



GEF/LDCF.SCCF.30/06

May 19, 2021

30th LDCF/SCCF Council Meeting

June 17, 2021

Virtual meeting

Agenda Item 08

FY22 ADMINISTRATIVE BUDGET AND BUSINESS PLAN FOR THE LEAST DEVELOPED COUNTRIES FUND AND THE SPECIAL CLIMATE CHANGE FUND

Recommended Council Decision

The LDCF/SCCF Council, having reviewed document GEF/LDCF.SCCF.30/06 FY22 *Administrative Budget and Business Plan for the Least Developed Countries Fund and the Special Climate Change Fund*, approves the proposed budget for the GEF Secretariat, Scientific and Technical Advisory Panel (STAP), the Trustee and the GEF Independent Evaluation Office (IEO), as follows:

1. \$1,251,037 (GEF Secretariat), \$128,000 (STAP), \$420,000 (Trustee), and \$37,000 (GEF IEO) from the Least Developed Countries Fund; and
2. \$583,275 (GEF Secretariat), \$128,000 (STAP), \$109,000 (Trustee), and \$47,000 (GEF IEO) from the Special Climate Change Fund.

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INTRODUCTION

1. The Least Developed Countries Fund for Climate Change (LDCF) and the Special Climate Change Fund (SCCF) were established in accordance with the decisions of the United Nations Framework Convention on Climate change (UNFCCC). In establishing these funds, the Council agreed that the operations and administrative costs incurred in connection with managing both the LDCF and the SCCF should be kept separate from the GEF Trust Fund.
2. This document reports on the fiscal year 2021 (FY21) LDCF/SCCF Council-approved budget and delivery of associated business plan for FY21, and proposes an administrative budget to cover the costs of the Secretariat, the Trustee, Scientific and Technical Advisory Panel (STAP), and the GEF Independent Evaluation Office (IEO) for their services to the LDCF and the SCCF for FY22 (July 1, 2021 to June 30, 2022). The business plan for FY21 for the Secretariat is also presented. It is built on the best estimation of anticipated impacts of the COVID-19 on expenditures, as described below.

KEY DEVELOPMENTS AND ACCOMPLISHMENTS IN FY21

3. International processes remained deeply impacted by the COVID-19 pandemic in FY21. In the climate change arena, the 26th Conference of the Parties to UNFCCC (COP 26), originally scheduled to take place in Glasgow, United Kingdom in November 2020, was postponed due to the COVID-19 pandemic to November 1 to 12, 2021. The subsidiary body meetings, originally scheduled to take place in June 2020, were postponed to October 2020 and subsequently to virtual meetings to be held from May 31 to June 17, 2021.
4. The GEF Secretariat continued to operate in a virtual mode to continue with the provision of finance through the LDCF and SCCF in line with COP guidance and national priorities, as well as consultations with countries and Agencies. The GEF Secretariat also remained engaged in discussions with countries, the United Kingdom COP 26 Presidency, and relevant partners to support and maintain momentum for climate action, with a focus on climate change adaptation and resilience.
5. The FY21 reporting period was characterized by the following key developments and accomplishments, based on the FY21 business plan:

- (a) Continued operationalization of the GEF Programming Strategy on Adaptation to Climate Change for the Least Developed Countries Fund and the Special Climate Change Fund and Options for Operational Improvements, covering July 2018 to June 2022, approved at the 24th LDCF/SCCF Council;¹

¹ GEF 2018, [GEF Programming Strategy on Adaptation to Climate Change for the Least Developed Countries Fund and the Special Climate Change Fund and Options for Operational Improvements](#), Council Document GEF/LDCF.SCCF.24/03.

