

56th GEF Council Meeting
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Washington, D.C.

Agenda Item 07

GEF BUSINESS PLAN AND CORPORATE BUDGET FOR FY20

Recommended Council Decision

The Council, having reviewed document GEF/C.56/06, *GEF Business Plan and Corporate Budget for FY20*, takes note of the business plan, and approves a FY20 corporate budget from the GEF Trust Fund of US\$29.273 million, comprised of:

- (a) US\$23.539 million for the GEF Secretariat;
- (b) US\$2.725 million for STAP; and
- (c) US\$3.009 million for the Trustee

The Council also approves a total FY20 administrative budget for the Nagoya Protocol Implementation Fund (NPIF) of US\$17,900, comprised of the following allocations from the NPIF to cover the Secretariat's and Trustee's expenses for NPIF administration and implementation:

- (a) US\$13,500 for the GEF Secretariat; and
- (b) US\$4,400 for the Trustee

The Council also approves a total FY20 administrative budget for the Capacity Building Initiative for Transparency (CBIT) from the CBIT Trust Fund of US\$513,000, comprised of:

- (a) US\$475,000 for the GEF Secretariat; and
- (b) US\$38,000 for the Trustee

The Council requests the Secretariat, in consultation with STAP and the Trustee, to present a combined FY21 corporate budget and business plan for discussion at its 2020 spring meeting.

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GEF SECRETARIAT FY20 ADMINISTRATIVE BUDGET REQUEST, ACTIVITIES AND OUTPUTS

1. This section reports on the execution of the FY19 administrative budget approved by Council and sets out the FY20 administrative budget request of the Secretariat.¹

2. The Secretariat's FY19 expenses are projected at US\$21.654 million,² or 3.6% less than the FY19 budget. The Secretariat FY20 budget request is US\$23.539 million. See Table 1. This request is consistent with the four-year GEF-7 budget envelope of US\$103.5 million for the Secretariat set out in the final Replenishment document endorsed by Council,³ as shown in the GEF-7 budget table and related information on this envelope in Annex I.⁴

Table 1. Secretariat FY19 Budget Execution and FY20 Budget Request from the GEF Trust Fund

	FY19 Approved Budget	FY19 Projected Actual	FY20 Budget Request	FY20 changes to FY19 Budget	
	\$ Mil	\$ Mil	\$ Mil	\$ Mil	%
Total Budget/Projected Actual	22.466	21.654	23.539	1.073	4.8%
Staff costs	15.673	14.827	16.534	0.861	5.5%
Variable costs sub-total	3.340	3.242	3.355	0.015	0.4%
- Of which travel	1.700	1.680	1.650	-0.050	-2.9%
- Of which outreach	0.790	0.740	0.750	-0.040	-5.1%
- Of which consultants	0.700	0.700	0.815	0.115	16.4%
- Of which staff training and representation	0.150	0.122	0.140	-0.010	-6.7%
Fixed costs	3.453	3.585	3.650	0.197	5.7%
- Of which office lease	1.430	1.430	1.505	0.075	5.2%
- Of which office equipment and IT systems	0.774	0.885	0.875	0.101	13.0%
- Of which WB Cross Support	0.549	0.570	0.570	0.021	3.8%
- Of which Council	0.700	0.700	0.700	0.000	0.0%

3. Further details of the FY19 budget execution and FY20 budget request are elaborated below. The table with the corporate administrative budget projection for the GEF-6 cycle, FY16-19, is in Annex II.

¹ FY20 is the first year of the GEF-7 administrative budget cycle and the second year of the GEF-7 operational cycle.

² The projection of FY19 actual expenditures include data for actual spending through April 30, 2019, and a projected spending during the remaining weeks of the fiscal year, which ends on June 30, 2019

³ See Summary of Negotiations of the Seventh Replenishment of the GEF Trust Fund, GEF.C.54.19.Rev.03, 54th GEF Council Meeting, Da Nang, Viet Nam, June 26, 2018, Table 1 – GEF-7 Resource Allocation Framework, p. 160.

⁴ The annex also indicates figures for the STAP, Trustee and IEO, aligned with the overall GEF-7 administrative budget envelope for the four entities together of \$151.9 million. Ibid.

(a) Staffing

4. In FY19, staff costs are projected to be US\$14.827 million, or 5.4% less than the budgeted amount. The projected underrun is due to higher than anticipated turnover in staff during the year. As shown in Table 1, this accounts for the underrun in the overall FY19 budget.

5. For FY20, staff costs are expected to increase by 5.5% compared to the FY19 budget. Staff costs are based on zero growth in staff except for the hiring of one additional staff to strengthen private sector engagement capacity, in line with the GEF-7 replenishment. Staff costs also reflect the updated figure from the World Bank for the Salary Rate Increase (SRI) in FY20, of 3.7%, which applies automatically to staff of the Secretariat.

(b) Variable Costs

6. In FY19, variable costs are projected to come in under budget by 3%. This reflects tight administrative budget controls across all variable costs (travel, consultants, outreach, staff training and representation) in the face of the high work demands and deliverables set out in the Secretariat's Business Plan and Budget Document presented to Council in June 2018. The tight controls included application of the embedded efficiency measures adopted by the World Bank as part of the recent World Bank Capital Package negotiations. These efficiency measures, which continue into FY20, are described in more detail below.

