



Global Environment Facility

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REPORT ON GEF FY98 ESTIMATED END-YEAR EXPENDITURES

OVERVIEW

1. This document presents the end-year report of estimated expenditures for the six GEF entities for fiscal year (FY) 1998 with additional information on the Secretariat's expenditures for the year. The revised Council-approved budget was \$38.83 million. Estimated expenditures for FY98 amount to \$36.34 million, a savings of \$2.49 million¹ or 6%. The status of each Agency's work program and associated expenditures for FY98 is summarized below.
2. In April 1997, the Council approved a FY98 corporate budget for GEF of \$36.899 million. Subsequent amendments to the budget included: (a) adjustments of \$60,000 to the core Secretariat budget to cover 2 replenishment meetings, and \$50,000 to provide for an additional position for monitoring and evaluation; (b) Council approval of the GEF Assembly budget (\$1.3m) at the November 1997 meeting; (c) a mid-year adjustment² to the Monitoring and Evaluation (M&E) budget approved at the March 1998 meeting in New Delhi. These adjustments resulted in a total revised FY98 corporate budget of \$38.83 million.
3. Table 1 shows a breakdown of estimated year-end expenditures by entity. The corporate end-year underrun of \$2.49 million is significantly larger than projections at mid-year, due mainly to the under-delivery of planned operational outputs by the World Bank (\$2.58m).
4. Table 2 provides a detailed breakdown of estimated year-end expenditures for the Secretariat, including the M&E unit, using the standard budget reporting categories.
5. Table 3 provides a breakdown of estimated Assembly expenditures.

END YEAR REPORT ON WORK PROGRAMS AND BUDGET

UNDP

Projects entered into Work Program

6. During FY98, UNDP delivered a \$128.6 million work program, exceeding the FY98 business plan projection of \$110 million. This increase in operational output was the result of a continuing effort to mainstream the GEF throughout UNDP and to enhance the level of support in project development in the country offices worldwide. In FY98, UNDP received Council approval for 19 projects totaling \$115 million and received GEFSEC approval for 52 enabling activities totaling \$11.4 million. In addition, 24 PDFs totaling \$6.7 million and 3 medium-sized projects (MSP) worth \$2.2 million were

¹ Actual end-year figures will be available in December 1998 following the formal year-end closing and posting of actual expenses against accrued commitments.

² See Report on GEF FY98 Estimated Mid-Year Expenditures (February 19, 1998).

approved. In view of the much higher number of medium-sized projects being developed in FY98 (52 versus 15 as planned), considerable resources from the administrative budget were required to accommodate this activity.

Projects in other phases

7. During the course of the fiscal year, 86 projects and 14 PDF-B grants that had been cleared by the Council or CEO in current or previous fiscal years were processed for final approval. The overall UNDP-GEF portfolio consisted of 184 regular operations, 60 PDFs, and a Small Grants Program portfolio of 750 ongoing projects. Five projects from the Pilot Phase were completed and are now in the final evaluation phase.

8. UNDP/GEF's FY98 disbursements (regular operations and PDFs) were \$54 million, while cumulative disbursements from inception to end of FY98 were \$269 million, which represents 63 percent of the total UNDP/GEF project commitment of \$429.1 million.

9. **Common Service Outputs.** GEF project development training workshops were held in Cote d'Ivoire, Egypt, Jordan, China, Indonesia, Iran, Malaysia, Thailand, Barbados, Colombia and the Dominican Republic, involving over 150 participants. During FY98, four GEF focal point training workshops were held in New York, with about 80 trainees consisting of country office staff and government counterparts. High-level UNDP/GEF staff participated in GEF policy paper development and discussions, as well as in conferences including the GEF Assembly and COP meetings. UNDP staff developed informational and media resources for distribution at COP meetings and the GEF Assembly.

10. **Budget.** UNDP's approved budget of \$6.615 million will be fully utilized.

