

**GEF/C.8/Inf.7**  
**August 30, 1996**

**GEF Council**  
**October 8 - 10, 1996**

## **REPORT ON GEF FY96 ESTIMATED END-YEAR EXPENDITURES**

### **OVERVIEW**

1. This document presents the end-year report of estimated expenditures for the six GEF entities for fiscal year (FY) 1996 with additional information on the Secretariat's expenditures for the year. The revised Council-approved corporate budget was \$31.073 million. Estimated expenditures for FY96 amount to \$28.5 million, a savings of \$2.6 million or 8.4% . The status of each Agency's work program and associated expenditures for FY96 is summarized below.

2. In May 1995, the Council approved a FY96 corporate budget for GEF of \$30.631 million. Subsequently in July, the Council approved 2 amendments -- a) an allocation for IFC for \$.512 million and b) a revised administrative budget for STAP of \$1.032 million. These amendments put the Council-approved revised budget at \$31.073 million. In November, the CEO authorized a small midyear adjustment of \$722,000 or 2% of the approved revised budget for the following special agency requests: for UNDP one staff year (covering the remainder of FY96 totaling \$122,000), for the World Bank for 2.5 staff years (for the remainder of the year totaling \$400,000), and for the World Bank for costs of projects delayed from FY95 (totaling \$200,000) which had been returned by the Bank the prior year.

3. Table 1 (attached) shows a breakdown of estimated year-end expenditures by each entity. The Corporate end-year underrun of \$2.6 million is significantly larger than projections at mid-year, mostly due to delays in project outputs and staff recruitment.

4. Table 2 (attached) shows a detailed breakdown of estimated year-end expenditures for the Secretariat using the standard budget reporting categories.

### **END YEAR REPORT ON WORK PROGRAMS AND BUDGET**

#### **UNDP**

5. **Work Program. Operational Outputs.** UNDP had a total of 29 projects worth \$69 million approved by Council as of the end of FY96. This represents an under-delivery of about \$11 million from the estimated work program of \$80 million for FY96. However, there were 23 PDFs approved by the CEO and UNDP-GEF, for a total of \$4 million, which will generate significant project outputs in the future.

#### **OPERATIONAL OUTPUTS BY PROJECT PHASE**

##### **Projects entered into Work Program.**

6. UNDP submitted 29 projects for Council approval in FY96, a shortfall of 31 compared with an original plan of 60. The approval of the Operational Strategy only in October 1995, as well as changes in project processing for enabling activities during 1996, and continued learning on incremental cost principles contributed to fewer projects than anticipated reaching Council approval. Nevertheless, a significant amount of staff time was spent on the development of each project, including those which were not recommended for approval by GEFOP. In addition, 42 PDF-B proposals were prepared, requiring a substantial amount of staff time, and of these 20 were approved by the CEO during FY96.

### **Projects in other phases.**

7. During FY96, 25 of the 40 GEF projects in the preparation phase were approved for implementation by UNDP. Similarly, 20 of the 21 pilot phase projects in preparation were approved for implementation. In all, 45 projects and 9 PDF B grants were approved for implementation as of the end of FY96. In supervision/implementation, UNDP had 76 pilot phase and 21 GEF projects under implementation as of the end of FY96. In addition, 29 PDF-A and B activities were under implementation. Finally, 8 pilot phase projects were operationally completed as of the end of FY96, and final evaluations were processed for 4 of those projects, including the pilot phase Small Grants Program.

8. **Common Service Outputs.** For FY96, internal documents prepared by UNDP-GEF included 12 monthly internal newsletters, 9 documents for COPs and other representational meetings, 45 project information sheets on UNDP-GEF projects, and information packages for country offices. Externally distributed documents included 7 edited project documents and ongoing mailings/information responses. As per the approved work program, ten country training workshops were conducted in the following countries: Fiji (South Pacific regional), India, Pakistan, Zambia, Ethiopia, Cote d'Ivoire (West Africa regional), Istanbul, Argentina, Brazil and Venezuela. In addition, 7 NGO consultations were conducted, mostly as internal UNDP events, on the Small Grants Programme and related issues. Staff training conducted was mainly on the use of UNDP-GEF's new Project Information Management System for all UNDP-GEF staff.

9. **Budget.** UNDP's end-year expenditures are estimated to result in an underrun of

\$400,000 as compared to the original approved budget of \$5.98 million. Compared with the *revised* budget of \$6.102 million (which included CEO authorized staffing adjustments), there is an underrun of about \$520,000. This represents a saving of \$90,000 from staff costs and general operating expenses due to the unfilled International Waters position, and a saving of \$430,000 from reimbursement to UNDP central services due to a lower than anticipated project disbursement for FY96.