- (b) Constitution and Council approval of the fifth Work Program presented to the 29th LDCF/SCCF Council in December 2020, requesting \$63.87 million of resources, including GEF project financing and Agency fees, for nine LDCF projects including three multi-trust fund projects (MTFs);²
- (c) Constitution of the sixth Work Program presented to the 30th LDCF/SCCF Council to be held in June 2021, requesting \$60.73 million of resources, including GEF project financing, Agency fees, for seven LDCF projects including four MTF;³
- (d) Organized two LDCF/SCCF Council meetings, including preparation and timely posting of Council documents;
- (e) Finalized CEO endorsements of 12 LDCF projects totaling \$84.69 million of LDCF resources, including GEF project financing and Agency fees, and CEO approval of two SCCF projects totaling \$2.74 million of GEF project financing and Agency fees;
- (f) Intensified efforts to reach out to the Least Developed Countries (LDC) Group and nine LDCs that had not accessed LDCF resources in the GEF-7 period, with the intent of leaving no LDCs behind in GEF-7 period, resulting in five LDCs submitting proposals for consideration in the June 2021 LDCF Work Program;
- (g) Organized UNFCCC-GEF consultations with participation of the Executive Secretary and the GEF CEO, together with senior staff from the two Secretariats to discuss the status of implementation of the Paris Agreement and outlook for COP 26, and to facilitate collaboration for the GEF-8 replenishment process (October 23, 2020);⁴
- (h) Continued to respond to various UNFCCC COP decisions and guidance of relevance;
- (i) Carried out reporting to UNFCCC, and engagement in relevant UNFCCC-related bodies and Committees of relevance for climate adaptation, matters related to LDCs, and finance;
- (j) Continued engagement in global thought leadership and partnership to accelerate adaptation action, in particular the Global Commission on Adaptation (GCA) where the GEF CEO served as a Commissioner;
- (k) Enhanced communications and outreach on LDCF and SCCF achievements and unique contributions in climate finance, including the CEO engagements in various adaptation-related events, such as the Finance for Adaptation Solutions & Technologies Roundtable (FASTR) at the Climate Week, NYC (September 22, 2020); Climate Adaptation Summit (January 25, 2021), and Climate and Development Ministerial (March 31, 2021) and its preparatory meetings;

² GEF, 2020, [Work Program for the Least Developed Countries Fund](#), Council Document GEF/LDCF.SCCF.29/03/Rev.01.

³ GEF, 2021, [Work Program for the Least Developed Countries Fund](#), Council Document GEF/LDCF.SCCF.30/05.

⁴ GEF, 2020, [Highlights of the October 2020 Meeting between UNFCCC and GEF Secretariats](#).

- (l) Received strong LDCF support from donor countries with announcements of new contributions, such as: 20 million euro from Belgium, 7 million euro from Finland, \$500,000 from Qatar, and \$700,000 CHF from Switzerland announced at the 29th LDCF/SCCF Council; and 100 million euro from Germany and 20 million euro from the Netherlands announced at the Climate Adaptation Summit;
- (m) Finalized contributions for the LDCF from six donors totaling \$60.87 million, shown in Table 1:

Table 1: Contributions Finalized for LDCF between July 1, 2020 and March 31, 2021⁵

Least Developed Countries Fund; Contributions Finalized For the period July 1, 2020 to March 31, 2021			
Contributing Participant	Currency	Amount	USDeq.
Belgium	EUR	20,000,000	23,467,000
Canada	CAD	7,500,000	5,952,381
Finland	EUR	5,000,000	5,866,750
Ireland	EUR	2,000,000	2,346,700
Netherlands	USD	22,500,000	22,500,000
Switzerland	CHF	700,000	742,154
Total			60,874,985

- (n) Collaborated with the Green Climate Fund (GCF) and strengthened partnerships between the Secretariats, and developed the Long-Term Vision on Complementarity of the GEF and GCF, presented to the 60th GEF Council in June 2021 and 29th meeting of the GCF Board, in June 2021;⁶
- (o) Organized the GEF Technical Dialogue on Enhancing Adaptation Impact (April 28, 2021) in partnership with STAP to strengthen shared understanding among the GEF partnership of good practices for enhancing adaptation impact and ambition, based on clear articulation of basic elements, and informed by climate information;⁷
- (p) Continued to address LDCF/SCCF business needs for the GEF Portal, including programming of the Work Program constitution functionality, work flow updates for LDCF and SCCF projects, and addressing issues as encountered by Agencies and partners; and
- (q) Continued work to improve data accuracy for LDCF and SCCF projects.