UNEP

11. **Work Program.** UNEP's FY98 projection was to deliver projects totaling approximately \$27 million. While continuing to prepare projects in biodiversity and climate change, including provision of assistance to eligible countries for enabling activities, UNEP's portfolio in the areas of international waters and land degradation as it relates to the GEF focal areas is showing significant growth. Consequently, by the end of FY98, UNEP had delivered 27 projects for which it is the Implementing Agency (totaling \$22.8m) and 8 projects implemented jointly with other Implementing Agencies (totaling \$31m). Discussions are currently underway between the Agencies on the final apportionment of implementation responsibilities and resources for 5 of the joint projects. UNEP's project delivery exclusive of the joint projects consists of 2 regular operations (\$13.1m), 5 medium-sized projects (\$3.1m) and 20 enabling activities (\$6.6m). Three PDF-Bs amounting to \$1m were also approved in FY98. In addition, UNEP supervised

the implementation of 6 regular operations, 1 medium-sized project, and 28 enabling activities during FY98. Total cumulative commitments at the end of FY98 were \$54m.

12. **Common Service Outputs.** During FY97, significant resources were invested in GEF inter-agency planning sessions for the GEF Assembly, the organization of the Assembly and subsequent follow-up, as well as in inter-agency discussions relating to development of new programs and strategies in the GEF. This included the involvement of all staff in the GEF-wide retreat in September 1997. As part of its support to STAP, the UNEP/GEF Coordination Office also worked closely with the Secretariat and the other implementing agencies in the reconstitution of STAP, STAP workshops and papers for Council, and the joint meeting of the outgoing and incoming STAP. UNEP GEF staff participated in various GEF corporate M&E activities, including preparation of the annual Project Implementation Review and interactions with the Overall Performance Study team. UNEP also participated in, and prepared material for, joint exhibits, workshops and other outreach activities in conjunction with the Secretariat and the Implementing Agencies at the meetings of the Conference of Parties and the GEF Assembly. With respect to medium-sized projects, UNEP undertook several outreach and project development activities within UNEP and with external partners, including NGOs.

13. **Budget.** UNEP's FY98 approved budget was \$2.106 million, and it is anticipated that the full amount will be utilized.

WORLD BANK/IFC

14. **Work Program.** The World Bank estimated delivery of \$275 million in GEF project approvals in FY98. By the end of the fiscal year, the World Bank had delivered 18 projects totaling \$187.3 million, 2 medium-size projects (\$1.5m) and 6 enabling activities (\$1.0m) for a total project delivery of \$189.8m. The Bank experienced a shortfall in project delivery due to several factors including (i) 3 projects (worth \$50m) which were dropped at work program entry stage for the March work program due to GEF policy reasons; (ii) the Council decision to advance the 1998 spring meeting from May to end-March which meant that at least 2 projects (for approximately \$25m) had to be deferred to the July inter-sessional work program.

15. During FY98 it became evident that medium-sized projects proved to take longer than expected to develop. Based on the operational procedures issued by GEF prior to the May 1997 Council meeting, the Bank began discussions with new partners for this type of project. However, there was an underestimation of the time required to engage in dialogue with NGOs as new partners, in getting fast track processing procedures in place and in reviewing project concepts eligibility. Notwithstanding this delay, the remaining 6 out of the 8 planned MSPs for FY98 are expected to be delivered in the first half of FY99.

16. The Bank/GEF project pipeline was adversely affected during FY98 due to the extensive organizational and administrative changes which occurred throughout the Bank as well as the economic turmoil in East Asia and outstanding actions related to full

integration of the GEF into the Bank's business planning process. With the 1997/98 World Bank reorganization now fully completed and the benefits of further integration of GEF in Bank operations and mainstreaming global environment concerns, there is evidence of an emerging stronger pipeline of Bank GEF projects. During FY98, the number of projects entering the supervision and evaluation stage exceeded the original plan.

