



GEF/LDCF.SCCF.28/04
May 5, 2020

28th LDCF/SCCF Council Meeting
June 3, 2020
Virtual Meeting

Agenda Item 04

**FY21 ADMINISTRATIVE BUDGET 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.28/04 FY21 *Administrative Budget 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. \$1,046,674 (GEF Secretariat), \$128,000 (STAP), \$384,000 (Trustee), and \$41,000 (GEF IEO) from the Least Developed Countries Fund; and
2. \$478,924 (GEF Secretariat), \$128,000 (STAP), \$115,000 (Trustee), and \$76,000 (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 outcome of the fiscal year 2020 (FY20) LDCF/SCCF Council-approved budget, 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 FY21 (July 1, 2020 to June 30, 2021). It is built on the best estimation of anticipated impacts of the COVID-19 on expenditures, as described below.

KEY DEVELOPMENTS AND ACCOMPLISHMENTS IN FY20

3. The FY20 reporting period was characterized by the following key developments and accomplishments, based on the FY20 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
- (b) Constitution and Council approval of the third Work Program presented to the 27th LDCF/SCCF Council in December 2019, requesting \$59.95 million of resources, including GEF project financing and Agency fees, for nine LDCF projects including four multi-trust fund projects (MTFs);²
- (c) Constitution of the fourth Work Program presented to the 28th LDCF/SCCF Council to be held in June 2020, requesting \$59.59 million of resources, including GEF project financing, Agency fees, for eight LDCF projects including one MTF;³
- (d) Organization of two LDCF/SCCF Council meetings, including preparation and timely posting of Council documents;
- (e) Launch of the Challenge Program for Adaptation Innovation, supported with a total resource allocation of \$5 million each from SCCF and LDCF, with selection of nine finalists out of approximately 400 applicants through the call for proposals;⁴

¹ GEF, [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.

² GEF, [Work Program for the Least Developed Countries Fund](#), Council Document GEF/LDCF/SCCF.27/04.

³ GEF, [Work Program for the Least Developed Countries Fund](#), Council Document GEF/LDCF/SCCF.28/03.

⁴ GEF, [Update on the Challenge Program for Adaptation Innovation under the Least Developed Countries Fund and Special Climate Change Fund](#), Council Document GEF/LDCF.SCCF.27/Inf.04.

- (f) Finalizing CEO endorsements of five LDCF projects totaling \$38.82 million of LDCF resources, including GEF project financing and Agency fees, and CEO approval of one SCCF project totaling \$2.18 million of GEF project financing and Agency fees;
- (g) Continued consultations on national priorities with 17 LDCs with GEF-6 pipelined projects and inclusion of new and updated priority projects from a majority of these countries in the Work Programs;
- (h) Continued support to respond to various UNFCCC Conference of the Parties (COP) decisions and guidance of relevance;
- (i) Reporting to, and participation in, UNFCCC meetings, including COP25 (December 2019), and engagement in various UNFCCC-related bodies and Committees of relevance;
- (j) Co-hosting of a Ministerial Dialogue with Germany and the LDC Group titled “Investing in Climate Change Adaptation Action through the Least Developed Countries Fund (LDCF) – Dialogue and Pledging Session” on September 24, 2019, at the margins of the UN Secretary General’s Climate Action Summit in New York, with donor pledges and confirmations of over \$160 million (see press release);^{5, 6}
- (k) Receiving pledges for the LDCF from nine donors totaling \$188.83 million, shown in Table 1:

Table 1: Pledges Received for LDCF between July 1, 2019 and April 30, 2020

Contributor	Currency	Amount	US\$ eq based on exchange rate of April 30, 2020
Belgium	EUR	15,000,000	16,313,923
Belgium’s Walloon Region	EUR	2,700,000	2,936,506
Canada	CAD	7,500,000	5,407,354
Denmark	DKK	210,000,000	30,623,182
Germany	EUR	50,000,000	54,379,745
Iceland	US\$	100,000	100,000
Netherlands	EUR	23,500,000	23,500,000
Sweden	SEK	520,000,000	52,997,951
Switzerland	CHF	2,500,000	2,575,992

- (l) Continued engagement in global thought leadership and partnership to accelerate adaptation action, in particular the Global Commission on Adaptation (GCA) where the GEF CEO is a Commissioner;

⁵ GEF Press Release, [Governments Commit to Shared Climate Action through Least Developed Countries Fund](#), September 26, 2019.

