transfer mentioned above), and SFM/REDD+ program.
- (c) UNCCD: In early 2011, the amendment of the GEF Instrument to formally recognize the GEF as a financial mechanism of the UNCCD was completed. In reflection of the need for closer collaboration, the GEF CEO and the Executive Secretary of the UNCCD also co-hosted a one-day staff retreat between the two Secretariats to discuss opportunities for the GEF to support Convention priorities. In February, GEF Secretariat staff participated in the sessions of the Committee for Review of the Implementation of the Convention and the Committee on Science and Technology. At the margins of this meeting, the GEF organized consultations on its proposed support for the GGWI, including through a ministerial segment.

Enhancing Private Sector Engagement

59. Following the Council's review of the GEF Earth Fund in November 2011 (GEF/ME/C.39/2, *Review of the Global Environment Facility Earth Fund*), Council asked the Secretariat to work with the GEF Agencies to develop a revised strategy for engaging with the private sector. The Council reiterated that strengthening the GEF's engagement with the private sector is critical since the public sector alone could not meet the challenge of preserving the global environment.

60. The Secretariat has prepared a revised strategy for private sector engagement (Council document GEF/C.40/13, *Strategy to Enhance Private Sector Engagement*) for review by Council at its May 2011 Meeting. The strategy is based on the conclusions of the 2010 evaluation of the Earth Fund mechanisms, the resulting Council recommendations, and further consultations with the GEF Agencies and private sector representatives. This allowed the GEF to propose a Private Sector Engagement Strategy that will maximize financial leverage, risk sharing/alleviating and the use of non grant mechanisms in order to stimulate private sector engagement. Additionally, the Secretariat proposes a review of its communication approach to the sector, in order to increase private sector awareness about this program and for the GEF to better monitor its implementation through regular dialogue with its partners. The ultimate goal of the strategy is to extend the catalytic role of the GEF to a largely untapped segment of the private sector resources, through mechanisms that will have the greatest impact and lasting sustainability. The strategy is further defined in the document referred to above, which helped clarify engagement points and modalities.

Cooperation with and Support for Civil Society Organizations

61. The GEF-5 Replenishment negotiations emphasized the positive and influential role that civil society organizations (CSOs) play within the GEF, including in terms of policy development, project and program design, and the execution of projects. In November 2010, Council approved a strategy for CSO engagement (GEF/C.39/10/Rev.1, Enhancing the Engagement of Civil Society Organizations in Operations of the GEF). Under this strategy, the GEF is strengthening cooperation with CSOs at the local level as well as seeking more effective inputs on GEF policies and programs from CSO partners.

62. The GEF has just finished updating, and will soon publish, the A to Z Guide to the GEF for CSOs, a publication that provides updated information and guidance for CSOs on GEF policies for public participation and partnership opportunities. The GEF has also been fostering increased interaction between CSOs and OFPs and Council constituencies. OFPs are required to meet with members of the GEF NGO Network and other civil society representatives once each year. The Secretariat has been ensuring that these meetings are being planned as part of OFP work programs that receive support from the CSP. Moreover, at least one CSO representative per country is required to attend each ECM, and financial support is provided by the CSP for this. Over 50 CSOs have attended the ECWs held to date.

63. At a policy level, the GEF Secretariat has been engaging CSOs quite actively. The GEF Secretariat held productive consultations with CSOs at CBD CoP-10 and UNFCCC CoP-16. CSOs also participated in consultations on the GGWI program in Bonn in early 2011. Engagement of CSOs in the context of pre-Council meeting consultations continues apace. Financial support was provided to 30 CSO representatives to attend the November 2010 Council Meetings.

64. The GEF SGP continues to provide significant support to CSOs. In 2009, the Council agreed on an approach to upgrade SGP country programs according to three major categories. Funding access for country programs differ in these categories, with the first obtaining priority access to core funds, the second with decreased access to core funds but increased access to STAR funds, and the 3rd (upgraded country programs) being fully funded by full sized projects supported by STAR allocations. Six countries put forward PIFs for their upgraded SGP country programs in the March intersessional work program, and an additional two are being presented in the May work program.

FY12 CORPORATE BUDGET

65. The GEF corporate budget finances the administrative and other costs of the Secretariat, STAP, the Trustee, and the EO. This includes the costs of EO evaluations, special initiatives, and the STAP's annual work program. Consistent with previous practice, this document contains detailed FY12 budget requests for the Secretariat, the STAP, and the Trustee. It also indicates the budget request being presented by the GEF EO to support the EO's work program during FY12 and in later years. The EO's budget request is presented to Council in document GEF/ME/C.40/1, *Four-year Work Program and Budget of the GEF Evaluation Office*.

66. The budget requests presented in this paper amount to \$32.546 million, which is a 19.8% increase over the FY11 approved corporate budget. This includes, however, the EO's request for \$5.5 million to cover the costs of multi-year evaluations over three years. If one includes only one-third of this amount in the FY12 figure, the total cost is \$28.879 million, which is a 6.3% increase over FY11.

GEF Entities and Budget Items	FY11 and FY12 Corporate Budgets		
	FY11 Budget (Approved)	FY12 Budget (Request)	Percent Change
Secretariat Core Budget	18.525	18.525	0.0%
<i>Secretariat Special Initiative</i>	0.000	0.491	<i>n.a.</i>
Secretariat Total	18.525	19.016	2.6%
STAP Total	2.172	2.244	3.3%
Trustee - Standard Services	2.553	2.929	14.7%
External Audit of GEF Trust Fund	0.168	0.117	-30.4%
Trustee Total	2.721	3.046	11.9%
Evaluation Office Core Budget	n.a.	2.740	<i>n.a.</i>
Evaluation Office Multi-Year Evaluations	n.a.	5.500	<i>n.a.</i>
Evaluation Office Total¹	3.745	8.240	<i>n.a.</i>
Total - All Requests	27.163	32.546	19.8%
Total, including one-third Multi-year Evaluations²	27.163	28.879	6.3%

1. Because the line item for "Multi-year Evaluation" request (of \$5.5 million) is for multi-year activities, the FY12 total EO request is not readily comparable to the FY11 request.

2. This only includes \$1.88 million for multi-year evaluations, which is one-third of the total requested for FY12-14. .

Corporate Budget Expenditure under GEF-4

67. The GEF's FY11 corporate budget was funded with resources provided under the GEF Fourth Replenishment. Based on expenditure trends to date within the four central GEF entities, total spending in FY11 is projected to total an estimated \$25.256 million. As shown in Table 2, corporate budget expenditures are expected to total \$92.73 million during the FY08-FY11 period, which is within the \$93.5 million limit requested by the Council in 2007.

GEF Entities	Expenditure under GEF-4 (millions of Dollars)				
	FY08 (actual)	FY09 (actual)	FY10 (actual)	FY11 (Estimated)	TOTAL
Secretariat Core Budget	11.760	13.093	13.434	16.585	54.872
Secretariat Special Initiatives	0.368	0.330	1.403	0.000	2.101
Secretariat Total	12.128	13.423	14.837	16.585	56.973
<i>% change, y-o-y</i>		10.7%	10.5%	11.8%	
STAP Total	1.296	2.047	2.108	2.172	7.623
<i>% change, y-o-y</i>		57.9%	3.0%	3.0%	
Trustee Standard Services	1.988	2.341	2.840	2.633	9.802
External Audit of GEF Trust Fund	0.115	0.154	0.112	0.116	0.497
Trustee Special Initiatives	0.314	0.000	0.000	0.100	0.414
Trustee Total	2.417	2.495	2.952	2.849	10.713
<i>% change, y-o-y</i>		3.2%	18.3%	-3.5%	
Evaluation Office Total	3.461	4.645	3.791	3.650	15.547
<i>% change, y-o-y</i>		34.2%	-18.4%	-3.7%	
Fourth GEF Assembly	0.000	0.654	1.221	0.000	1.875
Total Corporate Budget	19.302	23.264	24.908	25.256	92.730

Projected Corporate Budget Requests under GEF-5

68. The GEF Fifth Replenishment provided \$120 million to cover corporate budget expenses, including the costs of the Evaluation Office and the Trustee. As shown in Table 3 below, however, a degree of vigilance will be needed for the four entities to keep their budgetary expenditures within this level during over the FY12-15 period. Based on the requested FY12 budgets and estimates from the EO, the Secretariat's estimates that total budgets will overrun the allocated \$120 million envelop by about \$800,000, and this does not include any potential funding for special initiatives. This estimate takes into account the following:

- (a) A projection that the core budgets of the four units will rise in line with inflation , estimated at 3% per annum;
- (b) \$7.1 million for EO multi-year evaluations, including \$5.5 million for FY12-13 and \$1.6 million in FY14 and 15; and
- (c) estimated costs for the Fifth GEF Assembly of \$2.11 million.⁹

69. While this is only a projection, the Secretariat believes it underscores the need for caution with regard to further increases in the corporate budget. As described in the following sections, some of the entities are putting forward substantial increases, on top of increases funded during GEF-4.