6. Due to COVID-19 related restrictions no work-related travel was possible during this FY.

⁵ Figures provided by the GEF Trustee.

⁶ GEF, 2021, [Long-Term Vision on Complementarity, Coherence, and Collaboration between the Green Climate Fund and the Global Environment Facility](#), Council Document GEF/C.60/08.

⁷ GEF, 2021, [Learning from Shared Experience for Impactful Climate Adaptation](#), GEF news story.

All participation by the LDCF SCCF team in events and meetings were virtual in nature.

BUSINESS PLAN FOR FY22

7. The FY22 business plan for the LDCF and SCCF is presented as the world continues to grapple with the interconnected crises of COVID-19, climate change, and global environmental degradation. Virtually all countries in the GEF network and all Agencies continue to be impacted by the pandemic, with implications on business practices, implementation conditions, associated risks, and coordination and consultations.

8. The LDCF/SCCF will continue to facilitate the articulation of opportunities to provide nimble support to countries to address adaptation needs in synergy with actions that respond to the COVID-19 crisis and support green and blue recovery, and contribute to more inclusive, sustainable, and resilient development.

9. FY22 also coincides with a landmark UNFCCC COP, where climate change adaptation and provision of climate finance are two priority subjects for discussion, and guidance to the LDCF and SCCF, as well as to the GEF are expected to be issued. Furthermore, FY22 marks the start of the next LDCF/SCCF programming strategy development process.

10. As such, actions associated to address the COVID-19 crisis and the new strategy development are two major tasks for the GEF Secretariat, in addition to the ongoing tasks for the LDCF/SCCF portfolio management. These ongoing tasks include oversight and implementation of the operational policies and programming strategies of the LDCF and the SCCF; review and processing of the project proposals for CEO or Council approval and endorsement; management of the portfolio of LDCF and SCCF projects; coordination with the GEF Agencies, the Trustee and the Convention Secretariat; and reporting to the LDCF/SCCF Council and the UNFCCC COP. The team working on the LDCF and the SCCF is also responsible for the organization and management of the LDCF/SCCF Council meetings.

11. In light of the above, and to accommodate the resumption of FY20 and FY21 activities that were put on hold due to the pandemic, the GEF Secretariat expects intensified needs and demands for LDCF/SCCF work and relevant staff engagement to undertake in FY22. The proposed business plan for FY22 thus includes the following areas of work for the Secretariat:

- (a) Initiate the development of, and consultations for, the 2022-2026 GEF Programming Strategy on Adaptation to Climate Change for the LDCF and SCCF and Operational Improvements, in coordination with the GEF-8 replenishment, as described in the Planning Note presented to this LDCF/SCCF Council, including organization of consultations with representatives of donors, recipients, and key