17. The Bank's GEF disbursements (investments, enabling activities and PDFs) in FY98 totaled \$80 million, which is at the mid-point of the projected range of disbursements of \$58-105 million. Cumulative disbursements since inception were \$322 million, of which \$300 million was for investment projects only. This is equivalent to 33% of total Bank GEF commitments of approximately \$917 million.

18. **Common Service Outputs.** In FY98 collaboration by the Bank with other Implementing Agencies and the Secretariat has been strengthened. The Bank participated in various joint activities including project development workshops in 12 countries, bi-annual project pipeline consultations and contributions to three M&E studies. The Bank also processed, for GEF Council approval, a first GEF project (Bangladesh Sunderbans) to be executed by the Asian Development Bank.

19. **Budget.** The FY98 approved GEF budget for the Bank was \$19.22 million. As of the end of the fiscal year, actual budget expenditures were \$16.64 million, or 87% of the budget. The underrun is the direct result of the underdelivery in the planned outputs.

STAP

20. **Work Program.** At the end of FY98, STAP had delivered all projected outputs. These outputs included conducting three panel meetings, one of which included a strategic session with the GEF Secretariat and the Implementing Agencies to determine STAP priorities for GEF II, three workshops (Sustainable Use of Biodiversity, Kuala Lumpur, November 24-26, 1997; Technology Transfer and Innovations in the Energy Sector, Amsterdam, January 19, 1998; Emerging Technologies in International Waters and Their Application to GEF Projects, Quezon City, February 24-26, 1998), and two brainstorming sessions on Carbon Sequestration (June 16, 1998, Washington, DC) and on operationalizing the GEF Targeted Research Policy (June 17, 1998, Washington, DC). In terms of outputs related to strategic advice on scientific and technical issues, STAP issued six papers, and continued to provide feedback on the Operational Program on Transport. The Research Committee, chaired by the STAP Chairman, held its first meeting during FY98. In consultation with the Implementing Agencies and the GEF Secretariat, STAP has undertaken selective reviews (including site visits) of 2 ongoing GEF projects with significant scientific components (Belize, Sustainable Development and Management of Biologically Diverse Coastal Resources and the Madagascar Environment Programme, Phase II) and produced reports of its reviews which will be made available to the Council at its meeting in October 1998. The STAP Roster of Experts Addendum II was issued in October 1997, and the first Annual Review of the STAP Roster of Experts was prepared

and made available to the Council at its meeting in October 1997. During FY98, the reconstitution of STAP took place in accordance with the mandate entrusted to the Executive Director of UNEP in the *Instrument for the Establishment of the Restructured Global Environment Facility*. The Search Committee tasked with the reconstitution completed its work and recommended to the Executive Director of UNEP its new composition. In accordance with the *Instrument*, the GEF Council, at its eleventh meeting in March 1998 approved the new composition of STAP. A joint meeting of the outgoing and incoming STAP was convened in June 1998. STAP members participated in the first GEF Assembly and submitted a paper on the achievements of STAP: *Highlights of the Work of STAP During GEF I (1995-1998)*. STAP also convened a Panel on Science and the Global Environment during the GEF Assembly.

21. **Budget.** STAP is expected to fully utilize its approved FY98 budget.

TRUSTEE

22. **Work Program.** The Trustee's outputs and work program for FY98 were delivered as described in the Business Plan. In close coordination with the Secretariat, the Trustee worked with the donors over the course of the year to complete the replenishment of the GEF. The work program in this respect involved the preparation of several documents for the replenishment meetings, follow-up and consultations with donors, as well as support in the planning and organizing of donor replenishment meetings. In March 1998, contributing participants agreed upon the terms of a second replenishment (GEF-2) for the period July 1, 1998-June 30, 2002. In addition, the Trustee continued to carry out the ongoing Trustee responsibilities, as described in the FY98 business plan.

23. **Budget.** The Trustee expects to fully utilize its allocated budget of \$.838 million for FY98.

SECRETARIAT

24. **Work Program.** The Secretariat's outputs for FY98 are in line with those presented in the FY98-00 Business Plan. Activities included convening 2 Council meetings and 2 NGO Consultations as well as convening the first GEF Assembly in New Delhi, India (April 1-3, 1998).

