

GEF SECRETARIAT MIDYEAR BUDGET REVIEW - FY96

OVERVIEW

1. This paper provides a midyear review of the Secretariat's expenditures for fiscal year 1996 pursuant to the May 1995 Council decision that the Secretariat provide semi-annual reports to the Council on its expenditures. ([see endnote 1](#))
2. The FY96 budget of the Secretariat was estimated on the basis of a work program of outputs identified in the GEF Business Plan FY96-97 (GEF/C.4/4) and reviewed by the Council at its May 1995 meeting. As of mid-year, delivery of these outputs was on target and it is anticipated that end-of-year outputs will be more than originally projected due to delivery of some special Council requests in addition to the projected work program. Table 1 updates the original outputs Table 5 of the FY96-7 Business Plan and lists major outputs delivered by the Secretariat as of mid-year FY96 and anticipated by end-year. (A copy of this table is available on request from the GEF Secretariat).
3. The Council-approved FY96 budget for the Secretariat to undertake this work program was \$5.911 million. As of December 1995, about \$2.594 million or 44% of the approved budget had been spent. The Secretariat's current estimate is that total expenditures for the year will come within the approved budget, even with support to additional key activities not originally budgeted that were possible to support with savings from delayed recruitment of new staff/consultants and unanticipated delays with recruitment of the external relations officer. These positions will all be filled by the end of the fiscal year.
4. This paper reviews major expenditures incurred to date and anticipated for the remainder of the year to support prebudgeted items and key activities not originally budgeted. Organized by the traditional budget categories, Table 2 (attached) presents a breakdown of the Secretariat's budget commitments and expenses as of midyear and projected year-end.

REVIEW OF MAJOR EXPENDITURES

5. As can be seen from Table 2, the two budget categories comprising the largest portions of the Secretariat's FY96 budget are "staff salaries and benefits" and "consultants". The table contains an extra column (column two) that normally would not be required but is useful this year to track the special situation of the staffing plan and the shift of funds within the approved FY96 budget from the staff category to the consultants category as the result of the CEO's amendment to the plan following discussion at the July 1995 Council meeting.

6. The shift of funds from staff to consultants responded to the common concern about keeping the core unit lean and using short- and long-term consultants to meet special work program needs where feasible. Consultants are now being used to cover increased demand and critical skills gaps. The remainder of this paper discusses major programmed expenditures and extraordinary special requests being supported by the Secretariat's FY96 budget following the traditional budget categories in Table 2.

Staff Salaries and Benefits

7. During the course of the year, recruitment of the remaining staff positions identified in the Secretariat's Staffing Plan FY96, as amended by the CEO, has progressed satisfactorily and all positions will be filled by the end of the fiscal year. This results in a total staff complement of 17 which includes one upgraded post from support level and reflects a reduction of two staff posts from the original 19 proposed in the FY96 staffing plan. This amendment resulted in a shift of dollars from the "staff" category to the "consultants" category for the cost equivalent of two mid-level staff posts (salaries and benefits) of about \$300,000. Column two of Table 2 shows this shift of funds.

8. The major staff-related activity supported this year which was not budgeted originally is the start-up of the monitoring and evaluation program. Subject to Council review of the proposed M & E work program and budget for FY97, it is projected that activities will begin full-time in May. The Secretariat expects to absorb these two months of operation during the remainder of FY96. (The proposed M & E work program and budget for FY97 is being presented separately to the Council for review at the April meeting.) In addition to covering the M & E program costs for the remainder of FY96, the Secretariat has been absorbing some of the recruitment costs, and expenses associated with preparation of the work program document for the April Council meeting (including travel, expenses and fees of the incumbent and a short-term consultant to undertake the work), and will cover travel and subsistence for the incumbent to participate in the April meeting. These activities will amount to approximately \$110,000 in expenditures that were not originally budgeted.

Consultants

9. In the "consultant's category", the second key activity requested by the Council in October and not prebudgeted was the financial consultant to review GEF's budget system. In accordance with the Council's October decision, the Secretariat engaged Price Waterhouse to review existing budget and cost accounting systems of the Implementing Agencies, provide recommendations for ways to enhance transparency, comparability, and accountability, and travel to and participate in consultations with Council on the report. In accordance with terms of reference approved by the Council, Price Waterhouse delivered a draft report in late December 1995 which was circulated to Council members in early January 1996. Three informal consultations were convened by the CEO in Paris, New York, and Washington, DC in January to solicit guidance on the recommendations for FY97 budget preparation and beyond. Contract expenditures to date for this activity amount to about \$45,000, and it is anticipated that up to an additional \$5000 may be needed to assist with follow-up from the Council decision in April, for a total activity cost of about \$50,000 which also was not originally in the budget.

10. The following highlights aspects of the Secretariat's normal budgeted work program where consultants are being used to assist in delivering key outputs:

(a) Operational Policy Guidance and Portfolio Oversight

11. This year saw development of the two most substantive outputs from the GEF to date aimed at guiding future operations: the Operational Strategy and the first Project Implementation Review (PIR). These priorities have been the most resource-demanding in substantive terms of any of the work program outputs for the year, involving virtually all GEF technical staff and numerous regular IA operations staff throughout the process. The production, coordination and guidance role of the Secretariat was substantial and consultant resources were required to supplement staff work in order to meet deadlines and produce a high-quality, fully collaborative product.

12. For the remainder of the year, some additional short-term consultant resources are being programmed to support development of the Operational Programs under the approved Operational Strategy, which is now the high priority for operational guidance.