- stakeholders and preparations of strategy drafts and operational policy improvements.⁸
- (b) Conduct analyses of COVID-19 related risks to the LDCF/SCCF portfolio, programming, and risk mitigation strategies, and discuss them with countries, Agencies, donors, and key partners to facilitate continued planning and operations;
 - (c) Intensify outreach to, and dialogue with, donors to broaden the scale and scope of LDCF and SCCF support base to address critical emerging needs associated with the COVID-19 and climate crises, as well as opportunities for innovative programming;
 - (d) Review project concepts and CEO endorsements to assess their eligibility and to guide countries and Agencies towards impactful project/program design for the LDCF/SCCF and partnerships;
 - (e) Organize two LDCF/SCCF Council meetings, including preparation of Council documents and background materials, Work Program constitution, provision of information and responses to queries, and follow-up on Council decisions;
 - (f) Continue support to UNFCCC-related reporting, meetings, and other processes, including participation in COP26 and subsidiary meetings, responding to Party and UNFCCC queries and requests for information, and submission of reports;
 - (g) Continue the implementation of Challenge Program for Adaptation Innovation, including a second call for proposals;
 - (h) Enhance collaboration with GCF through the implementation of the Long-Term Vision of complementarity, including identification of joint initiatives between the LDCF/SCCF and the GCF, and facilitation of national investment planning;
 - (i) Explore collaboration and complementarity among other climate funds, contribute to advance the climate adaptation agenda jointly, and enhance adaptation mainstreaming opportunities;
 - (j) Work with partners, including GEF Agencies, STAP, and other climate funds, to build and share knowledge of gender-related results, and enhance capacity to address impact and sustainability of outcomes.⁹
 - (k) Continue outreach to the LDC Group and partners on the LDC Work Programme;
 - (l) Support the CEO and senior management in global thought leadership and partnership to build momentum for adaptation action, to mainstream climate resilience, and to explore adaptation opportunities in blue and green recovery;

⁸ GEF, 2021, [Planning Note for the Development of the GEF Programming Strategy on Adaptation to Climate Change for the Least Developed Countries Fund and the Special Climate Change Fund and Operational Improvements: July 2022 to June 2026](#), Council Document GEF/LDCF.SCCF/C.30/07.

⁹ This activity is aligned with recommendations from the [2020 Program Evaluation of the Least Developed Countries Fund](#) by GEF IEO (Council Document GEF/LDCF.SCCF.29/E/01).

- (m) Enhance communications and outreach on LDCF and SCCF achievements, lessons learned, unique contributions, and outcomes of partnerships to accelerate adaptation action at key events, such as IUCN World Congress, COP 26, and other major events to be held in FY22 including those postponed from FY20 and FY21;
- (n) Monitor the project portfolio under implementation and recently completed; and
- (o) Continue with the improvements of data accuracy of LDCF and SCCF projects in the ongoing work on the GEF-wide Portal development, including debugging and data clean-up in the LDCF/SCCF module in the Portal, and request ITS to complete remaining tasks for Portal work flow configurations for LDCF and SCCF projects.

GEF SECRETARIAT FY22 ADMINISTRATIVE BUDGET FOR LDCF AND SCCF

FY21 Current Status

12. The approved FY21 administrative budget for the GEF Secretariat was \$1,046,674 for the LDCF and \$478,924 for the SCCF.¹⁰ The FY21 budget included financing for staff, consultants, travel, publications and outreach, meetings, and general costs necessary for the operations of these funds.

13. The FY21 projected expenditure for the GEF Secretariat currently stands at \$824,308 for the LDCF, at 78.8 percent of FY21 budget, and \$291,411 for the SCCF, at 60.8 percent of the approved FY20 budget. The under-run is attributed to zero expenditures on travel from both the LDCF and SCCF due to pandemic, and lower staff costs due to onboarding of newly recruited staff during the fiscal year with deferred physical relocation.

FY22 GEF Secretariat Budget Request

14. The GEF Secretariat's budget request for FY21 amounts to \$1,251,037 for the LDCF and \$583,275 for the SCCF. This budget presents an increase from the FY21 budget for the LDCF of \$204,363 (19.5 percent) and for SCCF of \$104,351 (21.8 percent). This request is built on the best estimations of anticipated impacts of the COVID-19 on expenditures and the business plan.