7. For FY20, variable costs reflect the commitment developed during the Replenishment to reduce base variable costs across the cost structure compared to GEF-6, including for travel and outreach.⁵ This will be achieved through strict expenditure control measures and efficiencies, as described below.

- Travel costs: Travel costs are expected to decline by 2.9% in FY20. This will be achieved through careful and judicious travel planning for core business responsibilities, including Secretariat participation in COPs, other GEF-relevant meetings, and country dialogue. The Secretariat will continue strict adherence to World Bank Expenditure Review efficiency measures, and the additional measures developed during the recent World Bank Capital Package negotiations.⁶
- Outreach: External outreach is expected to decline by 5.1% in FY20. This includes information and awareness-building activities in both electronic and print media,

⁵ This commitment is indicated in more detail in Annex 1, per the Replenishment.

⁶ All Secretariat travel is conducted in conformity with World Bank policies and the Expenditure Review efficiency measures adopted in FY15. These include: mandatory review of lower logistical fare options (LLF) on World Bank preferred airlines; advance booking; use of restricted and non-refundable fares; economy class for less than 5 hours and all training; and reduced per diems. Additional measures developed as part of the World Bank Capital Package negotiations include tighter oversight of travel policy exceptions; a roll-out of a mandatory global travel credit card to travelling staff to reduce undue payment of hotel taxes; use of an external vendor to negotiate better hotel rates; rebidding the HQ travel agency contract; tighter control over number of participants in global events and conferences; and lower *per diem* allowance for hotel costs.

aimed at the GEF partnership and external audiences. These budgeted funds cover: maintenance of the GEF website and GEF's social media presence; publication production; and related activities. The tight cost controls and reduction will be achieved via efficiency gains, including the continued transition to more digital forms of communication (reducing publication costs).

- *Consultants:* Consultants are expected to increase by 16.4% in FY20, or US\$0.115 million. All consultants are hired using World Bank policies and procedures aimed at ensuring efficient contracting and delivery, and according to fees are set annually by the World Bank.⁷ While these efficiencies produce savings, the Secretariat is proposing an increase in this budget item for FY20 in line with the discussions during the Replenishment to enable delivery of the GEF-7 new priorities as follows:
 - *Enhanced RBM.* This is to finalize migration of historic GEF project information into the Portal, and to update management systems for real-time tracking and reporting on targeted and actual results and new geo-location data captured by the Portal. It also includes review of financial management to ensure full operational efficiencies. These actions are linked to the proposed update to the GEF's Monitoring and Evaluation Policy and to updated reporting on results in GEF-7.
 - *Implementing the new Policy on Gender Equality.* This is to continue and reinforce actions to implement the new Gender Equality Policy requirements, including effective integration of gender aspects into projects (proposals, review, implementation), training and awareness-building both in the Secretariat and the broader partnership, and analyzing and harnessing quantitative information on gender indicators made available for projects under the GEF Portal.
 - *CBIT:* This is to support review and processing of the anticipated new projects for CBIT in FY20.
- *Staff training and Representation:* These costs are expected to decline by 6.7% in FY20. They cover staff development, initiatives to promote efficiency and effectiveness in the workplace, and limited official representation.⁸ This line is proposed for a decrease in FY20, through additional efficiencies on costs for representation. As in previous years, the Secretariat achieves savings on training through an internal policy which requests staff to consider first the variety of training services offered at no charge to staff by the World Bank, as host institution.

⁷ Additional measures agreed as part of the World Bank Capital Package negotiations include further efforts at savings and cost avoidance in the procurement/negotiation of corporate contracts by better benchmarking, targeting, and tracking of savings at the contract level.

⁸ The workplace development includes organization of training events to provide up-to-date briefings and materials on new policies, capacities and requirements in the institution relating to a safe workplace, sexual exploitation and abuse, and diversity and inclusion.

(c) Fixed Costs

8. In FY19, fixed costs are projected to come in at 3.8% above budget, due mainly to investments to support more advanced development of the GEF Portal reflected in the office equipment line.⁹ The expenses for office lease are on budget, reflecting the contractually-negotiated arrangement for the office space. The line items for cross-support and Council meetings are projected at close to on-budget.

9. For FY20, fixed costs reflect the figures developed in the ambit of the GEF-7 replenishment discussions. They are contractually negotiated, and described in more detail below:

- Office lease: Office lease will increase by 5.2%. This is based on the contractually-set annual lease rate negotiated by the World Bank Global Corporate Solutions Office (formerly General Services Division) when the Secretariat and IEO were forced to relocate from the previous location in FY16 due to major demolition and reconstruction of that building¹⁰ In the past three years, the Secretariat has squeezed existing space to create new offices, and sub-leased these spaces to its other co-tenant, the Adaptation Fund. The Secretariat also achieves savings with re-usable supplies and occupies a LEED-certified building with highly efficient lighting and lower eco-footprint, to save costs and go green.
- Office Equipment and IT Systems: This budget line is expected to increase by 13%. It covers costs of computers, telephones, printing and supplies, etc. provided on a charge-back basis by the World Bank, and IT systems including the GEF website and GEF Portal. For several years, the Secretariat has applied efficiency measures associated with the World Bank Expenditure Review to achieve savings, including: use of pool printers and reductions in AV equipment in the main offices and for events held at World Bank HQ; use of ID-systems in printers to track and manage use for greater efficiency; and updated policies on phones and other devices to reduce numbers and costs. While these produce savings, the Secretariat is proposing to increase this budget item in FY20 to deliver the new GEF-7 priority for System Improvements,¹¹ as follows:
 - System Improvements. This is to finalize the GEF Portal and complementary systems, including the advanced dashboard, connections for other partners, real-time links to the GEF website, full integrated support for project proposals for

⁹ As described in more detail in paragraph 18 below, the GEF Portal is a major system-transition to update and modernize the GEF's previous project and data management system, the PMIS.