- (a) The Trustee is requesting an 11.9% increase in its budget primarily due to a shift in the World Bank's cost-recovery policies for Financial Intermediary Funds, including the

⁹ The estimate for the costs of the Fifth Assembly is based on the cost of the Fourth Assembly (\$1.874 million), adjusted for inflation (3% per annum) over four years.

GEF. The Trustee is adding a \$266,000 charge for “non-core central unit costs,” which the Bank explains takes into account indirect costs for the units that provide trustee services. These costs include Trust Funds and Policy Operations, human resources, information technology, and General Services Division (GSD) charges. The GEF Secretariat does not believe it was adequately consulted on this change in policy. More importantly, the Secretariat is unsure about whether some of these costs are already being paid. For example, the costs for human resources, information technology, and GSD are already imbedded in the costs of the staff that work in the Trustee, as well as the Secretariat. Further explanation is needed in this regard.

Table 3: Projection of GEF Corporate Budget Requests under GEF-5

GEF Entities	Projected Corporate Budget Requests; FY12-15 (\$ millions)*				
	FY12 Request	FY13 (Projection)	FY14 (Projection)	FY15 (Projection)	FY12-15 TOTAL
Secretariat Core Budget	18.525	19.081	19.653	20.243	77.502
Secretariat Special Initiative	0.491				0.491
Secretariat Total	19.016	19.081	19.653	20.243	77.992
STAP Total	2.244	2.311	2.381	2.452	9.388
Trustee Standard Services	2.929	3.017	3.107	3.201	12.254
External Audit of GEF Trust Fund	0.117	0.121	0.124	0.128	0.489
Trustee Total	3.046	3.137	3.232	3.328	12.743
Evaluation Office Core Budget	2.740	2.820	2.910	2.990	11.460
Evaluation Office Multi-Year Evaluations	5.500		1.600		7.100
Evaluation Office Total	8.240	2.820	4.510	2.990	18.560
Fifth GEF Assembly	0.000	1.055	1.055	0.000	2.109
Total Corporate Budget	32.546	28.404	30.830	29.013	120.793

- (b) The Trustee is also requesting an additional \$100,000 for the special initiative *Independent Review of Systems*, which was approved in the FY10 corporate budget with a budget of \$150,000. The Trustee does not provide a clear reason for this cost overrun.
- (c) The EO estimates that it will need funding of \$18.56 million over the four year period to carry out its program, including \$7.1 million in resources for its multi-year evaluations. If one averages this cost over four years, the total cost in FY12 is approximately \$4.52 million. This is 20.8% higher than the EO’s FY11 budget of \$3.74 million.
- (d) Based on the numbers put forward by EO, annual average spending will rise by 7.35% between FY11 and FY15. The EOs request of \$18.56 million for the FY12-15 period is 19.4% higher than the EO’s projected total expenses during FY08-11 of \$15.54 million.

SECRETARIAT FY12 ACTIVITIES, OUTPUTS, AND BUDGET

70. The Secretariat is requesting a core FY12 budget of \$18.525 million, which is a zero nominal increase compared with the FY11 budget. The Secretariat believes a zero nominal

increase is justified given the need to demonstrate additional administrative cost efficiency during this period of global financial hardship, especially in the key donor countries. However, the GEF Secretariat must request \$490,750 to cover GEF activities related to the Rio+20 Summit in June 2012. These proposed activities are further described in paragraph 68 below.

71. The GEF Secretariat believes that its proposed core budget will be sufficient to cover costs in FY12, despite the additional costs that it will incur during the year for the GEF CEO search as discussed below. The Secretariat is not requesting new staff positions during FY12. It believes that a nominally flat budget, as detailed in table 3 below, should provide sufficient resources to cover the costs of managing the CSP as well as activities under direct access. The Secretariat will continue to benefit from several positions that are filled by secondees from GEF participant country governments or are funded by these countries through the World Bank's Junior Professional Officer Program.

<i>FY10 Actual</i> \$m	Expense Category	<i>FY11 Budget</i> \$m	<i>FY11 Estimated</i> \$m	<i>FY12 Proposed</i> \$m
10.115	Staff Costs	13.330	12.127	13.583
8.961	Salaries and Benefits	11.774	10.600	12.000
1.121	Travel	1.440	1.440	1.483
0.033	Training	0.116	0.087	0.100
0.321	Consultant Costs	0.598	0.517	0.500
0.000	Fees (long-term)	0.000	0.000	0.000
0.296	Fees (short-term)	0.509	0.450	0.450
0.025	Travel	0.089	0.067	0.050
0.685	Council Costs	0.709	0.709	0.730
0.254	Logistics	0.215	0.215	0.221
0.234	Council Travel	0.203	0.203	0.209
0.173	NGO Consultations (Logistics and Travel)	0.217	0.217	0.224
0.024	Council Member Support Program	0.074	0.074	0.076
0.030	Contractual Services	0.557	0.210	0.420
0.996	Publications, Media, Web and External Outreach	0.906	0.900	0.900
1.287	General Operations Costs	2.425	2.122	2.392
0.716	Office Space, Equipment, and Supplies	1.703	1.400	1.650
0.553	Communications and Internal Computing	0.656	0.656	0.676
0.000	Corporate Services	0.000	0.000	0.000
0.018	Representation and Hospitality	0.066	0.066	0.066
13.434	TOTAL	18.525	16.585	18.525

72. The Secretariat experienced a considerable under-run in expenses during FY11 compared to the approved budget in three principle areas. Spending on staff salaries and benefits will be lower than budgeted because it took time to fill new positions approved for the Secretariat and because other vacancies developed. The second area is contractual services – which is the line item that funds the costs for cross-support services (related to procurement, financial management, legal and disbursement) provided by other World Bank divisions for the Secretariat to provide direct access financing for agreed activities. These costs were lower than projected because NPFE grant requests were fewer than expected and they took longer to process. The Secretariat will still need funding for these services as it moves to providing direct access

funding for convention reports and national communications, but it has reduced its request from FY11. Finally, expenses for office space, equipment, and supplies is lower than projected for two reasons related to the Secretariat's move into new offices in January 2011. The Secretariat prepared its FY11 budget request based on an assumption that it might need to pay up to 12 months rent at a rate of \$50 per assignable square foot (compared to the previous rate of \$37.3 per square foot). The Secretariat only incurred these higher rent costs for five months of the year, rather than 12. The second reason is that the Secretariat received a partial rebate on its rent from a former tenant. Both the higher rental rate and the rebate have been taken into account in the FY12 request for this line item. Further detail on activities supported under the FY11 budget and expenses during FY11 are included in Annex 3: FY11 GEF Secretariat Activities and Highlights.