15. For staff costs, an amount of \$968,930 is included in the FY22 budget request for the LDCF and \$415,256 for the SCCF. The amounts requested reflect an increase of \$213,530, or 18.2 percent for the two funds. The increase is attributable to a number of factors: (i) to reflect the adjustments to the FY21 salary figures made by the World Bank to account for COVID; (ii) to account for the FY22 Salary Rate Increase (SRI); and (iii) to account for a higher share of staff costs within the GEF Secretariat, as summarized below:

- (a) Similar to the GEF corporate budget, the LDCF/SCCF personnel cost increases annually based on the SRI approved by the Board of the World Bank for staff,

¹⁰ GEF, 2021, [*FY21 Administrative Budget for the Least Developed Countries Fund and the Special Climate Change Fund*](#), Council Document GEF/LDCF.SCCF.28/04.

which applies automatically to staff of the GEF Secretariat. For FY21, the SRI increase was higher than originally estimated due to the COVID situation.

- (b) FY22 salaries are estimated on the FY21 actual salaries, which were higher than originally estimated for the FY21 budget, and the SRI of 3 percent.
- (c) In FY22, the LDCF/SCCF will absorb a higher share of costs of some staff members within the GEF Secretariat to account for increased workload. There is no increase in the number of staff on the LDCF/SCCF team, and no new post has been created.

16. For consultants, \$30,000 is requested from the LDCF and \$10,000 for the SCCF for FY22. The amounts are proposed for portfolio management, knowledge dissemination support, and to meet the increased workload associated with the new programming strategy development, as well as coverage for UNFCCC COP. The LDCF request is increased by \$10,000, to account for the additional work anticipated in FY22. The SCCF request is at the same level as FY21.

17. As for travel, \$87,500 and \$35,000 are requested in FY22 under the LDCF and SCCF respectively. The requested amount is at the same level as the approved FY21 budget. Compared to the approved FY20 budget, the FY22 amount is reduced by 12.5 percent for both funds for a reduction of \$12,500 for the LDCF and \$5,000 for the SCCF. Similar to the GEF FY22 corporate budget request, these figures take into account the following:

- (a) Anticipated travel restrictions to continue to some extent, with assumptions that many negotiations and meetings will take place in the remaining period of FY22;
- (b) Travel costs associated with consultations for the new Programming Strategy for Climate Change Adaptation; and
- (c) Measures to economize on missions and consultations with countries, partners, and donors, in line with World Bank Expenditure Review efficiency measures and additional measures developed during the World Bank Capital Package negotiations.

18. For publications and outreach, the requests for \$30,000 for the LDCF and \$20,000 for the SCCF are at the same level as FY21. The resources would support initiatives to raise the visibility and profile of the two funds, and to share knowledge and lessons learned.

19. For general operations costs, the FY22 requests for office lease for \$86,607 for the LDCF and \$61,019 reflect the shares of office least costs allocated to the two funds. As summarized in the GEF Trust Fund FY21 budget request, the successful negotiations for re-pricing of the office space by the World Bank Global Corporate Solutions Office in 2019 led to the reduction in least costs from February 2020. In FY22, the least costs will rise from this adjusted (lower) rate at the regular contractual amount set out in the updated provisions of the lease.

20. A budget for IT systems (Portal) of \$40,000 for the LDCF and \$35,000 for the SCCF is requested for FY22 to develop a results framework functionality, and to update the project cycle process for MTF projects that involve LDCF/SCCF financing.

21. The costs of meetings are requested for \$8,000 for the LDCF and \$7,000 for the SCCF, increased from the FY21 requests for \$5,000 for the LDCF and \$3,000 for the SCCF. The increase is needed to cover consultations for the new Programming Strategy discussions taking place in FY22. Some meetings are expected to take place virtually, resulting in cost savings. In comparison, the approved budget for FY18, when the previous Programming Strategy discussions took place, was higher at \$13,585 for the LDCF and \$7,344 for SCCF.¹¹ The FY22 request figures for meetings are 41 percent less for the LDCF and 32 percent less for the SCCF compared to the FY18 approved budget.