¹⁰ The negotiations ensured that the costs to the GEF of the new lease during four-year GEF-6 budget period were kept below the costs of the lease in the old building during the same period. The terms of the current lease are fixed until January 2021, at which point lease costs would adjust to prevailing market price under the current lease.

¹¹ See Annex 1, noting the budget for new GEF-7 priorities.

the CBIT, and a platform for knowledge capture and sharing building on the advanced technological capacity of the system.

- Costs of cross-support: The cost of cross-support is expected to increase by 3.8% in FY20. This consists of support from the World Bank on an as-needed basis for IT, legal services, and support by the Ethics Officer (in the World Bank Office of Ethics and Business Conduct) under the recently adopted *GEF Policy on Ethics and Conflict of Interest for Council Members, Alternates and Advisors*.¹²
- Council costs: These costs are expected to stay flat in FY20. They cover arrangements, venue, logistics needed to host the twice-a-year Council meetings, including travel and accommodation costs for sponsored civil society participants. Cost-saving and efficiency measures continued from FY19 include the use of pooled-printers in the system, elimination of bottled water, and continued access to the World Bank meeting space.

10. In sum, the GEF-7 budget envelope for the Secretariat reflects the commitment to tight management and strong efficiency factors throughout the cost structure, including efficiency measures associated with the Capital Package negotiations of the World Bank, the GEF's host institution.¹³ The FY20 budget request is aligned to and consistent with this envelope, to enable delivery of FY20 Business Priorities within the framework of GEF-7 as set out below.

FY20 Business Priorities and Deliverables

11. The main priority supported by the budget request for FY20 is to move forward with strong and efficient implementation of the GEF-7 programming and policy agenda. This includes delivery of business priorities indicated below.

12. Work Program Delivery: The Secretariat will continue delivery of the GEF-7 programming directions and strategies. A key focus in FY20 is to follow-through on the roll-out to countries, with partners and stakeholders, of the programming directions and strategies, and to translate this roll-out into strong and results-oriented programs and projects aligned with GEF-7. The work program presented for consideration by Council at the present meeting is a large one and provides a major foundation and next step in this work. The Secretariat also will continue its work to review and process the remaining pipeline of requests for CEO endorsement/approval of projects and programs approved in GEF-6 and deliver the subsequent Work Program for Council consideration at its meeting in the Fall of 2019.

¹² As per this Policy, implementation is supported by an Ethics Officer drawn from staff at the World Bank Office of Ethics and Business Conduct (EBC). This is reflected in the cross-support line item of the Secretariat budget.

¹³ These include savings due to lower year-by-year Salary Rate Increase (SRI) as compared to earlier years, and continued application of efficiency measures for travel, procurement and consultants, administrative transactions and office equipment, as described below. These efficiency measures, while not precisely quantifiable, are embedded directly into all transactions and operations of the Secretariat.

15. *Servicing Council, Policy Development and Implementation*: The Secretariat will carry out the core work to service Council, including to develop and implement the GEF-7 policy recommendation set out in the Replenishment. This includes the following deliverables:

- Implementation of the recently adopted GEF policies on Gender Equality, Stakeholder Engagement, Minimum Environmental and Social Safeguard Standards, Co-Financing, and Operations (Fee payment schedule, timing of cancellations to expedite project processing, and closing of projects), and a new Guidance Document (issued in November 2018) on Practical Steps to Improve Coordination and Workflow in the GEF Partnership.¹⁴
- Development of Guidelines for these Policies, and continuation of other follow-up steps to support their implementation, including through the GEF Country Support Program and alignment of systems (e.g., operational requirements and the GEF Portal) to the framework and requirements of the GEF-7 programming and policy agenda.
- Adoption and implementation, if approved by Council at this session, of an updated GEF Policy on Monitoring. The updated Policy would set out a more focused and updated set of responsibilities for GEF Agencies and the Secretariat, including efficient tracking of portfolio level performance against target results under the 11 Core Indicators of the new GEF-7 Results Framework. This will provide a key foundation to track and help assure high performance of the new GEF-7 programming directions.
- Development of an updated GEF Policy on Minimum Fiduciary Standards (subsequent Council meeting).

16. *Servicing the Conventions*. The Secretariat will continue its engagement with the Conventions to help launch and implement the GEF-7 programming directions, report to the Conventions on GEF's work, and engage in Convention-related committees and meetings as part of its core mandate as financial mechanism in response to guidance from the Conventions.