⁶ One donor decided to defer.

- (m) Enhanced communications and outreach on LDCF and SCCF achievements and unique contributions in climate finance, including the CEO engagements in various adaptation-related events at the London Climate Week, organization of an event to launch the GCA report at COP15 of the UN Convention to Combat Desertification in India, 2019 UN Secretary General’s Climate Action Summit, and UNFCCC COP25.
- (n) Collaborating with the Green Climate Fund (GCF) and strengthening partnerships between the Secretariats through the coordinated engagement pilot based on country needs, strategy discussions, and joint outreach, and hosting a joint pavilion at COP25 and co-organizing a number of joint events;
- (o) Inclusion of climate change adaptation elements in the GEF Corporate Scorecard, such as expected results from approved LDCF and SCCF projects and programs;⁷
- (p) Finalization of the GEF-7 LDCF/SCCF Adaptation Results Framework (Core Indicators and Meta Information) and continued negotiation by the Portal team with the responsible World Bank unit to include programming of this Framework module in the Portal;
- (q) Continuing to adjust work flows for LDCF and SCCF projects in the GEF-wide Portal and addressing issues as encountered by Agencies and other partners;
- (r) Continued work to improve data accuracy for LDCF and SCCF projects in response to 2017 SCCF Independent Evaluation and 2016 LDCF Independent Evaluation, with accuracy of the data confirmed and broken links identified to be updated by the Portal team for all projects available in the Portal as of May 2019; and
- (s) Recruitment of professional staff through advertisement to fill a vacancy that emerged during the fiscal year.

4. With the onset of the COVID-19 crisis in the third quarter of FY20, the working modality of the GEF Secretariat shifted to home-based work. The team continued to engage with Agencies and countries to review proposals for the LDCF Work Program presented to the 28th LDCF/SCCF Council, consult with partners regarding project preparations and implementation impacts and risks, prepare reports and other requested information for UNFCCC, carry out CEO endorsement reviews, and other tasks.

5. A significant portion of work that necessitated travel for the LDCF and SCCF was completed by the end of the third quarter of FY20. However, the fourth quarter travel has been cancelled due to postponements of a number of key meetings, such as June 2020 UNFCCC subsidiary meetings, adaptation-related UNFCCC committee meetings, the IUCN World Congress, and the Adaptation Futures Meeting.

⁷ GEF, [GEF-7 Corporate Scorecard: December 2019](#), Council Document GEF/C.57/Inf.03.

BUSINESS PLAN FOR FY21

6. The FY21 business plan for the LDCF and SCCF is presented at the world faces significant uncertainties associated with the COVID-19 crisis. Virtually all countries in the GEF network and all Agencies are being impacted by the pandemic, with implications on business practices, implementation conditions, associated risks, and coordination and consultation. The crisis has also impacted the schedule and deliberations of COP26.

7. The LDCF/SCCF business plan for FY21 will facilitate the articulation of opportunities to provide nimble support to countries to address emerging adaptation needs in synergy with actions that respond to the COVID-19 crisis and contribute to more inclusive, sustainable, and resilient development.

8. Furthermore, FY21 marks the start of the eighth replenishment process for the GEF, to which the LDCF/SCCF programming strategy development and negotiations are also aligned. Consultations with representatives of donor countries, recipients, and key stakeholders will be organized, with preparations of strategy drafts and operational policy improvements. The COVID-19 crisis is expected to influence the strategy and policy, and the consultative process.

9. Actions associated with the COVID-19 crisis and the new strategy development are two major elements in addition to the ongoing work for the LDCF/SCCF undertaken by the GEF Secretariat, including 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.