22. The GEF Secretariat's FY22 budget requests are summarized in Table 2 and Table 3.

Table 2: GEF Secretariat FY21 Budget and FY22 Budget Request for LDCF

L D C F							
Expense Category	FY21 Approved Budget	FY21 (Actual/Projected Costs)	Comparison between FY 21 Actual/Projected and Approved Budgets		FY22 Budget Request	Comparison between FY21 Approved and FY22 Requested Budgets	
	\$	\$	\$	%	\$	\$	%
Staff Costs (Salaries and Benefits)	819,438	694,930	-124,508	-15.2%	968,930	149,492	18.2%
Variable Costs	142,500	55,538	-86,962	-61.0%	155,500	13,000	9.1%
Consultants	20,000	16,363	-3,637	-18.2%	30,000	10,000	50.0%
Travel	87,500	0	-87,500	-100.0%	87,500	0	0.0%
Publications and Outreach	30,000	33,750	3,750	12.5%	30,000	0	0.0%
Costs of Meetings	5,000	5,425	425	8.5%	8,000	3,000	60.0%
Fixed Costs	84,736	73,840	-10,896	-12.9%	126,607	41,871	49.4%
General Operations Costs (office lease)	84,736	73,840	-10,896	-12.9%	86,607	1,871	2.2%
IT systems (Portal)					40,000	40,000	
GRAND TOTAL	1,046,674	824,308	-222,366	-21.2%	1,251,037	204,363	19.5%

¹¹ GEF, 2017, [FY18 Administrative Budget for the Least Developed Countries Fund and the Special Climate Change Fund](#), Council Document GEF/LDCF.SCCF.22/05.

Table 3: GEF Secretariat FY21 Budget and FY22 Budget Request for SCCF

S C C F							
Expense Category	FY21 Approved Budget	FY21 (Actual/Projected Costs)	Comparison between FY21 Actual/Projected and Approved Budgets		FY22 Budget Request	Comparison between FY21 Approved and FY22 Requested Budgets	
	\$	\$	\$	%	US\$	\$	%
Staff Costs (Salaries and Benefits)	351,188	209,473	-141,715	-40.4%	415,256	64,068	18.2%
Variable Costs	68,000	18,987	-49,013	-72.1%	72,000	4,000	5.9%
Consultants	10,000	7,737	-2,263	-22.6%	10,000	0	0.0%
Travel	35,000	0	-35,000	-100.0%	35,000	0	0.0%
Publications and Outreach	20,000	11,250	-8,750	-43.8%	20,000	0	0.0%
Costs of Meetings	3,000	0	-3,000	-100.0%	7,000	4,000	133.3%
Fixed Costs	59,736	62,951	3,215	5.4%	96,019	36,283	60.7%
General Operations Costs (office lease)	59,736	62,951	3,215	5.4%	61,019	1,283	2.1%
IT systems (Portal)					35,000	35,000	
GRAND TOTAL	478,924	291,411	-187,513	-39.2%	583,275	104,351	21.8%

STAP FY22 ADMINISTRATIVE BUDGET FOR LDCF AND SCCF

Responsibilities of STAP

23. In the final year of GEF-7 (FY22), STAP will contribute to work in collaboration with GEF Partners and with the GEF Secretariat in efforts to enhance adaptation impact through the development of a new strategy, mainstreaming activities, and continue supporting the GEF LDCF and SCCF Work Programs in support of the ambitions of countries. STAP will continue to review the scientific rationale and technical soundness of all LDCF/SCCF full-sized projects particularly pertaining to climate change impacts, resilience, vulnerability, and adaptation. In addition, STAP will continue to provide advice on strategies and policies as required, as well as on project or program development at the invitation of Agencies. Finally, STAP continues to screen all LDCF and SCCF full-sized projects at entry into the work program and will continue to undertake this technical review process and regularly report on results to Council.

24. The STAP's budget request for FY22 is summarized in Table 4 for LDCF and Table 5 for

SCCF. STAP work program activities for FY21 have been implemented within the approved budget. Similar to FY19, FY20, and FY21, no increase in budget is requested. Figures for FY21 expenditures are estimates as final audited results are not yet available.