73. Due to the need to conserve resources, the FY12 core budget is absorbing one set of extraordinary expenses – those associated with the recruitment of a new CEO/Chairperson. As will be discussed by the Selection and Review Committee under Agenda Item 12, the current GEF CEO's term will conclude on June 31, 2012, and the Council will need to appoint a new CEO and Chairperson. The Selection and Review Committee of the GEF Council will oversee a process for recruiting a new CEO, who will be appointed for a four year term by the GEF Council. This process is expected to require \$273, 000 in resources. These expenses can be broken out as illustrated below and have been incorporated into existing Secretariat budget line items:

- (a) Contracting of recruitment services firm: \$200,000. (This is included in the line item "contractual services.")
- (b) Advertisement: \$20,000. (Included under "contractual services.")
- (c) Telecommunication for audio/videoconferencing: \$10,000. (Included under "communications and internal computing.")
- (d) Travel for short listed candidate interviews: \$43,000 (included under consultant travel.)

Core Secretariat Outputs and Activities

74. The FY12 budget will enable the Secretariat to undertake its critical activities in terms of institutional governance, program management, and relations with countries and key partners. The following is a list of the most important of these activities.

- (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 FY12 (November 2011 and May 2012) :
 - i. Managing relations with the conventions, including preparation of reports to them;
 - ii. Organization of meetings of the GEF Council, LDCF/SCCF Council, and, in the future, the NPIF Council (see Council document GEF/C.40/11, *Outstanding Issues Related to the Nagoya Protocol Implementation Fund*).

- iii. Preparation of the full FY13-15 business plan and FY13 corporate budget; and
 - iv. Preparation of all other papers and reports for the Council, including programming reports, reports on STAR implementation, and the AMR.
- (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:
- i. managing the GEF project cycle, including preparing two work programs for upcoming Council Meetings;
 - ii. Preparation of intersessional work programs on a rolling basis;
 - iii. Reviewing and approving project preparation grants, MSPs and EAs;
 - iv. Implementation of the direct access program for convention reports and national communications;
 - v. reviewing project documents for CEO endorsement; and
 - vi. implementing the RBM framework.
- (c) Relations with Constituents and Partners: The Secretariat will continue to facilitate dialogue with national focal points, civil society representatives, and other partners. This will include the following activities:
- i. Implementation of the CSP, including facilitation and provision of support for related meetings;
 - ii. participating at CoPs (CBD and UNCCD) and related meetings of the global environmental conventions and other international environmental forums;
 - iii. 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;
 - iv. supporting major GEF initiatives with outreach tools and media strategies;
 - v. expanding multimedia tools and products;
 - vi. publishing the GEF Annual Report and updating operational reports on GEF projects; and
 - vii. addressing instances of complaints, disputes and conflicts emerging in GEF operations.

Special Initiative for Rio+20

75. The United Nations General Assembly has called for a UN Conference on Sustainable Development in 2012 to take stock, 20 years after the historic United Nations Conference on Environment and Development (UNCED, or the Rio Earth Summit), that became the birthplace of the three Rio Conventions (CBD, UNFCCC and UNCCD). The GEF was conceived at the margins of the UNCED and it serves as a financial mechanism for all three conventions as well

as to other prominent efforts to protect the global environment. Given its unique and prominent role, and 20 years of experience in financing action under the Rio Conventions, the GEF Secretariat, in collaboration with its Agencies, intends to share the GEF's body of experience in the lead up to and during the conference, known as "Rio +20", which will take place in Rio de Janeiro on June 4-6, 2012.

76. Rio +20 presents a landmark opportunity for the GEF to not only share the lessons learned from 20 years of operation but also to help reflect on the evolution of international financing for global public good. To support its actions prior to and during the Rio+20 Summit, the Secretariat is asking for Council approval of \$490,750 to fund a related GEF special initiative, which is outlined in Council document GEF/C.40/Inf.7 *GEF Initiatives for Rio +20*. This proposal builds on key initiatives approved by the GEF Council, in prior years, such as the special initiatives that funded GEF activities under the International year of Biodiversity in 2010, the International Year of Deserts and Desertification in 2006, and the World Summit for Sustainable Development in 2002. The requested resources will support the following activities:

- (a) A retrospective analysis to be coordinated by the GEF Secretariat, on the lessons learned from the implementation of the recommendations arising from the Rio Summit and the
- (b) Impact of GEF supported activities over the past 20 years including related National Communications;
- (c) A highlight of the lessons learned from 20 among the most significant GEF projects carried out since the Instrument was designed, and the publication of a related commemorative book for further dissemination;
- (d) International meetings, workshops and events designed to promote and synergize initiatives related to Rio +20 objectives;
- (e) Provide quality inputs to strengthen National Communications on environment and stimulate collaboration;
- (f) Greater integration, synergy and support to/with the conventions secretariats, including activities of the *Rio Conventions Pavilion*;
- (g) Expansion of the GEF partners network;
- (h) Communication Outreach (Publications, audiovisual and other materials); and
- (i) The publication of a new book on 20 years of Energy Efficiency investments by the GEF.

STAP FY12 ACTIVITIES, OUTPUTS, AND BUDGET

77. In the GEF financial year 2012, the GEF STAP will continue to provide operational project cycle support through review of projects at PIF stage and program framework documents. In addition, STAP will carry out a variety of research initiatives, as outlined below, and develop a number of advisory products from these as agreed with the GEF Secretariat and GEF partners. These advisory products are designed to support the impact and sustainability of GEF investments, and test key assumptions imbedded within GEF focal area strategies. These

advisory activities also directly support the implementation of the GEF KM strategy, through support for the delivery of GEF focal area learning objectives.

- (a) Develop guidance and project screening tools to assess climate resilience in GEF projects;
- (b) 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;
- (c) Continue assisting the GEF to provide a tool for project managers to track changes in total system carbon – while at the same time multiple benefits and GEBs across focal areas are achieved;
- (d) Prepare a synthesis of current climate science and how these findings may inform GEF policy making in this domain;
- (e) Provision of operational advice on integrating climate vulnerability/resilience into GEF portfolio activities to deliver GEBs in a sustainable and cost-effective way;
- (f) Assist the GEF in setting clear policies and priorities for future work and investments in biofuel related projects;
- (g) Participate in the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services planning process, along with upcoming Plenary meetings;
- (h) Prepare an assessment of critical water quality issues in transboundary aquifers;
- (i) Extend STAP's current work on certification by extending this review to marine/fisheries certification;
- (j) Organize a review of the GEF Targeted Research Modality, including the role of science in GEF programming;
- (k) Provision of advice on experimental and quasi-experimental project design that, when appropriate, make it easier to quantitatively estimate the impacts of GEF funding;
- (l) Engage with the EO on a number of selected impact evaluations during GEF 5, assist in the design of impact evaluations;
- (m) Organize and support relevant scientific conferences in the Rio +20 process.
- (n) Support implementation of the GEF KM Strategy through refining learning objectives in all focal areas and support for their implementation;
- (o) Convene at least two meetings of the Science Panel in September 2011 and April 2012 and additional expert group meetings as required to support the GEF's work;
- (p) Participate in selected ECWs on a selective basis;

- (q) 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.
- (r) STAP is currently putting a concept together for two side events (one in co-operation with the GEF Secretariat and the other with DIVERSITAS) at the upcoming global conference “Planet Under Pressure” to be held on March 26-29th 2012 in London

FY12 STAP Budget

78. STAP’s expected FY11 expenditures and proposed FY12 corporate budget are summarized in Table 6 below, together with FY10 actuals. The FY11 work program for STAP is on track to be implemented within the approved budget.

79. It is expected that demands on STAP’s resources will increase over GEF 5, for the following reasons:

- (a) A significant increase in projects coming through the GEF work program;
- (b) Increasing demands for STAP to be involved in project committees & evaluations;
- (c) Participation of STAP in a growing number of ECWs;
- (d) Support in the implementation of the GEF KM strategy;
- (e) Possible expansion of the Panel to include an Adaptation Panel member.