(b) GEF Information Technology

13. A management priority for the Secretariat for FY96 has been the development of a compatible, internally-connected electronic data base for GEF projects. Work began in earnest during the year toward this end and six months of a senior technology specialist was contracted to guide the process within the Secretariat and with the Implementing Agencies. The work encompasses components for internal monitoring, reporting, and tracking of the expanding project portfolio as well as the capacity to select and package information from the data base for external communications. The December issue of the GEF's "flagship" external publication, The Quarterly Operational Report (QOR), was the first formal output from this emerging capacity. Software and design work on the data base continues in the Secretariat with the Implementing Agencies as demands evolve from technical and communications staff, and periodic specialist assistance will continue to be needed during the second half of FY96 to support this initiative and expand Internet and World Wide Web linkages. This work also will help support the monitoring effort of the

M & E program.

(c) Leveraging Initiatives with the Private Sector and Other Outside Groups

14. As indicated in the FY96-7 Business Plan, the Secretariat began an initiative during FY96 in collaboration with the Implementing Agencies to identify possible cofinancing and other opportunities for leveraging GEF funds by catalyzing private sector funding, bilateral cofinancing, and alternative funding mechanisms. In October 1995, it produced a draft information document with consultant assistance on private sector opportunities for Council comment and presented a workshop for Council participants during the October Council meeting to facilitate information exchange and informal discussion on the topic and the paper. Further

work has been undertaken, with the help of consultants, and a revised draft will be before the Council for formal discussion at the April meeting.

(d) Long-term Consultants to Support Secretariat's Ongoing Program

15. Some of the outputs needing consultant resources have involved special initiatives with a defined life. Others, mainly related to work program operations which are growing steadily, have needed support from long-term consultants. The support is being used mainly on GEF operations; with social policy, public involvement, and other policy work; and internal communications and information dissemination.

Highlights of other Budget Categories

(a) Travel

16. The Secretariat's main travel activities continue as in FY95 -- attendance at key meetings mainly associated with the conventions (COPs, technical meetings, inter-agency meetings, etc.). In FY96, the Secretariat has made a special effort to coordinate closely with IA staff to ensure cost-effective travel, and support their representational travel to critical meetings as needed.

(b) Meetings/Seminars

17. The expenditures to date in this budget category are in line with the original budgeted projections. As of midyear, consistent with its mandate, the Secretariat has arranged and funded all costs associated with the 2 Council meetings (July 1995 and October 1995) and has budgeted for costs associated with the April 1996 meeting. As is customary, these costs include staff time in coordinating the logistics, documentation preparation and dissemination, and all other meeting-related costs including travel and subsistence of Council Members from developing countries, conference facilities, simultaneous interpretation, meals, receptions, refreshments, and audio-visual support. The Secretariat continues to fund travel and subsistence for 4 NGO representatives to attend each meeting. It also funds communications costs associated with the monthly GEF operation meetings.

18. As agreed by the Council in May 1995, the Secretariat also contributed \$50,000 from its administrative budget to the GEF Voluntary Fund account to fund the NGO consultation held prior to the October 1995 meeting. This amount was not originally programmed in the budget submission but represents an additional item able to be absorbed from savings.

(c) Contractual Services and Translation

19. Expenditures within these 2 budget categories continue, as in the past, to be largely for production of major GEF external relations publications and production of major Council documents. The Secretariat continues to fund and coordinate the production and dissemination of core GEF external relations documents. So far this fiscal year, the Secretariat has coordinated production of the first GEF Annual Report (December 1995); Quarterly Operational Reports (2), Our Planet inserts (2); Quarterly Bulletins, and Qs and As. The Secretariat plans on producing

one more QOR (April) before the end of the fiscal year. The costs associated with production of the QOR have been dramatically reduced from prior years as production has been moved in-house and the project data are now accessed directly from the Agency-specific GEF project databases. At the same time, some of those savings will be offset by inflation and higher than normal production costs associated with the Operational Strategy Document, the GEF Annual Project Implementation Review and the Project Cycle document, all of which were finalized and prepared for publication this year.

20. Translation costs will also be higher than prior years due to the substantial task of translating the Operational Strategy, first Annual Project Implementation Review, and GEF Project Cycle document into French and Spanish.

(d) General Operating Costs

21. Costs falling under this budget category are in line with projections and remain relatively fixed. They cover the Bank's standard charge for office space and for institutional benefits and overhead. Office occupancy costs are calculated on a square footage basis; the Secretariat's office space remains stable with FY95 and is not expected to change unless the Bank facilities complex requires a move, not anticipated for FY97. Institutional overhead charges are based on a pre-established percentage of net salaries and cover centrally-managed services such as security, cleaning, communications, utilities, the print shop and property insurance.

(e) Communications/Management Information System

22. End-of-year costs are expected to remain within the budgeted amount in these categories. Expenditures include costs incurred on a chargeback basis from the World Bank for telephone service, electronic mail accounts and usage, monthly charges for use of the Bank's enterprise network and budget accounting systems, courier costs, and postal services.

(f) Equipment

23. The Secretariat anticipates that expenditures will remain within the budgeted amount. Funds are being used primarily for upgrading outdated desktops to accommodate institutional software needs and to ensure that all staff have equipment capacity to access the new GEF projects data base. Some equipment upgrading has been necessary and will continue to be required to keep compatible with the Bank's institution-wide network of which the GEF Secretariat is a part. Some funds have been spent to provide the Secretariat with better teleconferencing equipment, transcription equipment (for GEF operations) and office document processing equipment.

(g) Other

24. This category covers normal costs for temporary secretaries, overtime, and supplies. Costs at end-year may slightly exceed the original estimated amount due to the larger than anticipated volume of material to produce and prepare for distribution. Some additional support staff overtime has also been required to transcribe GEF operations tapes, and handle exceptionally heavy Council-related mailings.

Endnotes:

(1) Council decision on Agenda Item 6, para. 7(e), Appendix to Chairs' Joint Summary, May 1995, p.6.