Table 4: STAP FY22 Budget Request for LDCF

STAP – Secretariat Expense Category	FY21 Budget \$ millions	FY21 Estimated \$ millions	FY22 Request \$ millions
Staff Costs	0.045	0.045	0.045
Salaries and Benefits, Travel			
Consultant Costs, Fees, Travel	0.029	0.029	0.029
General Operating Costs			
Office space, equipment, printing/design, communications, supplies, corporate services	0.009	0.009	0.009
SUB-TOTAL	0.083	0.083	0.083
		0.046	0.046
Panel Members Honoraria, STAP Panel Meetings	0.046		
SUB-TOTAL	0.045	0.045	0.045
TOTAL	0.128	0.128	0.128

Table 5: STAP FY22 Budget Request for SCCF

STAP – Secretariat Expense Category	FY21 Budget \$ millions	FY21 Estimated \$ millions	FY22 Request \$ millions
Staff Costs	0.045	0.045	0.045
Salaries and Benefits, Travel			
Consultant Costs, Fees, Travel	0.029	0.029	0.029
General Operating Costs			
Office space, equipment, printing/design, communications, supplies, corporate services	0.009	0.009	0.009
SUB-TOTAL	0.083	0.083	0.083
Panel Members Honoraria, STAP Panel Meetings	0.046	0.046	0.046
SUB-TOTAL	0.045	0.045	0.045
TOTAL	0.128	0.128	0.128

TRUSTEE FY22 ADMINISTRATIVE FEES FOR LDCF AND SCCF

FY21 Current Status and FY22 Budget Request for LDCF

25. As agreed with donors under the Trust Fund Administration Agreements, the Trustee receives an annual administrative fee to cover reasonable actual expenses incurred by the

Trustee in carrying out the Trustee function for the LDCF.

26. The core elements of the Trustee's work program in FY22 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; (v) accounting and reporting for the financial and operational activities of the LDCF; and (vi) preparation of amendments and finalization of Financial Procedures Agreements (FPAs) between the Trustee and the GEF Agencies. Table 6 shows the breakdown of the Trustee fee by services provided to the LDCF.

Table 6: LDCF Budgetary Requirements for Services Provided by the Trustee (\$)

Trustee Services	FY 21 Approved	FY 21 Expected Actual	FY 22 Proposed Budget
Financial Management and Relationship Management	52,000	52,500	53,000
Investment Management /a	286,000	329,100	321,000
Accounting and Reporting	22,000	21,800	22,000
Legal Services	24,000	24,300	24,000
Total Costs	384,000	427,700	420,000

a/ Investment Management fees are calculated against the average annual balance of the portfolio based on a cost of 4.5 basis points.

27. The fees for Trustee services for FY21 will be \$427,700. This is \$43,700 or 11.4 percent higher than approved budget mainly due to the increased investment management fees. The average liquidity balance for LDCF of \$731 million for FY21 was higher than the projected balance of \$ 636 million which led to the higher than the budgeted investment management fee.

28. To cover expenses for FY22 related to the above work program, the Trustee requests a budget of \$420,000 which is \$7,700 or 2 percent less compared to the FY21 estimated actual cost of \$427,700. This is largely due to the expected lower investment management fees due to the lower average liquidity balance for LDCF estimated at \$ 715 million. The actual investment management costs will vary depending on the actual average liquidity level during FY22.

FY21 Current Status and FY22 Budget Request for SCCF

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

30. The core elements of the Trustee's work program for FY21 for the SCCF include: (i) management of donor contributions; (ii) financial and investment management of resources; (iii) commitments and disbursements to the Implementing Agencies; (iv) infrastructure and systems support; (v) accounting and reporting for the financial and operational activities of the SCCF; and (vi) preparation of amendments and finalization of Financial Procedures Agreements (FPAs) between the Trustee and the GEF Agencies. Table 7 below shows the breakdown of the Trustee fee by services provided to the SCCF.