10. In addition, work will continue to support innovation and systemic interventions that support priority adaptation action with LDCF/SCCF resources, building on an increasing global recognition, political momentum, and greater importance placed on supporting adaptation action.

11. Reflecting these major developments, the business plan for FY21 includes the following areas of work for the Secretariat in FY21:

- (a) Continue to conduct analyses of COVID-19 related risks to the LDCF/SCCF portfolio, programming, and resource availability and risk mitigation strategies, and discuss them with countries, Agencies, donors, and key partners to facilitate continued planning and operations;
- (b) Discuss and facilitate development of opportunities within the current Programming Strategy to provide nimble support to countries to address emerging adaptation needs in synergy with actions that address and recover from the COVID-19 crisis, and facilitate countries to enable timely programming. Countries

may start to pivot their adaptation priorities to those more linked to income generation and diversification, address food insecurity, create buffers, enhance health benefits, and promote resilience and readiness of communities and institutions. Examples of actions with synergy potential between adaptation and COVID-19 responses may include: support for nature-based solutions and climate-smart infrastructure planning, such as enhancing resilience of basic services and their sources (for example recharge zones, wetlands, water bodies) and sustainable/resilient cities; diversification and value addition in agriculture that addresses food security at community, regional, and national levels; supporting adaptation-oriented public works programs with job and income generation opportunities for vulnerable communities, such as sustainable forest management and landscape restoration, and irrigation. Support could also be extended to adaptation-oriented innovation and sectors through blended finance, including debt guarantees, equity, and other measures.

- (c) Continue to discuss opportunities 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) Contribute to articulate new areas of work by LDCF and SCCF to respond to and prevent impacts from future outbreaks;
- (e) Initiate the negotiations 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;
- (f) 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;
- (g) 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;
- (h) 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;
- (i) Provide technical support for projects and programs on integrated solutions with adaptation and global environmental benefits;
- (j) Continue the Challenge Program for Adaptation Innovation, and explore additional opportunities to provide support for innovation and technology transfer for adaptation in projects/programs in eligible countries;
- (k) Enhance collaboration with GCF through the coordinated engagement pilot in interested countries and cooperation at the fund Secretariat level to develop large-scale projects/programs, such as a new phase of the Great Green Wall

Program in coordination with the UNCCD Secretariat, and liaise with other climate funds to enhance adaptation mainstreaming opportunities;

- (l) Continue outreach to the LDC Group on the new LDC Work Programme;
- (m) Support the incoming CEO and senior management in their engagement in global thought leadership and partnership to accelerate adaptation and resilience;
- (n) Enhance communications and outreach on LDCF and SCCF achievements, lessons learned, and outcomes of partnerships to accelerate adaptation action, such as the GCA, and unique contributions in climate finance at key events, such as the Global Adaptation Conference, IUCN World Congress, COP26, and other major events to be held in FY21 including those postponed from FY20;⁸
- (o) Continue outreach to and engagement with donors, to keep them updated on the financing status and needs for enhanced and timely support;⁹
- (p) Monitor the project portfolio under implementation and those recently completed; and
- (q) 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 adjustments for LDCF and SCCF projects.¹⁰

GEF SECRETARIAT FY21 ADMINISTRATIVE BUDGET FOR LDCF AND SCCF

FY20 Current Status

12. The approved FY20 administrative budget for the GEF Secretariat was \$1,047,030 for the LDCF and \$480,640 for the SCCF.¹¹ The FY20 budget included financing for staff, consultants, travel, publications and outreach, meetings, and general costs necessary for the operations of these funds.

⁸ This addresses the following recommendation from the 2017 [Program Evaluation of the Special Climate Change Fund](#) (Council Document GEF/LDCF.SCCF.22/ME/02): The GEF Secretariat should articulate and publicly communicate the SCCF's niche within the global adaptation finance landscape, to include an explicit statement regarding the SCCF's relation with – and complementarity to – the Green Climate Fund.