80. At the same time, some cost savings have been achieved due to staff turnover. Therefore, while cognizant of the fiscal constraints facing many countries at this time, STAP is not proposing a change to its FY12 budget compared to FY 11 beyond a 3.3% inflationary increase. During the upcoming fiscal year, economies in productivity will be sought to the extent possible in order to accommodate this expected increase in workload.

81. It should be noted that while STAP has successfully improved productivity and quality of outputs over the past 4 years with no increase in budget beyond inflation, it is unlikely that this can be maintained in future years. Budget increases beyond the rate of inflation will likely be required in FY 13 and 14 in order to keep pace with the increase in workload noted above, or alternatively STAP’s current work program activities may require reduction in some areas.

Table 5: Proposed FY12 STAP Budget

<i>FY10 Actual \$m</i>	STAP – Secretariat Expense Category	<i>FY11 Budget \$m</i>	<i>FY11 Estimated \$m</i>	<i>FY12 Proposed \$m</i>
0.912	Staff Costs	1.065	1.065	1.078
0.801	Salaries and Benefits	0.955	0.955	0.958
0.100	Travel	0.100	0.100	0.110
0.011	Training	0.010	0.010	0.010
0.213	Consultant Costs	0.215	0.215	0.275
0.000	Fees (long-term)	0.000	0.000	0.000
0.147	Fees (short-term)	0.160	0.160	0.210
0.066	Travel	0.055	0.055	0.065
0.000	Contractual Services	0.000	0.000	0.000
0.000	Contracts with Firms	0.000	0.000	0.000
0.014	Publications, Media, Web and External Outreach	0.000	0.000	0.000
0.255	General Operations Costs	0.258	0.258	0.243
0.114	Office Space, Equipment, and Supplies	0.129	0.129	0.121
0.051	Communications and Internal Computing	0.039	0.039	0.031
0.090	Corporate Services	0.090	0.090	0.090
0.000	Representation and Hospitality	0.000	0.000	0.001
1.394	SUB-TOTAL	1.538	1.538	1.596
	STAP – Members			
	Expense Category			
0.240	Honoraria & Logistical/Secretarial Support	0.343	0.343	0.306
0.089	MOUs with Expert Institutions	0.180	0.075 ¹⁰	0.090
0.206	STAP Meetings	0.075	0.180	0.210
0.000	STAP Publications	0.036	0.036	0.042
0.535	SUB-TOTAL	0.634	0.634	0.648
1.929	TOTAL	2.172	2.172	2.244

TRUSTEE FY12 BUDGET, ACTIVITIES, AND OUTPUTS

82. The World Bank as Trustee provides a range of standard services, broadly defined in the Instrument, in the following categories: financial and risk management; investment and cash flow management; management of GEF partner relationships and transactions; accounting and reporting; legal services; commitment and disbursement of trust fund resources; systems infrastructure and maintenance; and resource mobilization.

83. According to Annex B of the Instrument for the Establishment of the Restructured Global Environment Facility (in paragraph 8), the reasonable expenses of the Trustee in administering the Trust Fund and administratively supporting the Secretariat are reimbursed annually, on the basis of estimated cost, subject to end-of-year adjustment. The Trustee's budgeting process was discussed and agreed with Council during the June 2007 Council meeting. The projected budget for the coming fiscal year is based on the Trustee's expected upcoming work program; at the end of each year, differences between the projected budget and actual time and costs are reported to Council.

¹⁰ In FY11 proposed budget, figures for MoUs and Meetings were erroneously interchanged.

84. In June 2010, Council approved a budget estimate of \$2.72 million to cover Trustee's
85. projected expenses in FY11. The Trustee estimates that expenses for FY11 will be \$2.85 million. The overall increase of \$128,025 from the original FY11 budget estimate is primarily due to \$100,000 in consultant costs relating to the independent review of GEF systems mandated by Council.

FY12 Trustee Budget

86. In addition to the standard services listed above, the Trustee's FY12 work program will include the following items:
- (a) Ongoing implementation of the GEF-5 replenishment, including working with donors to facilitate deposit of Instruments of Commitment, coordinating the installment payment process, 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 GEF Agencies and the GEF Secretariat;
 - (c) Progress of the independent review of the GEF systems;
 - (d) Enhancement to the GEF accounting framework trial balance to accommodate changes in accounting standards/ International Financial Reporting Standards;
 - (e) Conclusion of negotiations to revise and update Financial Procedures Agreements with GEF Agencies; and
 - (f) Expansion and accreditation of GEF agencies and accreditation of new agencies.

87. The Trustee's core budget request for FY12 amounts to \$3.05 million, a \$325,000 (12%) increase from the FY11 of \$2.72 million. The cost increase is predominantly due to a shift in the Bank's cost-recovery policies for Financial Intermediary Funds (FIFs), including the GEF. The policy shift now requires the Bank to charge both for direct and for indirect provision of services to FIFs. In the past, fees charged for the Bank's trustee services to FIFs have been based on the cost of staff time and related expenses in providing specific services to each FIF. To date, those costs have related to the work of Bank units directly involved in providing trustee services to each FIF (for the GEF, primarily CFPMI, Treasury, Legal and Controller's Vice Presidencies).

88. The new policy requires the Bank to take into account the costs of a number of Bank units that are indirectly involved in the provision of trustee services to FIFs. These units, referred to as the "non-core" units, indirectly support the four units that are directly engaged in providing trustee services, with work that underpins the common platforms that support all FIFs. They include the Trust Funds Policy and Operations (CFPTO), Human Resources (HR), General Services Department (GSD), Quality Assurance and Compliance (TQC), Information and Technology Services (ISG), and others. CFPTO provides overall policy and operational advice on FIFs; HR supports staff hiring and performance management, including for staff who work directly on FIFs; GSD's contribution covers such areas as travel, corporate procurement, office space, etc.; ISG supports the overall operations and maintenance of the FIFs IT systems

infrastructure (this excludes FIF-specific systems applications, support and development, for which the trustee bills the individual FIFs separately). Thus, for example, while the GEF has in the past paid for specific GEF applications and enhancements, the Bank has covered the cost of the IT platform that supports all FIFs. Now all FIFs will share in the cost of operating and maintaining the FIF systems on which they all rely.

89. The Bank recently reviewed the methodology for calculating the costs incurred by the non-core units. The study assessed, unit by unit, the costs related to services provided indirectly to FIFs by such units. In aggregate, the costs of the non-core units represented an additional 10% above existing fees charged to FIFs, and CFPMI has been directed to reflect the increase in the fee arrangements for all FIFs in FY12, consistent with the full cost-recovery principle. In accordance with this change, a new line is added in Table 7 to include \$266,000 in expected costs of non-core units. As shown below, the proposed budget for FY12 is \$3,046,000.

Table 6: Proposed Trustee Budget

GEF Trust Fund: Budgetary Requirements for Services Provided by the Trustee				
FY12				
(in USD)				
Trustee Services	FY10 Actual	FY11 Approved	FY11 Expected Actual	FY12 Proposed Budget (Total)
Standard Services				
Financial Management and Relationship Management	1,422,000	1,150,000	1,230,000	1,245,000
Investment Management	1,069,143	1,070,000	1,070,000	1,070,000
Accounting and Reporting	168,715	168,000	168,000	178,000
Legal Services	180,445	165,000	165,000	170,000
Non-Core Central Unit Costs				266,000
Sub-total, Standard Services	2,840,303	2,553,000	2,633,000	2,929,000
Audit				
External Audit of Trust Fund	112,265	116,000	116,025	117,000
Agency Audits	0	52,000	0	0
Total Core Budget	2,952,568	2,721,000	2,749,025	3,046,000
Special Initiatives				
Consultant Costs a/	150,000	0	100,000	0
Total Costs, including Special Initiatives	3,102,568	2,721,000	2,849,025	3,046,000

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

EVALUATION OFFICE BUDGET REQUEST

90. As explained in document GEF/ME/C.40/1, the EO requests a total of \$8.38 million in its FY12 budget submission. This includes a core annual budget of \$2.74 million and \$5.64 million to fund for multi-year evaluations over the first three years of GEF-5. It estimates that it will need \$18.56 million over the FY12-15 period.