### UNEP

10. **Work Program. Operational Outputs.** UNEP's original FY96 projection in the May 1995 Business Plan was to deliver some 16 projects totaling approximately \$32 million. By the end of FY96, UNEP had delivered 10 biodiversity enabling activities for the work program for a sum of \$2.2 million and also had prepared one project (\$2.9m) which was submitted to Council for the

July 1996 work program. In addition, a number of projects were under preparation with PDF resources. UNEP also collaborated with UNDP and the World Bank on several projects.

11. The slow delivery of UNEP projects is partly due to the need to review and fine-tune proposals in the pipeline to ensure consistency with the newly approved Operational Strategy and the emerging Operational Programs. Experience has also shown that more effort, time and resources are now required for project preparation than in the Pilot Phase and adjustments have been needed in planning assumptions. Moreover, recruitment of a full complement of staff has taken longer than anticipated, resulting in delayed processing of a number of projects submitted to UNEP. Therefore, projects slated for FY96 have been moved to FY97, with project development and preparation expenditures being incurred in the second half of FY96. Due to the slippage in projects, the estimated underrun for FY96 project-related expenditures is \$400,000.

12. At the same time, UNEP invested more resources than originally planned in collaboration with other Implementing Agencies' projects, particularly in international waters. UNEP has also been heavily engaged in contributing to operations policy outputs, as well as developing internal data management systems. As a result of experience gained during FY96, UNEP also revised estimates of the ratio of project to non-project related expenditures from the original 60/40 percent to 50/50. This revised distribution of the administrative budget more closely reflects UNEP's role in the GEF as reinforced by Council comments on UNEP's Business Plan.

**13. Common Service Outputs.** For FY96, UNEP-GEF prepared 2 internal progress reports on UNEP-GEF projects, 1 final project document for external distribution, 1 UNEP-GEF information pamphlet, 1 UNEP-GEF draft operations manual, 1 consultation with NGO representatives, 1 consultation with representatives of indigenous communities and participation in 5 project development workshops coordinated by UNDP. Staff training included briefings for GEF focal points in UNEP regional offices.

**14. Budget.** UNEP's FY96 approved budget was \$1.67 million. As of the end of FY96, projected expenditures are expected to be below the original budget by an estimated \$400,000. There were savings in staff salaries and travel due to the recruitment of staff later in the fiscal year than originally projected. At the same time, a portion of the staff savings was offset by the new charge-back system for general operating costs being applied to all UNEP units by the United Nations Office in Nairobi, effective January 1996, which added approximately \$60,000 to FY96 expenditures. Those charges covered GEF office's rent, utilities, maintenance contracts, and communications.

#### WORLD BANK/IFC

**15. Work Program. Operational Outputs.** The World Bank delivered 14 projects for \$250 million for GEF Council approval in FY96, exceeding the original plan of \$200 million but short by six in number of projects. The high dollar volume delivery was due to five projects (3 climate change, 1 international waters, and 1 ODS) with \$30+ million funding which resulted in an average project size of approximately \$18 million instead of the originally estimated \$10 million per project. Further, of the planned Bank approval of 18 projects, 15 projects for \$126 million were approved by the Bank's Board and IFC by the end of FY96. As explained at mid-year, the

project slippages were due to continuing delays and difficulties in establishing country capacity to manage GEF projects and in meeting the required institutional reforms to proceed with project processing. For the future pipeline, the Bank processed 30 PDF Block A,B & C activities for \$5.4 million in FY96 bringing the cumulative total of authorized PDFs to 37 for \$7.8 million.

16. With Bank approval of 15 additional projects in FY96, the total projects in the GEF supervision portfolio is 59 projects for \$506 million, of which approximately 82% of the projects have begun disbursing. Cumulative disbursements through June 30, 1996 for investment projects and PDFs total \$161 million. One project, the Poland Forest Biodiversity project was closed and completed in FY96. A Project Completion Report for this project will be prepared in FY97.

**17. Common Service Outputs.** During FY96, the Bank helped conduct 14

in-country/regional workshops, ten of which were with the other Implementing Agencies. Following the finalization of the GEF Operational Strategy, the Bank held a number of internal workshops for Bank staff on the GEF operational guidelines and strategies, and on specific GEF thematic topics.

**18. Budget.** Through the end of FY96, total GEF estimated expenditures for the World Bank as Implementing Agency was \$14.65 million as compared to an original budget of \$15.66, which results in an underrun of \$1.01 million. When compared to the *revised* budget at mid-year of \$16.27 million, the corresponding underrun is \$1.62 million (or 10%). This is due to the fact that, in FY96, the Bank made a commitment to the GEF to link GEF resource use to delivery of planned outputs. Approximately \$1.4 million of this underrun relates to project expenses and \$0.2 million relates to the Coordination Unit.

