

GEF COUNCIL
NOVEMBER 4 - 6, 1997

REPORT ON GEF FY97 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) 1997 with additional information on the Secretariat's expenditures for the year. The revised Council-approved budget was \$34.88 million. Estimated expenditures for FY97 amount to \$32.92 million, a savings of \$1.95 million¹ or 6%. The status of each Agency's work program and associated expenditures for FY97 is summarized below.
2. In April 1996, the Council approved a FY97 corporate budget for GEF of \$33.048 million. Subsequent amendments to the budget included: (a) an adjustment for the World Bank of \$800,000 during the first quarter due to a projected increase in high-quality projects entering the work program; (b) Council approval of \$718,000 for the Monitoring and Evaluation Program²; c) a mid-year adjustment for UNDP of \$314,000 for anticipated overdelivery of operational outputs. These adjustments resulted in a total revised FY97 corporate budget of \$34.88 million.
3. Table 1 shows a breakdown of estimated year-end expenditures by entity. The corporate end-year underrun of \$1.95 million is significantly larger than projections at mid-year, due to the World Bank's shortfall in delivery of planned operational outputs (\$1.6m) as well as an underrun in the Monitoring and Evaluation (M&E) work program (\$.356m).
4. Table 2 provides a detailed breakdown of estimated year-end expenditures for the Secretariat and the M&E unit using the standard budget reporting categories.

END YEAR REPORT ON WORK PROGRAMS AND BUDGET

UNDP

Projects entered into Work Program

¹ Actual end-year figures will be available in December 1997 following the formal year-end closing and posting of actual expenses against accrued commitments.

² Approved at the October 1996 Council meeting.

5. During FY97, UNDP delivered a \$126.5 million work program, exceeding the FY97 business plan projection of \$80-100 million. This increase in operational output was due mainly to three factors: a) new personnel and management procedures; b) efforts to mainstream the GEF throughout UNDP; and c) a major and ongoing effort to increase the level of support available to project developers in the field. During the course of FY97, UNDP received Council approval for 21 projects totaling \$112 million and received Secretariat approval for 62 enabling activities totaling \$14.5 million. In addition, 20 PDFs totaling \$4.6 million were approved.

Projects in other phases

6. During the course of the fiscal year, 48 projects and 22 PDF-B grants that had been cleared by the Council or CEO in current or previous fiscal years were processed for final approval. The overall UNDP-GEF portfolio consisted of 136 regular operations, 47 PDFs, and a Small Grants Program portfolio of 750 projects. Ten projects from the Pilot Phase were completed and are now in the final evaluation phase.

7. UNDP/GEF's FY97 disbursements (regular operations and PDFs) were \$58 million, while cumulative disbursements from inception to end of FY97 were \$218 million, which represents 62 percent of the total UNDP/GEF project commitment of \$350.8 million.

8. **Common Service Outputs.** In FY97, UNDP conducted nine GEF project development workshops in the following countries: South Africa, Kenya, Cameroon, Mali, Morocco, Syria, Brazil, Venezuela, and Mexico. High-level UNDP-GEF staff participated as GEF representatives at several conferences including COP meetings, the Rio + 5 meeting, and the Special Session of the U.N. General Assembly. During the year, UNDP staff developed informational and media resources for distribution at those venues and to other relevant parties.

9. **Budget.** UNDP's approved budget of \$6.285 million has been fully utilized in addition to the supplemental budget of \$314,000 approved by the CEO to cover costs associated with the delivery of an additional 9 high-quality long-term operations and for accelerated work on the FY98 pipeline.

UNEP

10. **Work Program.** UNEP's original FY97 projection was to deliver some 20-25 projects totaling \$32 million. As a result of guidance from Council and emerging priorities of the conventions, UNEP placed greater emphasis in FY97 on providing assistance to eligible countries for enabling activities in biodiversity and climate change. By the end of FY97, UNEP had delivered 28 projects totaling \$14.3 million, consisting of 2 long-term operations (\$9.1 m) and 26 enabling activities (\$5.2 m). The cumulative UNEP-GEF portfolio now totals 37 projects (\$31.3 m).

11. **Common Service Outputs.** During FY97, significant resources were invested in GEF inter-agency task forces on international waters (improving inter-agency coordination and strengthening portfolio development), biodiversity and climate change. Other operations-related activities included substantive contributions to the development of the medium-sized projects operational guidelines and information kit and various monitoring and evaluation activities undertaken by the Secretariat. UNEP assisted STAP in drafting the targeted research policy paper approved by Council in May 1997. In addition, UNEP provided resources from its GEF budget for the STAP Land Degradation Workshop and its follow-up. During the course of FY97, UNEP collaborated with UNDP in the preparation and implementation of several projects, particularly in international waters and ozone. UNEP also participated in the implementation of the project development workshops.

12. **Budget.** UNEP's FY97 approved budget was \$2.1 million and the full amount was utilized.