ANNEX 1: PROGRESS IN IMPLEMENTING GEF-5 POLICY RECOMMENDATIONS

Date	Initial Plan of Action	Progress through April 2011
June 2010 Council Meeting	<ul style="list-style-type: none"> • Council to consider proposals, prepared by the Secretariat, in consultation with the GEF Agencies, countries, and other stakeholder, for (i) reforming the CSP; (ii) funding voluntary national portfolio identification exercises; and (iii) funding national communications/reports to the conventions. 	<ul style="list-style-type: none"> • Completed: Secretariat prepared proposals on all three items, which were approved by Council. The Secretariat assumed management of the reformed CSP since January 2011. The Secretariat has been implementing the NPFE program and program for direct funding access for convention reports and national communications since June 2011.
	<ul style="list-style-type: none"> • Council to consider a proposal prepared by the Secretariat, and the Trustee, for the involvement of additional agencies referred to in paragraph 28 of the Instrument in the preparation and implementation of GEF-financed projects. 	<ul style="list-style-type: none"> • Completed & Under Consideration: The Secretariat, in collaboration with the Trustee, presented a proposal in June 2010 on involving additional agencies in a broader GEF partnership. The Secretariat further elaborated this proposal with advice from a task force of experts and input from a six-member Council subcommittee. In November 2010, the Council decided that the GEF shall implement a pilot on the accreditation of new GEF agencies and approved an accreditation procedure. The Secretariat will present a proposal for implementing the pilot at the May 2011 Council meeting.
	<ul style="list-style-type: none"> • Council to consider a proposal, prepared by the Secretariat, in consultation with the GEF Agencies and other stakeholders, to streamline the project cycle that covers both the GEF cycle and the Agencies' own streamlining efforts. 	<ul style="list-style-type: none"> • Completed: The Secretariat presented, and Council approved, proposed reforms to further streamline the GEF project cycle in June 2010. Prior to the November 2010 Council meeting, the Secretariat and Agencies agreed to GEF business standards for their participation in the project cycle. In spring 2011, the Secretariat established a process to track the progress of project concepts submitted to agencies prior to the development of PIFs.
	<ul style="list-style-type: none"> • Council to consider a proposal, prepared by the Secretariat, in consultation with the GEF Agencies and other stakeholders, to refine programmatic approaches. 	<ul style="list-style-type: none"> • Completed: The Secretariat presented, and the Council approved, a proposal to refine modalities for permanent approaches within the GEF.
	<ul style="list-style-type: none"> • Council to consider a document, prepared by the Secretariat, in collaboration with the Trustee, EO, GEF Agencies, and STAP, delineating the roles and responsibilities of GEF entities. 	<ul style="list-style-type: none"> • Completed: The Council approved a document delineating the roles and responsibilities of GEF entities as part of the Summary of Negotiations of the Fifth Replenishment of the GEF Trust at its May 2010 Council Meeting. (Annex 1 of the Policy Recommendations for the Fifth Replenishment of the GEF Trust Fund: <i>Clarifying Roles and Responsibilities of the GEF Entities</i>).
November 2010 Council Meeting	<ul style="list-style-type: none"> • Council to consider a proposal prepared by the Secretariat, in consultation with the convention secretariats, to enhance the participation of the conventions in Council decision-making processes associated with relevant focal area strategies and work programming. 	<ul style="list-style-type: none"> • Completed & Under Consideration: The Secretariat presented a proposal to Council in November 2010, prepared in collaboration with the convention Secretariats. Per Council request, the Secretariat is presenting a revised proposal at its May 2011 meeting.
	<ul style="list-style-type: none"> • Council to review an evaluation of the GEF Earth Fund prepared by the GEF EO. 	<ul style="list-style-type: none"> • Completed: The Council reviewed the GEF EO's evaluation and asked the GEF Secretariat to prepare a strategy to enhance engagement with the private sector, taking into account the review's findings and input from the Agencies, for Council consideration at its May 2011 meeting.
	<ul style="list-style-type: none"> • Council to review a work plan, prepared by the Secretariat, in consultation with the EO, the GEF Agencies, and STAP, to (i) implement the GEF results-based management framework; and (ii) to establish a GEF-wide KM initiative. 	<ul style="list-style-type: none"> • On-Going: In November 2010, the Council reviewed and approved the proposed work plan for implementing the GEF results-based management framework and establishing a GEF-wide KM initiative. The work plan called for the Secretariat to prepare, in consultation with

Date	Initial Plan of Action	Progress through April 2011
		the EO, the GEF Agencies, and STAP, a GEF-wide KM strategy. The Secretariat is presenting a proposal in this regard at the May 2011 Council meeting, as requested by Council.
May 2011 Council Meeting	<ul style="list-style-type: none"> • Council to consider a revised strategy to enhance engagement with the private sector. 	<ul style="list-style-type: none"> • On-Going: The Secretariat is presenting the revised strategy at the May 2011 Meeting. The revised strategy incorporates the findings of the EO review on the Earth Fund and input from the GEF Agencies and the private sector.
November 2011 Council Meeting	<ul style="list-style-type: none"> • Council to review a proposal, prepared by the Secretariat, in cooperation with the appropriate GEF entities and the GEF-NGO network, to enhance the engagement of CSOs in the work of the GEF. 	<ul style="list-style-type: none"> • Completed: November 2010, the Secretariat presented, and the Council approved, a strategy for enhancing engagement of CSOs in the work of the GEF.

ANNEX 2: RESOURCES PROGRAMMED DURING FY11 AND GEF-5
PROGRAMMING TARGETS

1. The FY11 business plan established a total programming target of \$4.25 billion, including expenses for the corporate budget. Table 1 below lists the programming targets established for GEF-5 according to the GEF-5 focal area strategies and total resources approved as of April 15, 2011 against these targets.

2. The FY11 corporate budget was funded with resources from the GEF-4 period. Resources for the FY12 corporate budget will be counted against GEF-5 corporate budget allocation as this table is updated during the period.

Focal Areas, Themes, and Programs	Programming Targets		GEF-5 Grant	Fees	Total Resources	Utilization Percentage
	Amount	% of GEF-5 Resources				
Biodiversity	1,080,000,000	26.2%	26,659,932	2,308,503	28,968,435	2.7%
Climate Change	1,260,000,000	30.5%	39,060,051	3,762,449	42,822,500	3.4%
International Waters	440,000,000	10.7%	100,000	10,000	110,000	0.03%
Chemicals, of which	425,000,000	10.3%	19,089,000	1,908,900	20,997,900	4.9%
Persistent Organic Pollutants (POPs)	375,000,000	9.1%	16,489,000	1,648,900	18,137,900	4.8%
Ozone Depletion	25,000,000	0.6%	2,600,000	260,000	2,860,000	11.4%
Sound Chemicals Management and Mercury Reduction	25,000,000	0.6%	0	0	0	0.0%
Land Degradation	385,000,000	9.3%	11,534,444	1,093,556	12,628,000	3.3%
CSP and Capacity Building	70,000,000	1.7%	26,000,000	0	26,000,000	37.1%
Small Grants Program	140,000,000	3.4%	134,615,385	5,384,615	140,000,000	100%
SFM/REDD-Plus Program	250,000,000	6.1%	600,000	60,000	660,000	0.3%
Outreach to Private Sector	80,000,000	1.9%	0	0	0	0.0%
Total - Focal Areas, Themes and Programs	4,130,000,000	100%	257,658,812	14,528,023	272,186,835	6.6%
<i>Corporate Budget</i>	<i>120,000,000</i>					
Subtotals Cummulative GEF-5 Approvals and	4,250,000,000		257,658,812	14,528,023	272,186,835	6.4%

ANNEX 3: GEF SECRETARIAT -- FY11 REVIEW OF ACTIVITIES AND ACHIEVEMENTS

1. This annex provides further detail on the Secretariat's FY11 activities and outputs during and spending under the Secretariat's FY11 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 FY11 Budget

2. The Secretariat projects that actual FY11 spending through June 2011 will run under the budgeted level by approximately \$1.9 million. Most of this under spend \$1.2 million is due to delays in filling some staff vacancies, including new positions authorized under the FY11 budget. With these new positions filled during FY11, this gap will diminish during FY12. It should be noted that the Secretariat budgets at 100% of the cost of all authorized staff positions. Because there are always vacancies in staff positions, there will likely remain a gap, of some degree, in this item.