Table 7: SCCF Budgetary Requirements for Services Provided by the Trustee (\$)

Trustee Services	FY 21 Approved	FY 21 Expected Actual	FY 22 Proposed Budget
Financial Management and Relationship Management	43,000	42,900	43,000
Investment Management /a	29,000	28,700	23,000
Accounting and Reporting	19,000	19,000	19,000
Legal Services	24,000	24,000	24,000
Total Costs, including Special Initiative	115,000	114,600	109,000
a/ Investment Management fees are calculated against the average annual balance of the portfolio based on a cost of 4.5 basis points.			

31. The FY21 fees for Trustee services are expected to be \$114,600, which is \$400 lower than the approved budget of \$115,000. The average liquidity balance for SCCF of \$63.7 million for FY21 was slightly lower than the projected balance of \$ 63.8 million which led to the slightly lower than the budgeted investment management fee.

32. To cover expenses for FY22 related to the above work program, the Trustee requests a budget of \$109,000 which is \$5,600 or 5 percent less compared to the FY21 estimated actual cost of \$114,600. This is largely due to the expected lower investment management fees due to the lower average liquidity balance for SCCF estimated at \$51 million. The actual investment management costs will vary depending on the actual average liquidity level during FY22.

GEF INDEPENDENT EVALUATION OFFICE FY22 ADMINISTRATIVE BUDGET FOR LDCF AND SCCF

33. The GEF IEO work plan and corresponding budget request are presented in a separate document.¹² The GEF IEO requests \$37,000 for the LDCF and \$47,000 for the SCCF, for a total of

¹² GEF IEO, 2021, [FY22 Work Program and Budget for the Independent Evaluation Office of the GEF under the LDCF and SCCF](#), Council Document GEF/LDCF.SCCF.30/ME/01.

\$84,000 for FY22 to cover the cost of implementing the proposed evaluation work plan.

TOTAL FY22 ADMINISTRATIVE BUDGET REQUEST FOR LDCF AND SCCF

34. The total consolidated FY22 budget request for the GEF Secretariat, STAP, Trustee and GEF IEO is \$1,836,037 from the LDCF and \$867,275 from the SCCF, as summarized in Table 8.

Table 8: Consolidated FY22 Budget Request for LDCF and SCCF

	LDCF FY22 (\$)	SCCF FY22 (\$)	Total FY22 (\$)
GEF Secretariat	1,251,037	583,275	1,834,312
STAP	128,000	128,000	256,000
Trustee	420,000	109,000	529,000
GEF IEO	37,000	47,000	84,000
Total	1,836,037	867,275	2,703,312

35. As presented in Table 9, the total FY22 budget request for LDCF at \$1,836,037 is \$236,363 or 14.8 percent, additional to the FY21 budget.

Table 9: Comparison of FY21 and FY22 Budget Request for LDCF

	LDCF FY21 (\$)	LDCF FY22 (\$)	Difference (\$ and %)
GEF Secretariat	1,046,674	1,251,037	204,363
			19.5%
STAP	128,000	128,000	0
			0.0%
Trustee	384,000	420,000	36,000
			9.4%
GEF IEO	41,000	37,000	-4,000
			-9.8%
Total	1,599,674	1,836,037	236,363
			14.8%

36. As for the SCCF, the total FY22 budget request at \$863,275 is \$69,351, or 8.7 percent, more than the FY21 budget, as presented in Table 10.

Table 10: Comparison of FY21 and FY22 Budget Request for SCCF

	SCCF FY21 (\$)	SCCF FY22 (\$)	Difference (\$ and %)
GEF Secretariat	478,924	583,275	104,351
			21.8%
STAP	128,000	128,000	0
			0.0%
Trustee	115,000	109,000	-6,000
			-5.2%
GEF IEO	76,000	47,000	-29,000
			-38.2%
Total	797,924	863,275	69,351
			8.7%