17. *Servicing the Agencies and Enhancing Operational Efficiency*: The Secretariat will continue to convene and coordinate engagements with the GEF Agencies and other partners to support programming and policy implementation, in support of the GEF-7 agenda. This includes review of project proposals, strategic dialogue on programming and policy, Agency retreats, periodic familiarization workshops for new Agencies, consultations in the development of new GEF policies and cooperative actions to enhance project-cycle and operational efficiency.

18. *Data and System Management*. The Secretariat will implement GEF-7 recommendations on actions to enhance operational efficiency, transparency and improved management of data and information. This will build on, *inter alia*, the new GEF Portal, which is

¹⁴ One key focus of this new Guidance Document, which responded to a request in the Replenishment, is to build a greater understanding of and support for the critical role of Government Operational Focal Points (OFPs) in the work of the Partnership.

operational and fully aligned with the GEF-7 programming architecture and policy agenda.¹⁵ Priorities for FY20 will include programming an advanced dashboard to provide real-time monitoring and displays of key results areas for the partnership, fully connecting the Portal to other partners, including Operational Focal Points (OFPs), full integration with the GEF website, and developing an enhanced platform for knowledge sharing and learning.

19. *Partnership, Stakeholder and Private Sector Engagement*. The Secretariat will continue to engage with governments and other partners and stakeholders in FY20 in support of the GEF-7 agenda, and to enhance private sector engagement. This will be supported through the programming work, the Country Support Program, and development of knowledge sharing projects, including e-learning courses about the GEF, its results framework, and Gender Equality. The Secretariat will continue its responsibilities to implement the Updated Vision for Stakeholder Engagement with the GEF, and strategic communication and outreach activities to enhance visibility and awareness about GEF, in support of the GEF-7 agenda.

STAP FY20 BUDGET REQUEST, ACTIVITIES, AND OUTPUTS

20. During FY19, STAP provided advice on the following:

- (a) local commons for global benefits
- (b) climate risk screening
- (c) sustainability
- (d) land degradation neutrality guidelines
- (e) developing the Impact Programs (IPs), including reviewing 150 expressions of interest

21. In FY20 STAP will:

- (a) continue to screen all full-size projects, and GEF programs
- (b) continue to contribute to developing the IPs
- (c) continue to engage with the IEO
- (d) continue to work with the GEF Council, Secretariat, and Agencies to ensure that it continues to provide high quality scientific and technical advice, which is relevant, timely, and meets the GEF's needs.

22. STAP's GEF-7 work program, includes the following topics:

- (a) the science of multi-stakeholder dialogues

¹⁵ After a period of system-transition, the Portal has replaced the earlier PMIS to provide a modern, efficient and transparent system to receive, review and process project proposals, collect and aggregate data across the portfolio, and generate quality reports. It also uses IT-based solutions to capture, analyze and share lessons learned and best practice from GEF projects and programs, in collaboration with GEF partners

- (b) the application of remote sensing to assess and monitor global environmental change
- (c) science for better integration of vulnerability reduction and climate adaptation in GEF investment
- (d) guidance on how to estimate global environmental benefits from chemicals and waste projects
- (e) Blockchain
- (f) Technological Critical Elements

FY20 STAP Budget Request

23. STAP's budget request for FY20 is \$2.725 million, the same as for FY19, and consistent with the four-year GEF-7 budget envelope of \$11.3 million set out in the final GEF Replenishment document endorsed by Council in June 2018. (Table 2 also shows estimated FY19 expenditure.)

Table 2: FY20 STAP Budget Request

STAP – Secretariat	FY19 Approved Budget	FY19 Estimated Expenditure	FY20 Budget Request
Staff Costs	<u>1.246</u>	<u>1.246</u>	<u>1.246</u>
Salaries and Benefits, Travel			
Consultant Costs	<u>0.400</u>	<u>0.400</u>	<u>0.400</u>
Fees and Travel			
General Operations Costs	<u>0.296</u>	<u>0.296</u>	<u>0.296</u>
STAP – Panel Member			
Panel Members Honoraria, STAP Meetings, Publications	<u>0.783</u>	<u>0.783</u>	<u>0.783</u>
TOTAL	<u>2.725</u>	<u>2.725</u>	<u>2.725</u>

TRUSTEE FY20 BUDGET REQUEST, ACTIVITIES, AND OUTPUTS

24. The World Bank as Trustee provides a range of 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.

25. According to Annex B of the Instrument for the Establishment of the Restructured Global Environment Facility (in paragraph 8), the “reasonable expenses incurred by the Trustee for the administration of the Fund and for expenses incurred in administratively supporting the

Secretariat” are reimbursed annually, on the basis of estimated cost, subject to end-of-year adjustment. At its June 2007 meeting, the GEF Council approved the methodology for reimbursement of the Trustee’s costs and expenses as follows: The Trustee presents its projected budget for the coming fiscal year based on the expected work program and associated staff costs and expenses, and receives an allocation from the GEF trust fund; at the end of each fiscal year, the Trustee reports the actual staff costs and expenses incurred to the Council, and reconciles this amount against the allocation provided.

26. In June 2018, Council approved a core budget estimate of \$2.78 million for FY19 to cover Trustee’s services and the cost of external audit of the GEF Trust Fund. The Trustee estimates that expenses for its core services in FY19 will be \$2.91 million, reflecting an increase of \$133,369 or 4.8% compared to the approved budget. The increase was largely on account of investment management fees negating the efficiency gains in financial and relationship management.