⁹ The 2017 Program Evaluation of the SCCF and 2016 [Program Evaluation of the Least Developed Countries Fund](#) (Council Document GEF/LDCF.SCCF.20/ME/02) by the GEF IEO recommended the GEF Secretariat to explore and develop mechanisms that ensure the predictable, adequate, and sustainable financing of the Fund. While the means to address the need for predictable, adequate, and sustainable financing falls within the purview of the donors as well as the LDCF/SCCF Council, the GEF Secretariat will make efforts to keep the donors and recipients informed about the financial status and needs.

¹⁰ This addresses recommendations from the 2017 Program Evaluation of the SCCF and 2016 Program Evaluation of the LDCF to ensure that data in the Project Management Information System is up to date and accurate.

¹¹ GEF, [FY20 Administrative Budget for the Least Developed Countries Fund and the Special Climate Change Fund](#), Council Document GEF/LDCF.SCCF.26/06.

13. The FY20 projected expenditure for the GEF Secretariat currently stands at \$950,773 for the LDCF, at 90.8 percent of FY20 budget, and \$360,310 for the SCCF, at 75.0 percent of the approved FY20 budget. The under-run may be attributed to staff costs due to a vacancy under recruitment as a result of staff departure, reduced travel costs in the fourth quarter of FY20 due to postponements of meetings due to the COVID-19 crisis, and savings from the lease costs as a result of a successful negotiations, as explained further below.

FY21 GEF Secretariat Budget Request

14. The GEF Secretariat's budget request for FY21 amounts to \$1,046,674 for the LDCF and \$478,924 for the SCCF. This budget presents a very slight reduction from the FY19 budget for the LDCF of \$356, and also a slight reduction of the SCCF budget of \$1,716, or minus 0.7 percent. This request is built on the best estimations of anticipated impacts of the COVID-19 on expenditures and the business plan.

15. While COVID-19 has significant impacts on the ongoing operations for GEF-7 and strategy formulation for GEF-8, these actions are expected to manifest as managerial and staff efforts with less dramatic impact on the overall budget expenditures. Similar to the GEF corporate budget, a significant portion of the LDCF/SCCF administrative budget is for staff costs, consisting of 78.3 percent of the LDCF and 73.3 percent of the SCCF budget requested. These costs are not directly and immediately affected by the COVID-19 crisis under the GEF-7 Programming Strategy and operations. While there are uncertainties in the scheduling of COPs and other major consultations as well as the extent and duration of travel restrictions, the proposed budget is expected to be able to accommodate a range of actual needs for travel in FY21.

16. For staff costs, an amount of \$819,438 is included in the FY21 budget request for the LDCF and \$351,188 for the SCCF. The amounts requested reflect an increase of 4.1 percent, or \$45,710 for the two funds. Similar to the GEF corporate budget¹², the increase in amount is due to the annual Salary Rate increase (SRI) approved by the Board of the World Bank for staff, which applies automatically to staff of the GEF Secretariat. For FY21, the SRI is 3 percent. The figures also reflect the completion of ongoing recruitment for a vacancy that occurred in FY20. No new posts are created.

17. For consultant costs, an amount of \$20,000 is requested from the LDCF and \$10,000 for the SCCF for FY20. The amounts are proposed for portfolio management, knowledge dissemination support, and to meet the increased workload associated with the new programming strategy development aligned with the GEF-8 replenishment, analytical needs to address and monitor COVID-19 responses, as well as coverage for UNFCCC COP. The LDCF request is increased by \$5,000, to account for the continued workload anticipated in FY21.

18. As for travel, \$875,000 and \$35,000 are requested in FY21 under the LDCF and SCCF respectively, reduced by 12.5 percent for both funds for a reduction of \$12,500 for the LDCF

¹² GEF, [GEF Business Plan and Corporate Budget for FY21](#), Council Document GEF/C.58/03.

and \$5,000 for the SCCF. Similar to the GEF FY21 corporate budget request, these figures take into account the following:

- (a) Anticipated travel restrictions to continue to some extent into the first half of FY21, with assumption that many negotiations and meetings to be postponed to the second half of FY21;
- (b) Travel costs associated with consultations for the new Programming Strategy for Climate Change Adaptation, aligned with the GEF-8 replenishment; and
- (c) Measures to economize on missions and consultations with recipient countries, partners, and donors, in line with World Bank Expenditure Review efficiency measures and additional measures developed during the World Bank Capital Package negotiations.