WORLD BANK/IFC

13. **Work Program.** The World Bank's work program was revised during the first quarter of FY97 from the original estimate of 20 projects for \$200 million to 25 projects for \$250 million because additional high-quality projects were identified for entry into the work program. By the end of FY97, the World Bank had delivered 21 projects for \$250 million which was achieved through larger size projects than originally planned (\$12 million average project size). GEF Council approval of two of the undelivered four projects was delayed due to (a) the need to strengthen government buy-in and ownership of one project; and (b) the extension of the feasibility study because of project complexity. These two projects, however, received Council approval in the July 1997 intersessional work program. By the end of FY97, the Bank had received approval for ten enabling activities for biodiversity totaling \$1.2 million.

14. During FY97, the World Bank received Board approval for 14 projects totaling \$177 million (or 70% of the planned 20 projects); with IFC's approval of 2 projects, total delivery was 16 projects for \$199 million (80% of the plan). The underdelivery was due to the following reasons: (a) political turmoil in the recipient country; (b) a need to redesign another project; and c) in the case of IFC, unforeseen institutional and technical complexity in establishing the energy fund and identification of financial intermediary for the biodiversity fund. One project completion report was prepared by end FY97.

15. The Bank's GEF disbursements (investments and PDFs) in FY97 were \$80 million, which is the lower end of the projected range of \$80-110 million. Cumulative disbursements since inception were \$242 million, of which \$225 million was for investment projects only, or 32% of the total Bank-approved GEF amount of approximately \$705 million. This year's disbursement level of \$80 million is approximately 10% less than the FY96 disbursements of \$89 million. The lower annual disbursement level in FY97 was traced to the transitory effects on the disbursements of a

small group of Bank GEF projects under implementation. This group consists of projects which disburse in large, lump sum amounts because of large-scale civil works or large-scale procurement of goods. The larger group of projects, however, has shown steady disbursements consistent with a growing and maturing portfolio. A more detailed report on Bank GEF disbursements will be included in the annual GEF Project Implementation Report.

16. **Common Service Outputs.** In FY97 the Bank increased its level of collaboration with the other GEF implementing agencies. Together with UNDP/UNEP, the World Bank conducted project development workshops in East Africa (Kenya), south Africa, Central Africa (Cameroon), West Africa (Mali), Philippines, Brazil and North African Arab States (Morocco). The Bank also assisted in the development of the modalities for the medium-sized projects and participated in various thematic group discussions. On the work program, the Bank and UNDP have successfully prepared a joint project in Madagascar which was approved by each Agency's Board/management, and another joint project, Honduras Biodiversity, was approved by the GEF Council in FY97.

17. **Budget.** Due to the underdelivery of outputs as outlined above, the World Bank estimates an underrun in its FY97 budget of \$1.6 million. Of this amount, \$1.5m is attributed to underdelivery of outputs and \$0.1m due to savings from a post in the coordinating unit that was unfilled for part of the fiscal year.

STAP

18. **Work Program.** At the end of FY97, STAP had delivered all projected outputs. These outputs included conducting four panel meetings, three brainstorming sessions (international waters, biodiversity and incremental cost related to land degradation) and three workshops (land degradation, coal, transport). In terms of outputs related to strategic advice on scientific and technical issues pursuant to Council requests, STAP issued seven papers, including Principles for GEF Financing of Targeted Research (approved by Council in May 1997). STAP has published the Roster of Experts and has continued development of a database for its management. STAP continues to participate in the GEFOP process, providing scientific and technical comments to the GEF Secretariat and Implementing Agencies, including monitoring and evaluation activities. In addition, STAP is working closely with the Secretariat on preparation of the transport operational program. In response to Council decisions in April and October 1996, STAP has undertaken selective reviews (including site visits) of three ongoing GEF projects (Rajasthan Solar Thermal, Lake Victoria, and Alternatives to Slash and Burn) and produced reports of its reviews, which were made available to Council at its meeting in May 1997.

19. **Budget.** STAP has fully utilized its approved FY97 budget.

TRUSTEE

20. **Work Program.** The Trustee's outputs and work program for FY97 were delivered as described in the FY97 Business Plan. As planned, during the second half of the fiscal year, the Trustee, following upon the request of Council, initiated the process for the replenishment of the GEF, in cooperation with the Secretariat. The work program in this respect involved the preparation of several documents for the replenishment meetings, follow-up and consultations with donors, as well as support in the planning and organizing of donor replenishment meetings. The replenishment negotiations are continuing and are expected to be completed by the end of 1997 or early 1998. In addition, the Trustee continued to carry out as planned the ongoing Trustee responsibilities, as described in the FY97 business plan.

21. **Budget.** The Trustee has fully utilized its allocated budget of \$.831 million for FY97.