Trustee FY20 GEF Trust Fund Budget

27. In addition to standard trustee services, the FY20 work program will include the following items:

- (a) Implementation of the GEF-7 replenishment resolution, including working with donors to facilitate deposit of Instruments of Commitment, ensuring compliance with replenishment resolution policies;
- (b) On-going negotiations to revise and update the FPA with the existing GEF Agencies;
- (c) Ensure compliance with recently approved Council decisions such as those contained in the Policy Measures to Enhance Operational Efficiency, Accountability and Transparency;
- (d) Ensure Agency’s compliance under the FPA including periodic financial reports related to GEF financed activities implemented by the Agencies; and
- (e) Administrative support to the GEF Secretariat in implementing policies approved by the Council.

28. The Trustee’s core budget estimate for FY20 amounts to \$3.0 million as shown in Table 3 below. This represents an increase of \$95,631 or 3.3% compared to the FY19 expected actual costs due largely to the increase in investment management fees from 3.5 basis points (bps) in FY19 to 4.5 bps beginning FY20. Investment management fees are calculated on this flat fee based on the average annual balance of the undisbursed cash in the trust fund. The increase reflects the general increased costs for Treasury services since the fee was last reviewed in 2003. In keeping with the pace of evolving industry trends and to continue delivering first class asset management service for trust funds, additional resources are needed for adding more complex investment options, process implications of regulatory requirements imposed on counterparties and markets, increased cost of compliance, and systems development and

maintenance. The actual investment management costs may vary depending on the actual average liquidity level during FY20.

Table 3: Proposed Trustee Budget for GEF Trust Fund (FY20) (in USD)

Trustee Services	FY19 Approved	FY19 Expected Actual	FY20 Proposed Budget
Standard Services			
Financial Management and Relationship Management	1,203,000	1,180,000	1,153,000
Investment Management /a	1,221,000	1,379,100	1,510,000
Accounting and Reporting	121,000	121,000	122,000
Legal Services	110,000	106,000	104,000
Sub-total, Standard Services	2,655,000	2,786,100	2,889,000
External Audit of Trust Fund	125,000	127,269	120,000
Total Core Budget	2,780,000	2,913,369	3,009,000
a/ Investment Management fees are calculated against the average annual balance of the portfolio based on a cost of 3.5 basis points up to FY19 and 4.5 basis points beginning FY20.			

NAGOYA PROTOCOL IMPLEMENTATION FUND FY20 BUDGET REQUEST, ACTIVITIES AND OUTPUTS

29. The GEF Secretariat and the Trustee request a total of \$17,900 from the NPIF to support their respective activities to administer the NPIF trust fund. The separate budget requests and the related background and justifications are presented below.

Table 4: FY20 NPIF Budget Request (in USD)

GEF Entities and Budget Items	FY19 Approved Budget	FY19 Projection	FY20 Budget Request
Secretariat - NPIF Administrative Budget	14,500	14,400	13,500
Trustee NPIF Budget	5,800	5,700	4,400
Total – NPIF Budget Requests	20,300	20,100	17,900

30. Since the inception of the NPIF in the summer of 2011, the GEF CEO has approved and the NPIF has funded a total of 13 projects, 10 country-based and 2 regional and one global. The total funding for these is \$15.1 million (including Agency fee) and leveraging \$32.4 million in co-financing.

31. These projects have benefited a total of 52 countries in support of Nagoya Protocol ratification and have included: 10 country-based projects (in Argentina, Bhutan, Cameroon, Colombia, Cook Islands, Costa Rica, Fiji, Gabon, Kenya and Panama); two regional projects (one in Central Africa, for the 10 member states of the Central African Forest Commission (COMIFAC) and another in the Pacific region for the 12 member countries of the Secretariat of the Pacific Regional Environment Programme (SPREP); and one global project (in 21 different countries).

Secretariat NPIF Activities in FY19

32. The 46th GEF Council in May 2014 took note of the GEF Secretariat's good progress in managing the NPIF. It decided to extend the operation of the NPIF to December 31, 2020 for operational reasons to allow continued project preparation and implementation of projects for which a Project Identification Form (PIF) had already been approved. Because all NPIF funds have been allocated to projects, there have been no new approvals since June 30, 2014. This is also consistent with the GEF Council decision on the NPIF from May 2011, not to approve new PIFs after that date.

33. During FY19, the Secretariat staff have worked closely with the GEF Agencies to ensure adequate support during project execution of the projects under the NPIF. Of the 10 country projects, 2 have been finished and 8 are still under implementation. The 2 regional projects and one global project are still under implementation.

Secretariat NPIF Activities and Budget for FY20

34. The GEF Secretariat will continue to work with the GEF Agencies on portfolio monitoring and reporting, and other necessary oversight functions. The GEF will also continue to report on the projects' progress and results to the GEF Council, to the CBD COP and to the COP-MOP serving as the Meeting of the Parties to the Nagoya Protocol on Access and Benefit Sharing. To cover these minimum functions, and as reflected in Table 4, the GEF Secretariat requests an administrative budget of US\$13,500, all of which will cover staff costs.