19. For publications and outreach, the requests for \$30,000 for the LDCF and \$20,000 for the SCCF would support continued knowledge sharing in FY21, also for upgrading of the Portal for data accuracy and results management. The SCCF budget request is the same amount as FY20, while the LDCF request is reduced by \$10,000, or 25.0 percent.

20. For general operations costs, the FY21 requests for \$84,736 for the LDCF and \$59,736 reflect the shares of office least costs allocated to the two funds. The least costs in FY21 will decrease by 14.9 percent compared to the FY20 approved budget for the same purpose. 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, which has also led to the reduction in cost from February 2020.

21. The costs of meetings are requested at \$5,000 for the LDCF and \$3,000 for the SCCF, similar to the FY20 budget. The Secretariat will be organizing consultations for the new Programming Strategy discussions aligned with the GEF-8 replenishment in the second half of FY21.

22. The GEF Secretariat's FY21 budget requests are summarized in Table 2 for the LDCF and Table 3 for the SCCF.

Table 2: GEF Secretariat FY20 Budget and FY21 Budget Request for LDCF

Expense Category	L D C F						
	FY20 Approved Budget	FY20 (Actual/Projected Costs)	Comparison between FY20 Actual/Projected and Approved Budgets		FY21 Budget Request	Comparison between FY20 Approved Budget and FY21 Budget Request	
	\$	\$	\$	%	\$	\$	%
Staff Costs (Salaries and Benefits)	787,441	720,569	-66,872	-8.5%	819,438	31,997	4.1%
Variable Costs	160,000	136,977	-23,023	-14.4%	142,500	-17,500	-10.9%
Consultants	15,000	20,701	5,701	38.0%	20,000	5,000	33.3%
Travel	100,000	71,276	-28,724	-28.7%	87,500	-12,500	-12.5%
Publications and Outreach	40,000	40,000	0	0.0%	30,000	-10,000	-25.0%
Costs of Meetings	5,000	5,000	0	0.0%	5,000	0	0.0%
Fixed Costs	99,589	93,227	-6,362	-6.4%	84,736	-14,853	-14.9%
General Operations Costs	99,589	93,227	-6,362	-6.4%	84,736	-14,853	-14.9%
GRAND TOTAL	1,047,030	950,773	-96,257	-9.2%	1,046,674	-356	0.0%

Table 3: GEF Secretariat FY20 Budget and FY21 Budget Request for SCCF

S C C F							
Expense Category	FY20 Approved Budget	FY20 (Actual/Projected Costs)	Difference between FY20 Actual/Projected and Approved Budgets		FY21 Budget Request	Difference between FY20 Approved and FY21 Requested Budgets	
			\$	%		\$	%
Staff Costs (Salaries and Benefits)	337,475	254,409	-83,066	-24.6%	351,188	13,713	4.1%
Variable Costs	73,000	40,218	-32,782	-44.9%	68,000	-5,000	-6.8%
Consultants	10,000	10,202	202	2.0%	10,000	0	0.0%
Travel	40,000	10,016	-29,984	-75.0%	35,000	-5,000	-12.5%
Publications and Outreach	20,000	20,000	0	0.0%	20,000	0	0.0%
Costs of Meetings	3,000	0	-3,000	100.0 %	3,000	0	0.0%
Fixed Costs	70,165	65,683	-4,482	-6.4%	59,736	-10,429	-14.9%
General Operations Costs	70,165	65,683	-4,482	-6.4%	59,736	-10,429	-14.9%
GRAND TOTAL	480,640	360,310	-120,330	-25.0%	478,924	-1,716	-0.4%

STAP FY21 ADMINISTRATIVE BUDGET FOR LDCF AND SCCF

Responsibilities of STAP

23. During FY21 and throughout GEF-7, STAP will continue supporting the GEF Work Program in conjunction with GEF Agencies and other Partners. STAP will continue to review the scientific rationale and technical soundness of all LDCF/SCCF full-sized projects pertaining to climate change impacts, vulnerability and adaptation. 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 SCCF and LDCF 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.