SECRETARIAT

22. **Work Program.** The Secretariat's outputs for FY97 are in line with those presented in the FY97-99 Business Plan. Activities included convening 2 Council meetings and 2 NGO Consultations as well as production of 3 joint work programs (including intersessional mailing) and all other Council-related documentation. The Secretariat also approved 95 enabling activities (10 for climate change and 85 for biodiversity) and 38 PDFs. In addition, two new operational programs (transport energy and carbon sequestration) were under development in FY97. The Secretariat continued to prepare and disseminate the Quarterly Operational Report and Annual Report, and also published a new GEF information kit on medium-size projects, a brochure on how to access GEF funds, and an enabling activities newsletter.

23. During FY97, the Secretariat focused on strengthening GEF representation at biodiversity and climate change convention-related events and on improving communication tools for public outreach. The Secretariat strengthened its presence in the Conference of the Parties to the Convention on Biological Diversity in November in Buenos Aires, and, with support from the Governments of Argentina and Switzerland, conducted a workshop and organized site visits. Workshops were also organized in conjunction with the meetings of the Climate Change Convention's Subsidiary Bodies in Bonn in February 1997 and at the IUCN/WCC meeting in Montreal in October 1996. Other efforts to improve public outreach included coordination of a GEF exhibit during the U.N. General Assembly Special Session held in New York. During FY97 the Secretariat, in collaboration with the Implementing Agencies and with co-funding from the World Bank, produced a video entitled *Keeping the Promise: The GEF in Action*, in an effort to further promote the GEF while highlighting specific ongoing project activities.

24. The Secretariat's work program for FY97 also included activities associated with the replenishment negotiations including the preparatory meeting in Paris in March and the

first meeting in May 1997. In addition, the Secretariat has moved forward with enhancements to its corporate database in an effort to improve reporting on project status and allow for more effective portfolio monitoring and evaluation.

25. During FY97, the Secretariat coordinated the 1996 Project Implementation Review (PIR) and produced a PIR report which highlights trends in the GEF portfolio and the key issues and lessons emerging from implementation of GEF projects through June 1996. In addition, two major evaluation studies were begun: a) the Study of GEF's Overall Performance and b) the Study of GEF Project Lessons. The *Overall Performance Study* assesses the extent to which the GEF has achieved, or is on its way to achieving, the main objectives and guidelines laid down during the Pilot Phase in 1991 and during the restructuring in 1994. It is being carried out by a core team of five international experts. Three additional international experts, and a number of national consultants, have been contracted to supplement the core team to collect country-level information in 16 countries. An Expert Advisory Panel, chaired by Dr. M.S. Swaminathan of India, has been formed to review the work of the study team and assure that its report is comprehensive and independent. The *Project Lessons Study* is examining experience to date under projects approved during GEF's Pilot Phase to determine what factors most often account for the success of (or problems with) these activities. Both studies will be completed in FY98.

26. **Budget.** The Secretariat fully utilized its approved budget of \$6.088³ million for its core activities, but realized some savings in the M&E allocation. The core Secretariat budget had some savings due to the recruitment of the final unfilled post being delayed until the fourth quarter of the fiscal year. These savings enabled the Secretariat to cover the costs of the replenishment meetings as well as costs associated with production and publication of the medium-size project kit, public involvement brochure and land degradation paper.

27. The M&E program underran its budget by a total of \$356,000 in FY97. This was due to: a) delay in recruitment of the long-term consultant in the M&E unit and, as a result, the two major evaluation studies started later than originally planned. In addition, because of end-of-year invoicing and payment processing procedures applied to the M&E budget, some expenditures that were incurred late in the fiscal year were actually paid in early FY98 and were therefore charged to FY98 rather than to FY97 as originally expected.

³ Excluding M&E budget of \$.718m

**Table 2 : GEF Secretariat
FY97 Estimated End-Year Expenditures**

GEF Secretariat	FY97 Original Budget	FY97 Estimated Year End	FY97 Estimated Balance
<u>Expenses (US\$ thousands)</u>			
Staff Salaries & Benefits 1/	2874.7	2722.0	152.7
Consultants	829.2	810.0	19.2
Travel	422.3	460.0	-37.7
Meetings/Seminars 2/	494.4	531.0	-36.6
Equipment	61.8	62.0	-0.2
Translation	97.9	102.0	-4.1
Communications	87.6	105.1	-17.5
Management Information System	46.4	77.0	-30.6
Representation	15.5	15.0	0.5
General Operating Costs 3/	726.2	700.0	26.2
Contractual Services 4/	309.0	350.0	-41.0
Other 5/	123.6	154.5	-30.9
Subtotal Secretariat (core)	6088.6	6088.6	0.0
Monitoring and Evaluation Program (M&E)	718.0	362.0	356.0
Total Secretariat + M&E	6806.6	6450.6	356.0

1/Includes salary costs of Higher- and Support-level staff and those recruited through IAs.

2/ Includes Council, NGO and Replenishment meeting costs (incl. cons. travel funding, video, meals, interpretation); workshop and exhibit costs.

3/ Includes Office Occupancy and World Bank's institutional overhead based on net salaries.

4/Includes printing and publication costs, editorial services, honoraria, relocation grants, hospitality

5/ Includes temporaries, overtime, supplies, staff training.