25. The first gathering of the Assembly in New Delhi was attended by nearly 1000 people, representing 119 of GEF's 164 participating governments, including one head of State and 40 ministers. Representatives of 16 international organizations and 185 non-governmental organizations (NGOs) also were among the participants. The Secretariat, in collaboration with the Implementing Agencies, organized a series of panels, workshops and a GEF exhibition as well as social events. Following the first day of the Assembly, the GEF CEO and Chairman announced the winner of the GEF's first Global Environmental Leadership Award, which was established to annually honor an individual who had made a significant contribution to national or international actions to protect the global

environment and promote sustainable development. The Assembly adopted *The New Delhi Statement of the First GEF Assembly*, and the *Assembly Proceedings* are being compiled by the Secretariat and will be available in early FY99.

26. The Secretariat coordinated the preparation of 4 work programs during the year; in addition, 11 medium-sized projects and 71 expedited enabling activities received CEO endorsement resulting in a total project allocation of \$362.6m for FY98. In addition, the Secretariat continued to coordinate the production of regular publications such as the Annual Report and Operational Report on GEF Programs, and organized the first inter-agency staff retreat in September 1997.

27. During FY98, the Secretariat focused on strengthening GEF representation at biodiversity and climate change convention-related events and on improving communication tools for public outreach. During the Fourth Meeting of the Conference of the Parties to the Convention on Biodiversity in May in Bratislava, with support from the Swiss and Slovak governments, workshops were conducted and a site visit was organized. Workshops were also organized in conjunction with the Conference of the Parties of the Climate Change Convention in Kyoto in December 1997. Other efforts to improve public outreach included publishing of a GEF book entitled *Valuing the Global Environment* and work on enhancements to the GEF Web Site.

28. The Secretariat's work program for FY98 also included activities associated with the replenishment negotiations including preparations, in collaboration with the Trustee, for the meetings in September and November 1997, and February 1998. These efforts culminated in agreement on the terms of GEF-2 in March 1998.

29. The Secretariat's monitoring and evaluation program produced two major studies in FY98: the *Study of GEF's Overall Performance* and the *Study of GEF Project Lessons*. The former, conducted by an independent team of international consultants, provided the basis for The New Delhi Statement of the First GEF Assembly and the policy recommendations of the second GEF replenishment. The Project Lessons study, conducted by Resource Futures International of Ottawa, Canada, synthesized experience under GEF Pilot Phase projects, especially related to private sector involvement, integration of GEF projects with national policies and priorities, and building partnerships and understanding among participants. Work was also begun on an *Evaluation of Experience with Conservation Trust Funds* during FY98. The evaluation team was led by a member of the Secretariat's M&E team and included GEF staff from two Implementing Agencies and the Secretariat, as well as two outside consultants. The evaluation will be before the October 1998 Council meeting.

30. The M&E team coordinated the *1997 Project Implementation Review (PIR)* and produced a report which highlights trends in the GEF portfolio and the key issues and lessons from the implementation of GEF projects through mid-1997. In addition, a new series of *GEF Lessons Notes* was launched in FY98, and the first two numbers were published in English, French and Spanish. The *Notes* are short summaries of lessons

emerging from GEF and other relevant experience, directed primarily at project designers, managers and evaluators in GEF implementing and executing agencies. The initial *Notes* draw largely on the Project Lessons study and 1997 PIR. The M&E team also developed approaches to identify program-level performance indicators for GEF activities, in collaboration with GEF's focal area task forces, which will be carried out during FY99. Finally, a new full-time officer was added to the Secretariat's M&E team during FY98.