Trustee NPIF Activities and Budget for FY20

35. As agreed with NPIF donors under the relevant Trust Fund Administration Agreements, the Trustee receives an annual administrative fee to cover the reasonable actual expenses incurred by the Trustee in carrying out its function for the NPIF.

36. The core elements of the Trustee's work program in FY20 include: (i) financial and investment management of resources, (ii) commitments and transfers to the Agencies, (iii) infrastructure and systems support, and (iv) accounting and reporting for the financial and operational activities of the NPIF. Table 5 below shows the breakdown of the Trustee fee by services provided to the NPIF.

**Table 5: NPIF: Budgetary Requirements for Services Provided by the Trustee
(in USD)**

Trustee Services	FY 19 Approved	FY 19 Expected Actual	FY 20 Proposed Budget
Financial Management and Relationship Management	2,800	2,700	2,300
Investment Management a/	1,300	900	400
Accounting and Reporting	1,700	1,700	1,700
Legal Services	-	-	-
Total Costs	5,800	5,300	4,400
a/ Investment Management fees are calculated against the average annual balance of the portfolio based on a cost of 3.5 basis points up to FY19 and 4.5 basis points beginning FY20.			

37. Based on the first nine-month period ended March 31, 2019 and projections for the remaining three months, the FY19 actual costs for Trustee services are expected to be \$5,300, which is \$500 or 9% lower than the approved budget of \$5,800. The decrease was due to lower expected investment management fees. The latter was due to the FY19 average liquidity balance for NPIF of \$2.6 million being lower than the projection of \$3.6 million.

38. To cover its expenses for FY20, the Trustee requests a budget of \$4,400 which represents an overall decrease of \$900 or 17% compared to the FY19 estimated actual cost of \$5,300 due largely to lower investment management fees. The projected liquidity average in FY20 is expected to be lower than the FY19 average as the trust fund winds down and disburses the remaining commitments. The actual investment management costs may vary depending on the actual average liquidity level during FY20.

CBIT TRUST FUND FY20 BUDGET REQUEST, ACTIVITIES AND OUTPUTS

39. The GEF Secretariat requests a total of \$0.475 million from the CBIT Trust Fund to support its activities to administer the existing stock of CBIT projects already approved in GEF-6.¹⁶ The Trustee requests \$0.038 million for its work. This is shown in Table 6, below.

40. To allow continuation of implementation of the existing stock of CBIT projects, activities and programs already approved in GEF-6 by the CBIT Trust Fund, commitments and cash transfers are made until five years after the respective approval date, which is October 31, 2023. Resources have been set aside to cover CBIT Trust Fund administrative costs until the

¹⁶ The Replenishment negotiation decided that the cost to administer this existing stock of CBIT projects would be drawn from the CBIT Trust Fund. See GEF Resource and Allocation Targets, Fourth Meeting of GEF-7 Replenishment, Stockholm, April 25, 2018, Note 11.

date of the trust fund termination, which will be 18 months after the final Trustee commitment and cash transfer date (currently April 30, 2025). The proposed budget draws from the set aside resources.

Table 6: FY20 Budget Request from CBIT Trust Fund (US\$ Million)

GEF Entities and Budget Items	FY20 Budget Request
Secretariat - CBIT Administrative Budget	0.475
Trustee CBIT Budget	0.038
Total – CBIT Budget Requests	0.513

Secretariat CBIT Activities in FY19

41. During FY19, the GEF Secretariat continued to carry out tasks associated with the CBIT Trust Fund, such as CEO approvals of project concepts approved under the CBIT Trust Fund, stakeholder and donor consultations, interactions with interested countries to provide information on CBIT access, coordination with other initiatives supporting transparency, reporting to UNFCCC, and participation in UNFCCC-related engagements. The Progress Report on the CBIT is presented to Council, as separate documents.^{17, 18}

Secretariat CBIT Activities and Budget for FY20

42. During FY20, the GEF Secretariat will continue to support the implementation of the CBIT. Approximately 25 projects supported by the CBIT Trust Fund are expected to be CEO approved during FY20 and start implementation. The requested budget to manage new CBIT projects from the GEF Trust Fund is included in Table 1, above.

43. In addition, the GEF Secretariat is also expected to support and manage the implementation phase of the existing stock of 17 projects already approved by the CEO in GEF-6 to assist countries in the improvement of transparency over time. The Secretariat will continue to work with the GEF Agencies for oversight functions including portfolio monitoring. Regular reporting on the CBIT progress and results to the GEF Council, UNFCCC bodies, coordination with partners, and information sharing will also be continued, with additional focus on

¹⁷ GEF, 2018, [Progress Report on the Capacity-building Initiative for Transparency](#), Council Document GEF/C.55/Inf.12.

¹⁸ GEF, 2019, [Progress Report on the Capacity-building Initiative for Transparency](#), Council Document GEF/C.56/Inf.6.

implementation progress.

44. To carry out these functions for the existing stock, the GEF Secretariat requests a FY20 budget of \$0.475 million from the CBIT Trust Fund. The budget will cover staff and consultancy costs and travel. As no staff is hired under the CBIT Trust Fund, staff cost enables existing GEF Secretariat staff to allocate part of their time to work on matters related to CBIT Trust Fund, supported by consultancy. A breakdown of these costs is shown in Table 7.