3. Expenses related to the provision of contractual services to divisions of the World Bank necessary for the provision of financing through direct access for (e.g. for procurement, legal, and disbursement) also ran significantly lower than expected since the number of NPFs was lower than expected and no countries requested financing for convention reports. Costs related to the move of the offices of the Secretariat also lower than expected the Secretariat received a rebate and because it only occupied its new offices in January (thereby incurring higher rent for only five months rather than 12).

Table 1: Comparison of FY11 Budget and Estimated Secretariat Expenditures

<i>FY10 Actual</i> \$m	Expense Category	<i>FY11 Budget</i> \$m	<i>FY11 Estimated</i> \$m
10.115	Staff Costs	13.330	12.127
8.961	Salaries and Benefits	11.774	10.600
1.121	Travel	1.440	1.440
0.033	Training	0.116	0.087
0.321	Consultant Costs	0.598	0.517
0.000	Fees (long-term)	0.000	0.000
0.296	Fees (short-term)	0.509	0.450
0.025	Travel	0.089	0.067
0.685	Council Costs	0.709	0.709
0.254	Logistics	0.215	0.215
0.234	Council Travel	0.203	0.203
0.173	NGO Consultations (Logistics and Travel)	0.217	0.217
0.024	Council Member Support Program	0.074	0.074
0.030	Contractual Services	0.557	0.210
0.996	Publications, Media, Web and External Outreach	0.906	0.900
1.287	General Operations Costs	2.425	2.122
0.716	Office Space, Equipment, and Supplies	1.703	1.400
0.553	Communications and Internal Computing	0.656	0.656
0.000	Corporate Services	0.000	0.000
0.018	Representation and Hospitality	0.066	0.066
13.434	TOTAL	18.525	16.585

B. FY11 GEF Secretariat Activities and Highlights

4. Key highlights of the Secretariat's activities and achievements in FY11 are listed below.
5. Work Programs: The Secretariat facilitated Council or CEO approval of \$257.6 million in GEF Trust Fund resources for GEF projects, including through one regular work program (November 2010) and one intersessional work program (March 2011). A final work program of approximately \$189.6 million is being presented to the Council in May 2011, which would bring total approved resources to \$447.2 million if approved.
6. Implementation of GEF-5 Reforms: The Secretariat led on the implementation of the following key GEF-5 reforms:
 - (a) Streamlining of the project cycle and refinement of programmatic approaches;
 - (b) Implementation of a reformed and consolidated GEF Country Support Program;
 - (c) Launch of GEF direct access funding to countries for certain activities, beginning with the funding of NPFs, and continuing with a funding to countries for convention reports;
 - (d) Drafting of three proposals (for the June 2010, November 2010 and May 2011 Council Meetings) for broadening the GEF Partnership;
 - (e) Drafting two proposals to enhance relations with the conventions;
 - (f) In collaboration with the Trustee, EO, GEF Agencies, and the STAP, improved coordination of the partnership according to a clearer delineation of roles and responsibilities among the GEF entities;
 - a. Operationalization of a flexible STAR;
 - (g) Strengthening of the RBM Framework;
 - (h) Proposal of a KM strategy, in coordination with GEF Agencies; and
 - a. Drafting of a strategy for enhancing engagement with civil society organizations (approved by the Council in November 2010) and a revised strategy for engagement with the private sector (to be presented at the May 2011 Council Meeting); and
7. CBD CoP-10: The Secretariat facilitated a highly successful showcasing of the GEF's contributions to biodiversity conservation and sustainable use at the CBD CoP-10 in Nagoya in October 2010. As requested by the CoP, the GEF has established the Nagoya Protocol Implementation Fund to support early entry into force and effective implementation of the Nagoya Protocol of the CBD;
8. International Year for Biodiversity (IYB): The GEF continued its successful collaboration with the CBD Secretariat of the Convention on Biological Diversity and other organizations in organizing joint events and supporting important media and public relations activities on biodiversity issues. Its highlights included production of several publications with narratives and images related to GEF projects, contracting with a public relations firm to pursue

biodiversity branding, launching the IYB in the United States through a high profile event hosted in the U.S. Congress, and key events at CBD CoP-10.

9. UNFCCC Meetings: The GEF Secretariat provided its regular, extensive annual report on its activities to the CoP-16 in Cancun, participated in key discussions. In the Subsidiary Body for Implementation (SBI) it offered three written and oral interventions in response to requests, including on national communications and the Poznan Strategic Program on Technology Transfer. During the meetings, the GEF-5 SFM/REDD+ Program had gained considerable attention, as did the GEF's support for implementation of adaptation activities through the LDCF and the SCCF, technology transfer (including the presentation of its proposal for a Long-Term Program on Technology Transfer mentioned above), and financing for mitigation, including its SFM/REDD+ program.

10. UNCCD Meetings: In January 2011, Mr. Luc Gnacadja, the Executive Secretary of UNCCD and the GEF CEO co-hosted a one-day staff retreat between the UNCCD Secretariat and the GEF Secretariat Bonn, Germany to discuss and opportunities for the GEF to support Convention priorities under its GEF-5 focal area strategies and programs. In March 2011, the CEO and Secretariat staff participated in the 9th Session of the Committee for Review of the Implementation of the Convention took place in Bonn from Feb 16 to 25 2011. The GEF actively participated in discussions related to the Performance Review and Assessment of Implementation System, which was developed with support of the GEF. At the margins of this meeting, the Secretariat organized consultations on its proposed support for the GGWI, including a ministerial.

11. Results-based Management: Coordination of the drafting of a RBM work plan for GEF-5. The plan has identifies three main objectives during GEF-5: strengthening and updating the tools and systems to capture standardized information, strengthening the Secretariat's ability to collect and report on portfolio level outcome and output indicators in the GEF-5 Programming Document, and strengthening the KM of the GEF at the portfolio level. The Secretariat is delivering the first two steps under the work plan at the May Council Meeting: presentation of a KM strategy and an enhanced AMR under this program as key first steps under this work plan;

12. Country Support Program: During FY11, the Secretariat will have organized the following events under the reformed CSP: six ECWs, 14 Regular ECMs, and one familiarization seminar. It will also have provided support to nine OFPs for their annual work plans.

13. NPFEs: As of mid-April, 2011, the Secretariat had received and processed 34 applications for NPFEs and cleared grant proposals for 32 of these. The Secretariat disbursed grants for three NPFEs and was working with units of the World Bank and recipient countries on the approval and disbursement for the remaining 29 grant requests.

14. LDCF/SCCF: The Secretariat facilitated the mobilization of \$137 million in new donor pledges for the Least Developed Countries Fund (LDCF) and \$33 million in new donor pledges for the Special Climate Change Fund (SCCF). During FY11, the GEF Secretariat will have presented an estimated \$49.27 million LDCF funding proposals and \$36.1 million in SCCF proposals to Council, including for important joint programs and projects with the GEF Trust Fund;

15. Secretariat Services for the Kyoto Protocol Adaptation Fund: The Secretariat has continued to provide services to the Adaptation Fund, including administration of the AF, review of project proposals, support of the accreditation process, outreach and communications, provision of HR support and IT support, and establishment of a RBM system. These services were essential in enabling the AF to start financing projects in 2010.