31. **Budget.** The Secretariat fully utilized its approved budget of \$6.109 million for its core activities. The estimated expenditures for the GEF Assembly suggest an overrun of approximately \$90,000 due in large part to the additional costs involved with translation and interpretation in 6 languages rather than the standard 3 languages on which basis the Assembly budget was prepared. The Secretariat estimated an additional cost of \$200,000 to include the additional languages and received donor support for this purpose from only 3 countries (Australia, Switzerland and Canada) totaling \$36,000. The final estimated overrun of \$90,000 resulted from savings available from the budget contingency and travel categories offset by over expenditures in other areas including interpretation and translation. See Table 3.

32. The M&E unit sought a budgetary adjustment in mid-FY98 to cover additional costs incurred for monitoring and evaluation activities due to the expanded scope of the Overall Performance Study. The GEF Council approved a revised FY98 budget of \$1.485m for the M&E function at the March 1998 meeting in New Delhi. This revised budget amount is expected to be fully utilized.

Table 1: GEF Estimated Year-end Expenditures - FY98 (in US\$ thousands)

FY98	UNDP	UNEP	Bank/IFC	STAP	Trustee	Secretariat		TOTAL
Council Approved Budget	6615.0	2106.0	19220.0	1161.0	838.0	<i>core*</i> <i>Assembly</i>	7594.0 1300.0	38834.0
Estimated Year-end Expenditures	6615.0	2106.0	16640.0	1161.0	838.0	<i>core*</i> <i>Assembly</i>	7594.0 1390.0	36344.0
Difference	0.0	0.0	2580.0	0.0	0.0	<i>core*</i> <i>Assembly</i>	0.0 -90.0	2490.0

*Secretariat budget includes adjustments documented in Council decisions to add \$.06 to core budget to cover 2 replenishment meetings; revised budget for M&E of \$1.485m as per mid-year budget report (2/19/98); approved budget for GEF Assembly (\$1.3m). See Table 2.

**Table 2 : GEF Secretariat
FY98 Estimated End-Year Expenditures**

GEF Secretariat	FY98 Approved Budget 1/	FY98 Estimated Year End	FY98 Estimated Balance
<u>Expenses (US\$ thousands)</u>			
Staff Salaries & Benefits	2986.0	2401.0	585.0
Consultants	673.0	759.0	-86.0
Travel	422.0	465.0	-43.0
Meetings/Seminars 2/	535.0	628.0	-93.0
Equipment	62.0	62.0	0.0
Translation	97.0	172.0	-75.0
Communications	100.0	117.0	-17.0
Management Information System	77.0	92.0	-15.0
Representation	15.0	15.0	0.0
General Operating Costs 3/	650.0	711.0	-61.0
Contractual Services 4/	310.0	439.0	-129.0
Other 5/	182.0	248.0	-66.0
Subtotal Secretariat (core)	6109.0	6109.0	0.0
Monitoring and Evaluation Program (M&E)	1485.0	1485.0	0.0
Subtotal Secretariat + M&E	7594.0	7594.0	0.0
GEF Assembly	1300.0	1390.0	-90.0
Total Secretariat, M&E, Assembly	8894.0	8984.0	-90.0

1/ Includes adjustment documented in Council decisions to add \$60,000 to core Secretariat budget to cover 2 replenishment meetings; and revised budget for M&E of \$1.485m as per mid-year budget report (2/19/98).

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

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

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

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

Table 3: GEF Assembly Estimated Expenditures - FY98

Assembly	Approved Budget	Estimated Year-End	Estimated Balance
<u>Expenses (US\$ thousands)</u>			
Facilities/Equipment/Telecomm	67.7	109.0	-41.3
Travel (Participants, Presenters, Council Members, NGOs, Coordination Staff)	831.4	707.3	124.1
Publications/Outreach	57.0	105.0	-48.0
Interpretation/Translation * (incl. Travel and subsistence)	161.0	374.0	-213.0
Personnel-Coordination	50.0	80.0	-30.0
Hospitality	15.0	15.0	0.0
Contingency	118.2	0.0	118.2
TOTAL	1300.3	1390.3	-90.0

*Estimated year-end amount is net of 3 donor contributions totaling US\$36,000.