Table 7: Secretariat FY19 Budget Execution and FY20 Budget Request from the CBIT Trust Fund (\$ Million)

GEF Entities and Budget Items	FY19 Approved Budget	FY19 Projection	FY20 Budget Request
Staff Costs (Salaries & Benefits)	0.400	0.180	0.250
Travel	0.038	0.030	0.025
Consultant Costs	0.047	0.105	0.200
Total – CBIT Budget Requests	0.485	0.315	0.475

45. The Council, at its 54th meeting in June 2018, decided to extend the deadline to receive CBIT Trust Fund contributions and project approval until October 31, 2018, in order to accommodate additional voluntary contributions.

Trustee CBIT Activities and Budget for FY20

46. As agreed with the donors under the Trust Fund Administration Agreements, the Trustee receives an annual administrative fee to cover the reasonable actual expenses incurred by the Trustee in carrying out the Trustee function for the CBIT.

47. The core elements of the Trustee's work program during FY19 and FY20 include: (i) management of donor contributions; (ii) financial and investment management of resources; (iii) commitments and disbursements to the Agencies; (iv) infrastructure and systems support; and (v) accounting and reporting for the financial and operational activities of the CBIT. Table 8 below shows the breakdown of the Trustee fee by services provided to the CBIT.

**Table 8: CBIT: Budgetary Requirements for Services Provided by the Trustee
(in US\$)**

Trustee Services	FY 19 Approved	FY 19 Expected Actual	FY 20 Proposed Budget
Financial Management and Relationship Management	13,000	13,500	13,000
Investment Management a/	16,000	20,200	22,000
Accounting and Reporting	3,000	3,000	3,000
Legal Services	-	-	-
Total Costs	32,000	36,700	38,000
a/ Investment Management fees are calculated against the average annual balance of the portfolio based on a cost of 3.5 basis points up to FY19 and 4.5 basis points beginning FY20.			

48. Based on actual expenditure for the first nine months ending March 31, 2019 and projections for the remaining three months, it is expected that the actual cost for Trustee services for FY19 will be \$36,700, which is \$4,700 or 15 percent higher than budget. The increase is largely due to the increase in investment management fees owing to the higher than expected actual average liquidity level.

49. To cover its expenses for FY20 related to the above work program, the Trustee requests a budget of \$38,000 which represents an increase of \$1,300 or 4 percent compared to the FY19 estimated actual cost of \$36,700. While financial and relationship management and accounting and reporting costs are expected to go down, investment management fees are expected to increase. From FY20, investment management fees will be calculated as a flat fee of 4.5 basis points (i.e. 0.045 percent) of the average annual balance of the undisbursed cash in the trust fund. The increase reflects the general increased costs for Treasury services since the fee was last reviewed in 2003. In keeping with the pace of evolving industry trends and to continue delivering first class asset management service for trust funds, additional resources are needed for adding more complex investment options, process implications of regulatory requirements imposed on counterparties and markets, increased cost of compliance, and systems development and maintenance. The projected average annual balance for CBIT over the next fiscal year is estimated at \$49 million. The actual investment management costs will vary depending on the actual average liquidity level during FY20.

ANNEX I: GEF-7 ADMINISTRATIVE BUDGET SET DURING THE REPLENISHMENT

1. The GEF-7 administrative budget developed within the ambit of the Replenishment is shown below.¹⁹

GEF-7 Corporate Administrative Budget (US\$ millions)

GEF Entities	GEF-7 FY20 - FY23
GEFSEC	103.500
IEO	24.500
Trustee	12.600
STAP	11.300
Total	151.900

2. The Replenishment documentation provides a breakdown of this \$103.5 million for the Secretariat. It includes: \$68.4 million for staff costs (including the costs of the World Bank recovery rate); \$13.7 million for variable costs (travel, outreach, consultants, staff training and representation) \$17.8 million for fixed costs (office lease, office equipment, WB cross-support and Council and Assembly), and \$3.6 million for new GEF-7 priorities.²⁰

3. As set out in the Replenishment documentation, the GEF-7 budget envelope is based on the following:

- *Staff*: zero growth in staff numbers except for a new position to enhance engagement with the private sector, as agreed during the Replenishment.
- *Variable costs*: a reduction across all variable costs in the base budget for GEF-7 compared to GEF-6.
- *Fixed costs*: contractually negotiated fixed costs for office space, IT equipment and support, and cross-support services (legal, budgeting, ethics) from the host institution, the World Bank.
- *CBIT*: As noted above, the costs to execute the GEF's mandate for CBIT projects in GEF-7 are integrated into the main GEF Trust Fund beginning in FY20. Per the Replenishment, there is also a budgeted amount to manage CBIT projects already approved in GEF-6.

¹⁹ This is reproduced in the Budget Document presented to Council last year at its 54th Session. See GEF Business Plan and Corporate Budget for FY19, June 1, 2018, page 10.

²⁰ See GEF-7 Replenishment Document, GEF-7 Resource Allocation and Targets, GEF/R.7/22, April 2018 (at www.thegef.org, Replenishment). This information is reproduced in the Budget document presented last year to GEF Council, noted above (see footnote 18).

ANNEX II: CORPORATE BUDGET PROJECTION FOR GEF-6, FY16-19

The table below shows the updated projections for corporate administrative costs for the GEF-6 budget cycle for the GEF Secretariat, STAP and the Trustee.