STAP

**19. Work Program.** STAP's outputs for FY96 remained on schedule as presented in the FY96 Business Plan. Main outputs during the year included finalizing the Roster of Experts and Operational Guidelines on the management of the Roster, regularly participating in GEFOP meetings, convening meetings of the STAP panel, organizing a small number of ad hoc working groups, preparing or contributing to Council documents including the draft Operational Strategy, STAP business plan and budget for FY96, and other policy reports; undertaking scientific/technical analyses on selected strategic issues as requested by the Council such as renewable energy and the role of the GEF.

**20. Budget.** STAP's FY96 revised budget was \$1.032 million. Projected expenditures are expected to show an end-year underrun of \$250,000. Savings are expected in staff salaries and consultants due to delayed recruitment and under-filling of the one-year Roster position. However, some of these savings will be offset by the establishment of a new system to recover general operating costs from all UNEP units by the United Nations Office in Nairobi which became effective in January 1996. These charges are for office rent, utilities, maintenance contracts and communications were absorbed by UNEP and will be reflected in future STAP budgets. Some minor adjustments are also expected in the meetings and communications budget lines to take into account changing operational needs.

## TRUSTEE

21. **Work Program.** The Trustee's outputs and work program for FY96 were delivered as described in the FY96 Business Plan.

22. **Budget.** The Trustee's approved FY96 budget was \$812,985. As of end-year, the Trustee expects an underrun of approximately \$116,000 due mostly to savings in travel (\$60,000) and lower staff requirements (about \$40,000) than originally anticipated. These savings are the result of the fact that, although the Trustee had to budget for the possibility of GEF replenishment negotiations getting underway during FY96, these activities will be part of the FY97 work program.

## SECRETARIAT

23. **Work Program.** The Secretariat's work program and outputs were delivered as described in the FY96 Business Plan, supplemented by some special Council requests and the provision of initial support for the Monitoring and Evaluation (M & E) Program and its Coordinator during the second half of FY96.

24. **Common Service and Administrative Outputs.** In addition to preparing and disseminating Council documents and handling logistics for 3 Council meetings and 2 NGO Consultations, the Secretariat's outputs for the year included: coordinating institutional relations with the Trustee and Conventions, including GEF attendance at COPs and related meetings; coordinating GEFOP meetings, Interagency task forces and related activities of the joint work program; production of Quarterly Operational Reports, Quarterly Bulletins, the GEF Information Kit and other external communications materials; and outputs related to business planning and budgeting. Among special Council requests for the year, the Secretariat managed a series of activities, in collaboration with the Interagency Budget Committee, aimed at improving the GEF administrative budget reporting system. This included managing the work of a financial consultant, organizing special consultations and documentation to Council on options for improving the system, and following up on recommendations with the agencies and the Council.

25. **Budget.** The Secretariat's expenditures at year-end are estimated at \$5.46 million compared with an original budget of \$5.91 million, resulting in a savings of some \$450,000. Delays in recruitment of staff (salaries and overheads) account for a large part of the underrun with some of those savings offset by the need to hire consultants and other contractual services to carry on the work that would otherwise have been handled by those posts. In addition, translation costs were notably higher than expected due to the one-time cost of translating the lengthy Operational Strategy and the GEF Project Cycle documents into French and Spanish.

26. As a result of anticipated savings in staff costs, the Secretariat was able to absorb the cost of the Senior Monitoring and Evaluation Coordinator for the 4th quarter of the fiscal year, as well as some of the recruitment costs, and expenses associated with preparation of the M & E work program document for the April meeting (roughly \$65,000). In addition, contract expenditures for the services of the financial consultant and related expenses for the budget study (roughly \$52,000) were covered without a supplemental request. Similarly, the Secretariat's budget

absorbed a \$50,000 contribution to the Voluntary Fund pursuant to a July 1995 Council decision that an annual contribution to that Fund (initially for \$50,000) should be drawn from the Secretariat's administrative budget. These amounts were not originally programmed, but were highlighted to the Council at mid-year as additional anticipated expenses due to special Council requests, which were expected to be absorbed from savings elsewhere. Other savings during FY96 were realized in publication and production costs, including the Quarterly Operational Report, which was moved in-house and converted to an electronic database. Table 2 provides a breakdown of the Secretariat's end-year estimated expenditures organized by the traditional budget categories.

[Copies of Table 1 and Table 2 are available on request from the [GEF Secretariat](#)].