FY21 STAP Budget Request

24. The STAP’s budget request for FY21 is summarized in Table 4 for LDCF and Table 5 for SCCF. STAP work program activities for FY20 have been implemented within the approved budget. Figures for FY20 expenditures are estimates, final audited results are not yet available.

Table 4: FY21 STAP Budget Request for LDCF

STAP – Secretariat Expense Category	FY20 Budget \$ million	FY20 Estimated \$ million	FY21 Request \$ million
<u>Staff Costs</u>	<u>0.045</u>	<u>0.045</u>	<u>0.045</u>
Salaries and Benefits, Travel			
<u>Consultants Costs</u> Fees, Travel	<u>0.029</u>	<u>0.029</u>	<u>0.029</u>
<u>General Operations Costs</u>			
Office Space, Equipment, and Supplies, Communications and internal computing, Corporate Services	<u>0.009</u>	<u>0.009</u>	<u>0.009</u>
SUB-TOTAL	<u>0.083</u>	<u>0.083</u>	<u>0.083</u>
<u>STAP</u>	<u>0.046</u>	<u>0.046</u>	<u>0.046</u>
Panel Members Honoraria, STAP Meetings			
SUB-TOTAL	<u>0.046</u>	<u>0.046</u>	<u>0.046</u>
TOTAL	<u>0.128</u>	<u>0.128</u>	<u>0.128</u>

Table 5: FY21 STAP Budget Request for SCCF

STAP – Secretariat Expense Category	FY20 Budget \$ million	FY20 Estimated \$ million	FY21 Request \$ million
<u>Staff Costs</u>	<u>0.045</u>	<u>0.045</u>	<u>0.045</u>
Salaries and Benefits, Travel			
<u>Consultants Costs</u> Fees, Travel	<u>0.029</u>	<u>0.029</u>	<u>0.029</u>
<u>General Operations Costs</u>			
Office Space, Equipment, and Supplies, Communications and internal computing, Corporate Services	<u>0.009</u>	<u>0.009</u>	<u>0.009</u>
SUB-TOTAL	<u>0.083</u>	<u>0.083</u>	<u>0.083</u>
<u>STAP</u>	<u>0.046</u>	<u>0.046</u>	<u>0.046</u>
Panel Members Honoraria, STAP Meetings			
SUB-TOTAL	<u>0.046</u>	<u>0.046</u>	<u>0.046</u>
TOTAL	<u>0.128</u>	<u>0.128</u>	<u>0.128</u>

TRUSTEE FY21 ADMINISTRATIVE FEES FOR LDCF AND SCCF

FY20 Current Status and FY20 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 FY21 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 20 Approved	FY 20 Expected Actual	FY 21 Proposed Budget
Financial Management and Relationship Management	50,000	51,900	52,000
Investment Management /a	296,000	293,800	286,000
Accounting and Reporting	20,000	19,400	22,000
Legal Services	19,000	18,700	24,000
Total Costs	385,000	383,800	384,000
a/ Investment Management fees are calculated against the average annual balance of the portfolio based on a cost of 4.5 basis points.			

27. Based on the first nine-month period ended March 31, 2020 and projections for the remaining three months, it is expected that the actual cost for Trustee services for FY20 will be \$383,800. This is \$1,200 or 0.3 percent lower than budget due to the slight decreases in investment management, accounting, reporting and legal services fees.

28. Liquidity levels are influenced by donor contributions and cash drawdown by Agencies. Investment management cost is a variable cost that is calculated based on 4.5 basis points against the average annual balance of the Trust Fund. The average liquidity balance estimated as of June 2020 closely aligns with the budget projection, resulting in marginally lower investment management fees in FY20.