C. Special Initiatives

16. The sections below report on activities conducted during FY11 (and in some cases FY10) under the various special initiatives previously approved by Council. Each table reports on total estimated spending through end-FY11. Four special initiatives were concluded in FY11 – The Fifth Replenishment, the Fourth GEF Assembly, the IYB, and the special initiative on climate resilience. Progress reports are included for special initiatives that will continue in FY12.

Fifth Replenishment

17. 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 also hired consultants to assist with the analysis and preparation of policy and programming documents for the replenishment meetings. Six replenishment meetings were held (three in FY10) and the replenishment was concluded in mid-May 2010. Unspent funding of \$78,000 was returned to the GEF Trust Fund.

Replenishment Process	Approved	Actual thru FY11
Costs for consultancies; reports; meetings	0.300	0.222
TOTAL	0.300	0.222

Fourth GEF Assembly

18. 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. The approval resulted in a successful meeting in Punta Del Este. The meeting showcased the successes of GEF Projects in the past 20 years and the Assembly approved an amendment to the GEF instrument by establishing a four year term for the CEO with the possibility of a reappointment for an additional four years. 85.18% (\$1,874,000) of the funding was spent, and the remainder has been returned to the GEF Trust Fund.

Assembly	Approved	Actual thru FY11
GEF 4th Assembly	2.200	1.874
TOTAL	2.200	1.874

International Year of Biodiversity:

19. In June 2009, the Council approved of a special initiative budget to collaborate with key partners (e.g. the CBD 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. The key goal was to foster the necessary global action towards reducing and halting biodiversity loss. This initiative was brought to a successful conclusion in fall 2011 and helped set out a roadmap to guide international and national efforts to save biodiversity through enhanced action to meet the objectives of the CBD. Unused funding of \$126,000 has been returned to the GEF Trust Fund. Over two years, this initiative accomplished the following:

- (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. This was later used at the 4th Assembly in Punta Del Este. Furthermore, a 2007 book called "Financing the Stewardship of Global Biodiversity" was launched in at Punta Del Este in May 2010.
- (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 was launched at the CBD CoP-10 in Nagoya, Japan.
- (c) Contracted a leading public relations firm to work on a global biodiversity branding strategy throughout the year.
- (d) 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 event was highly successful, with the presence of the President of the Philippines, the Prime Minister of Norway,

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

International Year of Biodiversity	Approved	Actual thru FY11
International Year of Biodiversity (IYB)	0.895	0.769
TOTAL	0.895	0.769

Strategic Initiative on Assessment of the Impact of Climate Change on Project Results and Sustainability:

20. 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 funding supported the work of a group of adaptation experts worked on an assessment and development of a methodology aimed at making the GEF portfolio more climate resilient. Further work was completed to refine the methodology and approach. A further \$40,000 was allocated for the development of methodologies and indicators on the estimation of GHG emissions from GEF projects in the transport and energy efficiency sectors. These methodologies are now being used by the GEF Secretariat, some agencies, and some countries. All funds under this special initiative were used as of end-2010.

Assessment of Impact of Climate Change	Approved	Actual thru FY11
Assessment of Impact of Climate Change	0.250	0.250
TOTAL	0.250	0.250

Management Information System:

21. The Council approved a special initiative budget in November 2005 for developing a new MIS for the GEF. Two phases of development and improvement of the MIS have been undertaken. The PMIS, accessible on-line, currently includes the data for all GEF projects, programs, and processes except for the SGP. All Secretariat staff can enter and access a large set of data from anywhere in the world. GEF Agencies and Operational Focal Points have read-only access. The Secretariat is working to improve the MIS so that GEF Agencies are able to directly enter project information in a secure website. The Secretariat will draw further funding under this special initiative to fund further MIS improvements that arise from discussions with the Trustee based on the recent independent review of systems.

Project Management Information System	Approved	Actual thru FY11
SAP Back end	0.430	0.162
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	0.239

Results Management Framework:

22. In June 2006 (FY2007 budget), the Council approved a special initiative budget of \$200,000 to develop an RBM Framework. To date this initiative has supported the following: development of a RBM framework for GEF-4; development and refinement of tracking tools for focal areas; development of results frameworks, for GEF-5, and the first steps to integrate results data into the PMIS system. The remaining funding under this initiative will be utilized to continue working on component two of the RBM work plan, Upgrade and integrate portfolio monitoring in the PMIS. Activities include:

- i. Capturing through the PIF, the funding utilized for the focal area outcome indicators, as agreed in the GEF-5 programming document;
- ii. Adding programming tracking tools in the PMIS and enabling tracking tool data collection and analysis through PMIS;
- iii. Programming and updating data currently being collected through PIRs, including status of projects, projects-at-risk, disbursements etc; and
- iv. Programming of overview reports and focal area level reports to provide periodic updates at the portfolio level and ensure more timely service delivery.¹¹

Results Management Framework	Approved	Actual thru FY11
Biodiversity Task Force - consultancies & workshops	0.020	0.016
IW Task Force - consultancies & workshops	0.055	0.064
CC Task Force - consultancies & workshops	0.040	0.000
CC - pilot KMprogram	0.020	0.000
Land Degradation – consultancies	0.040	0.032
Overall supporting consultancies	0.025	0.020
TOTAL	0.200	0.132

¹¹ These reports refer to internal reports generated through the PMIS. No additional data is being requested from Agencies to generate such reports. These will be designed with program managers and the management team for their specific needs.

Results-based Management:

23. 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 RBM 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.

24. To date the initiative has supported activities related to component three of the GEF-5 RBM work plan, Tools to enhance portfolio monitoring. The pilot phase for the portfolio learning missions has been completed. The GEF Secretariat undertook four pilot learning missions targeting four different focal areas:

- a. Biodiversity, Zambia: *Enhancing Outcomes and Impact through Improved Understanding of Protected Area Management Effectiveness*
- b. Climate Change, South Africa: *Renewable Energy Portfolio (UNDP Wind Energy Project and WB Renewable Energy Market Transformation)*
- c. Land Degradation, Burkina Faso: *World Bank Sahel Integrated Lowland Ecosystem Management (SILEM)*
- d. International Waters, Romania and Turkey: *Danube/Black Sea Basin strategic Partnership on Nutrient Reduction*

25. The remaining funding will be utilized to continue work on a socio-economic and gender analysis guidance (to be presented as an information document to the November 2011 Council), to develop a methodology for conducting quality at entry analysis, and to further refine and develop a more robust learning process across the focal areas.

Results Based Management (RBM)	Approved	Actual thru FY11
Missions - travel costs - 15 persons for 10 days	0.158	0.032
Supervision Desk Reviews - consultant	0.026	0.013
Human welfare results methodology - consultant & travel	0.024	0.000
TOTAL	0.208	0.045

Resource Allocation Framework:

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.¹² 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 STAR, including indicators that could be used to allocate resources to the land degradation and POPs focal areas. The STAR is now under implementation.

26. As of mid-April 2011, \$1.494 million of the total budgeted resources have been spent. The Secretariat proposes carrying over the remainder of \$222,000 to support future refinement of the STAR, including for the following activities: (1) data collection and update for GEF benefit index in biodiversity, GEF benefit index in climate change, and GEF benefit index in land degradation; (2) refinement of the GEF performance index; (3) Software programming development for the STAR; and (4) missions for meetings and workshops.

Resource Allocation Framework	<i>Approved</i> FY04-FY07	<i>Actual</i> <i>thru FY11</i>
PBA/RAF special initiatives	1.716	1.494
TOTAL	1.716	1.494

¹² \$656,000 was approved in FY04; a further \$550,000 was approved in FY06; and in FY07, a further \$150,000 was approved.