Table 9: Corporate Administrative Budget Projection for GEF-6, FY16 – 19

Expense Category	GEF-6				
	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Projected Actual	GEF-6
		REVISED			TOTAL
Secretariat Core	18.806	19.674	21.685	21.654	81.819
Secretariat Special Initiative			1.028	0.245	1.272
<i>Secretariat sub-total</i>	<i>18.806</i>	<i>19.674</i>	<i>22.713</i>	<i>21.899</i>	<i>83.091</i>
STAP	2.540	2.620	2.698	2.725	10.583
Trustee Core	3.008	2.853	2.971	2.913	11.746
Trustee Special Initiative		0.045	0.323		0.367
Total Corporate Budget	24.354	25.519	29.058	25.510	105.787

FY17 Actual revised to exclude CBIT expenses

ANNEX III: SPECIAL INITIATIVES

1. The discussion below reports on activities conducted under Special Initiatives approved by Council. Table 7 provides a summary of the originally approved amount in the Special Initiative account, estimated FY19 expenses in the respective accounts, where incurred, and the available balance remaining under these initiatives through end-March 2019. The text which follows provides additional information on the establishment and purpose of each Special Initiative, and on the amount of funds (if any) used in FY19 for the purposes indicated.

Table 10: Special Initiatives

Special Initiative Name	Available at July 1, 2014 (Beginning of GEF-6)	Expenses FY14-FY18	Estimated FY19 Expenses	Estimated Available Balance for FY20
Performance Based Allocation System*	1.356	1.143	0.000	0.213
GEF Management Information System*	0.464	0.378	0.000	0.086
Results Based Management	0.408	0.395	0.000	0.013
Rio+20 Special Initiative	0.210	0.120	0.000	0.090
Total	\$ 2.438	\$ 2.035	\$ -	\$ 0.402

* Repurposed for IT upgrade since FY14

Management Information System

2. In November 2005, the Council approved \$700,000 to develop a management information system to enable the GEF and its partners to improve effectiveness across all areas of GEF business operations. As indicated to Council in its Business Plan and Budget document in May 2015 (GEF/C.48/05), the Secretariat is drawing on the available balance of this Special Initiative to help implement the actions mentioned in the main paper to upgrade the GEF's IT platform, together with resources from the previous initiative and the core budget.

Performance Based Allocation System

3. Between FY04 and FY07, the GEF Council approved a total of \$1,356,000 to support either the development of a performance-based allocation system (which developed into the RAF) or to refine the RAF, including its potential application to other focal areas. As indicated to Council in its Business Plan and Budget document in May 2015 (GEF/C.48/05), the Secretariat is drawing on the available balance of this Special Initiative to support its overall IT upgrade, as described in the Business Plan, as part of further improvements to performance-based approaches to allocation of resources and programming.

Results-based Management

4. In June 2006 (FY2007 budget) and June 2009 (FY10 budget), the GEF Council approved two special initiatives to further strengthen the GEF's capacity for RBM and learning through

specific activities and studies. As indicated to Council in its Business Plan and Budget document in May 2015 (GEF/C.48/05), the Secretariat is drawing on this account to support further strengthening of RBM.

Rio+20 – Special Initiative

5. In May 2011, the GEF Council approved \$210,000 to support activities by the GEF Secretariat related to the GEF's participation in the Rio+20 Summit held in Rio de Janeiro in June 2012, including related publications. Since June 2012, the Secretariat has used funding from this special initiative to support follow-on work from the Rio+20 Conference, including staff travel to meetings relating to the SDGs and post-2015 sustainable development agenda.

ANNEX IV: TRUSTEE -- FY19 REVIEW OF ACTIVITIES AND ACHIEVEMENTS

1. The World Bank as Trustee provides a range of 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 FY19 included: implementation of the GEF-7 Replenishment resolution, including working with donors to facilitate deposit of Instruments of Commitment, addressing donor inquiries regarding GEF-7 cash outlays, credits and discounts; enhancements to the internal control related to the preparation of financial statements; work with the Secretariat on policy initiatives, implementation of several Council approved policies in the context of streamlining procedures; revisions to the existing Financial Procedures Agreements (FPA) with GEF Agencies, and finalizing the GEF-7 Replenishment Resolution.

FY19 Projected vs. Estimated Actual

3. Based on the first nine-month period ended March 31, 2019 and projections for the remaining two months, the estimated actual expenditure for FY19 for Trustee's core services is \$2.91 million, reflecting an increase of \$133,369 or 4.8% compared to the approved budget. The increase was mainly due to the increase in investment management fees, which offset the decrease in financial and relationship management.

4. Liquidity levels are influenced by donor contributions and cash drawdown by Agencies. Investment management cost is a variable cost that is calculated in FY19 based on 3.5 basis points against the average annual balance of the Trust Fund. The net cash inflows during FY19 resulted in increased liquidity of the GEF from a projected average of \$3.15 billion to \$3.54 billion, thereby increasing investment management costs.

FY18 Actual expenses

5. The actual amount of Trustee expenses incurred for FY18 was \$3.294 million including the cost of audit and special initiatives. This is consistent with the expected actual expenditure that was reported in the Council meeting in June 2018.