29. To cover expenses for FY21 related to the above work program, the Trustee requests a budget of \$384,000 including anticipated investment management costs. The actual investment management costs may vary depending on the actual average liquidity balance during FY21.

FY20 Current Status and FY21 Budget Request for SCCF

30. 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.

31. 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 20 Approved	FY 20 Expected Actual	FY 21 Proposed Budget
Financial Management and Relationship Management	43,000	42,900	43,000
Investment Management /a	30,000	33,600	29,000
Accounting and Reporting	17,000	17,500	19,000
Legal Services	22,000	22,000	24,000
Total Costs, including Special Initiative	112,000	116,000	115,000
a/ Investment Management fees are calculated against the average annual balance of the portfolio based on a cost of 4.5 basis points.			

32. Based on the first nine-month period ended March 31, 2020 and projections for the remaining three months, the FY20 actual costs for Trustee services are expected to be \$116,000, which represents an increase of \$4,000 in total cost or 4 percent higher than the approved budget of \$112,000. The average liquidity balance during FY20 increased by \$9 million than anticipated, resulting in increased investment management costs.

33. To cover expenses for FY21 related to the above work program, the Trustee requests a budget of \$115,000 including anticipated investment management costs. The actual investment management costs may vary depending on the actual average liquidity level during FY21.

GEF INDEPENDENT EVALUATION OFFICE FY20 ADMINISTRATIVE BUDGET FOR LDCF AND SCCF

34. The GEF IEO work plan and corresponding budget request are presented in a separate document.¹³ The GEF IEO requests \$41,000 for the LDCF and \$76,000 for the SCCF, for a total of \$117,000 for FY21 to cover the cost of implementing the proposed evaluation work plan.

TOTAL FY21 ADMINISTRATIVE BUDGET REQUEST FOR LDCF AND SCCF

35. The total consolidated FY21 budget request for the GEF Secretariat, STAP, Trustee and GEF IEO is \$1,599,674 from the LDCF and \$797,924 from the SCCF, as summarized in Table 8.

¹³ IEO, Council Document GEF/LDCF.SCCF.28/ME/01.

Table 8: Consolidated FY21 Budget Request for LDCF and SCCF

	LDCF FY21 (\$)	SCCF FY21 (\$)	Total FY21 (\$)
GEF Secretariat	1,046,674	478,924	1,525,598
STAP	128,000	128,000	256,000
Trustee	384,000	115,000	499,000
GEF IEO	41,000	76,000	117,000
Total	1,599,674	797,924	2,397,598

36. As presented in Table 9, the total FY21 budget request for LDCF at \$1,599,674 is \$29,356 or 1.8 percent, below the FY20 budget. The reduction is due to the reduced budget requests from the GEF Secretariat, the Trustee, and the GEF IEO, and zero increase request from STAP.

Table 9: Comparison of FY20 and FY21 Budget Request for LDCF

	LDCF FY20 (\$)	LDCF FY21 (\$)	Difference (\$ and %)
GEF Secretariat	1,047,030	1,046,674	-356
			0.0%
STAP	128,000	128,000	0
			0.0%
Trustee	385,000	384,000	-1,000
			-0.3%
GEF IEO	69,000	41,000	-28,000
			-40.6%
Total	1,629,030	1,599,674	-29,356
			-1.8%

37. As for the SCCF, the total FY21 budget request at \$797,924 is \$53,284, or 7.2 percent, more than the FY20 budget, as presented in Table 10. The increase is primarily due to the GEF IEO request for the SCCF program evaluation.

Table 10: Comparison of FY20 and FY21 Budget Request for SCCF

	SCCF FY20 (\$)	SCCF FY21 (\$)	Difference (\$ and %)
GEF Secretariat	480,640	478,924	-1,716
			-0.4%
STAP	128,000	128,000	0
			0.0%
Trustee	112,000	115,000	3,000
			2.7%
GEF IEO	24,000	76,000	52,000
			216.7%
Total	744,640	797,924	53,284
			7.2%