ANNEX 4: STAP -- FY11 REVIEW OF ACTIVITIES AND ACHIEVEMENTS

1. The fully constituted Panel and the STAP Secretariat continued to support the GEF during FY11 through its four primary responsibilities:
 - a) Screening of all PIFs for full size projects and programs cleared for Council consideration, with follow-up as necessary up to CEO endorsement stage;
 - b) Advising the GEF Secretariat regarding strategic and operational matters, including proposing and reviewing data sets and the construction of indicators to inform the STAR and KM;
 - c) Producing advisory products to systematize STAP's advice provided through the Project Cycle for ongoing use by Agencies and other stakeholders, and to respond to needs of the GEF partnership negotiated through focal area Task Forces; and
 - d) Working in a complementary manner with other relevant scientific and technical bodies that advise conventions, resulting in improved guidance to the GEF.

2. The STAP provided advice on full size projects under the GEF Trust Fund approved by Council, and in some cases provided advice on projects prior to the submission of PIFs to Council. Responses from the GEF Secretariat and Agencies would suggest that STAP's advice is appreciated, of high quality, and can lead to significant improvements in project design and an apparent reduction in risk at project inception.

3. STAP continued to develop its work with Secretariats and subsidiary bodies of the Multilateral Environmental Agreements that are supported by the GEF, as outlined below. This work included consultation on STAP's Work Program priorities, which is reflected in STAP's Work Program.
 - a) STAP continued to provide technical advice to the UNCCD on the refinement of the set of the provisionally accepted impact indicators, which are being developed to measure progress on the strategic objectives 1, 2, and 3 of UNCCD's 10 year strategic plan and framework.;
 - b) Consultation is ongoing with the Secretariat of the Stockholm Convention on POPs concerning STAP's advisory document on the POPs disposal technologies, including decision-support system. This includes exploring synergies with the work of the Basel Convention.
 - c) STAP organized and hosted a side event at CBD CoP-10 in Nagoya, Japan.
 - d) The STAP Chair participated in a side event during the recent UNFCCC 16th Conference of the Parties in Cancun, Mexico, and STAP was also represented at the UNFCCC CoP-15 meeting in Copenhagen, Denmark;
 - (a) UNFCCC Secretariat staff were engaged in a review of STAP's advisory document on a methodology for measuring GHG impact of transport projects;

- (b) Direct engagement with 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;

Carbon Benefit in the context of Multiple Global Environmental Benefits

4. In September 2010 STAP organized a workshop to address carbon benefits and multiple environmental benefits to assess how to enhance the delivery of GEBs and social benefits in the SFM/REDD+ program of the Global Environment Facility (GEF), and to identify a list of advisory products that will assist the GEF partnership in preparing and reviewing land management projects in GEF-5. The results with implications for the STAP work program are noted below. Work is currently ongoing on the first of these, while initiation of the latter is pending verification of results from the Carbon Benefits Project.

- a) Prepare a simplified project screening tool for ex-ante evaluation of multiple global environmental and social benefits of GEF project proposals submitted under the SFM/REDD+ Program;
- b) Develop a carbon accounting methodology for GEF land-based projects based on existing tools and methods, with special regard for the GEF Carbon Benefits Project developments.

Knowledge Management

5. STAP was invited to participate in the preparation of a draft KM strategy in the GEF, and continues to work with the GEF Secretariat on this effort. The principal interest of the STAP in the GEF's KM initiative is ensuring that the best available science and technological advances are integrated into program design and implementation. STAP's primary contribution in the delivery of this strategy would be as follows:

- a) Testing of common approaches or assumptions identified within the GEF program;
- b) Work closely with GEF Secretariat staff in the development and testing of focal area learning objectives; and
- c) Collaboration with the EO on impact evaluations.

Targeted Research

6. The current targeted research policy dates from 1997, and has not been revised since that time. A total of 39 targeted research projects under the GEF Trust Fund were approved since the beginning of the Pilot Phase. STAP undertook an initial review of targeted research in 2005, and more recently prepared a draft revision of the existing policy for comment. A review of past use of Targeted Research in the GEF will be carried out. This will be accompanied by a more

comprehensive review of the most appropriate role for science in the GEF. Additional analysis may also provide guidance on revising the targeted research modality to ensure that it more closely reflects current realities and research needs in the GEF.

Adaptation

7. The STAP has advocated for increased scientific review and analysis of GEF investments in adaptation, particularly given the experimental nature of many of these undertakings. STAP's most recent position on further addressing climate resilience and adaptation measures in the GEF Trust Fund portfolio was presented to Council in November 2010 (GEF/C.39/inf.18).

8. In order to more fully address the scientific and technical challenges undertaken through LDCF/SCCF initiatives, and in consultation with the GEF CEO, it is proposed for discussion during the March 2011 meeting of STAP that the STAP be expanded to include a Panel Member for Adaptation (GEF/LDCF.SCCF.10/5). It is understood that in addition to the operational duties of Panel members this individual would:

- a) Develop impact and vulnerability profiles for global environmental benefits that can be applied across all three trust funds;
- b) Help design and implement approaches to test the Adaptation Learning Objectives;
- c) Assist in further refining and increasing the precision of the Adaptation Monitoring and Assessment Tool.

Other Activities

9. As part of 20th anniversary celebrations, STAP together with the GEF Secretariat hosted an exhibit at the Annual Meeting of the American Association for the Advancement of Science (AAAS) held on February 17-21 2011 in Washington, DC.

10. The STAP Secretariat participated at the GEF ECW held 1-3 March in Belize City, Belize. The STAP Secretariat's participation was responding to Council as well as the constituency's request for STAP to better engage at country level. The STAP Secretariat presented on STAP's work at the policy, project, and programmatic level – emphasizing its responsibility in identifying emerging issues to the GEF Council and ensuring the scientific quality of GEF projects. Responses from country representatives included requests for STAP to provide interactive advice to countries in project design as well as in defining baselines and advising on global environmental benefits.

11. The Panel continued to develop advisory documents on biodiversity conservation interventions commonly supported with GEF funds, including Sustainable Low Carbon Transport, Hypoxia in Large Marine Ecosystems, and Biofuels. 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. An advisory document on experimental design in GEF projects is currently in the final stages of preparation.

ANNEX 5: TRUSTEE -- FY11 REVIEW OF ACTIVITIES AND ACHIEVEMENTS

1. The World Bank as Trustee provides a range of standard services, broadly defined in the Instrument, in the following categories: financial and risk management; investment and cash flow management; management of GEF partner relationships and transactions; accounting and reporting; legal services; commitment and disbursement of trust fund resources; systems infrastructure and maintenance; and resource mobilization.

2. In addition to these services, additional activities supported by the Trustee in FY11 included:

- (a) Implementation of the GEF-5 Replenishment;
- (b) Implementation of National Portfolio Formulation Exercise;
- (c) Work with the Secretariat on policy initiatives, including expansion and accreditation of GEF Agencies;
- (d) Negotiation of revisions to the Financial Procedures Agreements with the GEF Agencies to reflect new procedures and processes and to ensure synchronization with the new project cycle; and
- (e) Launch of the independent review of the GEF systems.

FY11 Projected vs. Estimated Actual

3. Based on actual expenditures for the first eight months of FY11 and revised projections for the remaining four months, it is expected that the Trustee's original budget projection for FY11 will be \$128,025 higher than the FY11 approved amount. The primary source of the increase is \$100,000 in consultant costs relating to the independent review of GEF systems mandated by Council.

Special Initiative on Independent Review of GEF Systems

4. The objective of this initiative was to assess the overall performance of the financial and program system supporting the GEF and comparing its performance with best practices used in similar operations. The independent review was undertaken by Deloitte. A preliminary report has been produced and is currently being finalized in consultation with the GEF Secretariat and the Trustee. The overall estimated cost is \$250,000 of which \$150,000 was approved in FY10. The estimated additional cost for completion of review is \$100,000 in FY11.

Expense Category	Approved FY10	Estimated Actual FY10 & 11
Independent Review of Systems	150,000	
FY10		150,000
FY11		100,000 ¹³
TOTAL	150,000	250,000

¹³ These are additional resources the Trustee is requesting to complete this special initiative.