



# Global Environment Facility

GEF/C.28/8  
May 10, 2006

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GEF Council  
June 6-9, 2006

Agenda Item 17

## CORPORATE BUDGET, FY07

**Recommended Council Decision**

The Council reviewed the proposal for a corporate budget presented in document GEF/C.28/8 and approves a FY07 Corporate Budget of \$28.263 million comprising:

- (a) \$25.199 million for six GEF units (Secretariat, UNDP, UNEP, World Bank, STAP and Trustee) for their planned corporate management activities and deliverables; and
- (b) special initiatives in the amount of \$3.064 million.

## **I. PURPOSE OF THE CORPORATE BUDGET**

1. In establishing the GEF, governments agreed to a governance structure-- consisting of the Assembly, the Council, the Conventions, the Scientific and Technical Advisory Panel, the Trustee, the Secretariat, and the three Implementing Agencies-- that requires considerable interaction among constituent groups to benefit fully from this partnership arrangement.
2. The advantages of a partnership organization are substantial. It enables the partnership to draw on the broader human and technical resources, operational expertise, knowledge and diversity of perspectives of all partners. The cost-effectiveness of a partnership lies in the fact that it leverages the contribution of existing institutions to the corporate agenda, while avoiding the need to duplicate their organizational capacity.
3. Six units of the GEF supported through this the corporate budget (the Secretariat, the three Implementing Agencies -- UNDP, UNEP and the World Bank -- the Trustee, and STAP) are collectively responsible, under the overall leadership and guidance of the GEF Chief Executive Officer and Chairman, for the achievement of the GEF's corporate objectives.
4. In 2002, the GEF Council agreed to the establishment of an independent Evaluation Office. The Director of the Evaluation Office reports directly to the Council. The Evaluation Office has its own corporate budget approved annually by the Council.
5. Strong integration of the constituents in the organization is critical to the performance of the partnership. To effectively manage the GEF, it has been necessary to establish good communications channels, coordinate activities between partners, share knowledge, align values and incentives, build trust and overcome institutional differences. The GEF corporate budget finances the activities required to manage a partnership organization.
6. The corporate budget is independent and distinct from the other two types of funding the GEF provides: project allocations and project fees. Project allocations cover the costs of goods, work and services procured by GEF grant recipients as part of the preparation and implementation of projects. Project fees allow Implementing and Executing Agencies to provide project cycle management services related to the GEF projects they manage. These services include: portfolio development and management by regional and operational units; project identification; assistance to recipient countries in their project development and preparation; appraisal of project proposals and negotiation of GEF co-financed operations; supervision of GEF projects; preparation of implementation completion reports; reviews by the agency's evaluation department; support from legal departments; financial managers and procurement specialists to project task teams; and central functions related to trust fund accounting and disbursements.

## **II. FUNCTIONS FINANCED THROUGH CORPORATE BUDGET**

7. Staff in the units of the GEF work closely to fulfill the functions identified in the Instrument. These functions have been elaborated over the years in response to the decisions of the Council and the evolution of GEF operations, and can be broadly grouped under four major

headings: governance (supporting the work of the Assembly and Council), program management (coordinating the formulation and overseeing the implementation of business plans, operational procedures, focal area strategies and work programs), relations with constituents (managing relations and enhancing cooperation with conventions and other bodies), and financial and administrative management of the GEF Trust Fund.

8. Specific functions being addressed by the Secretariat and the Implementing Agencies are listed below under these headings. Highlights of how these functions have been addressed in FY06 and the work to be carried out in FY07 are presented in sections III and IV.

9. Functions of the Secretariat, the Implementing Agencies, STAP and the Trustee financed under the corporate budget include:

- (a) Governance:
  - (i) organizing and servicing the Assembly and Council; and
  - (ii) elaborating policies and strategies for Council review and approval as well as reporting to Council and Assembly on the implementation of their decisions.
- (b) Program Management:
  - (i) overseeing the implementation of the decisions of the Assembly and Council in GEF-financed operations, including preparation of common guidelines to implement policies;
  - (ii) preparation of business plans and focal area strategies based on analytical work and pipeline management;
  - (iii) oversight and coordination of general operations (management information system, resource management);
  - (iv) coordinating the formulation of joint work programs and pipeline entries (includes review of concepts and project proposals);
  - (v) preparation of annual GEF Portfolio Performance Reports, which detail portfolio performance, implementation experience, and evaluation lessons; and
  - (vi) conducting activities to gather and disseminate lessons learned and best practices to improve portfolio quality and foster replication.

(c) Relations with Constituents

*Internal constituents*

- (i) STAP: the Secretariat and Implementing Agencies participate in the STAP meetings and workshops, with a view to ensuring that STAP's advice is anchored in the GEF business plan and related GEF operations.
- (ii) Trustee: the Trustee interacts frequently with the Secretariat and the Implementing Agencies on the financial management of the GEF, administrative issues in support of the GEF Secretariat, and on the replenishment of the GEF Trust Fund.
- (iii) Evaluation Office: the Secretariat and the Implementing Agencies work closely with the Evaluation Office and contribute significantly to its work by providing required information. The Secretariat and Implementing Agencies also prepare joint management responses to GEF EO evaluations.

*Key Stakeholders*

- (i) The GEF units collaborate in reaching out to GEF Participants (for example through the GEF National Dialogue Initiative) and to the NGO community.
- (ii) The GEF Secretariat and the Implementing Agencies interact frequently with the global environmental conventions through reporting, establishing dialogues and communication, and translating the guidance of the conventions into operational criteria to guide a common approach to operational activities. The Secretariat and the Implementing Agencies also reach out to other relevant international processes, often at the request of the Council, to share GEF experiences and to offer lessons learned to advance the global debate on global environmental issues.
- (iii) Effective collaboration with these constituents requires the development and implementation of a communication strategy in which the GEF's partners and clients receive information about its operational policies, priorities, criteria and performance.

(d) Financial and Administrative Management of the GEF Trust Fund

- (i) mobilization of resources for the GEF Trust Fund;
- (ii) financial management of the GEF Trust Fund, including but not limited to investment of liquid assets, commitment and disbursements of GEF

resources to the Implementing and Executing Agencies, monitoring of the commitment authority, and preparation of quality financial reports; and

- (iii) maintenance of business and accounting records, and providing for their audits.
- (e) Special Initiatives: Special Initiatives are activities that have been requested by the Council or are foreseen in the Instrument, but which are not normally covered by the annual corporate budget. They are activities which only occur sporadically (such as the Assembly) or which are pilot or developmental initiatives that may in time be mainstreamed into the corporate budget (development of the RAF).

10. Fulfilling these functions requires close collaboration and joint efforts among the GEF Secretariat, the Implementing Agencies, the Evaluation Office, STAP and the Trustee. Within the GEF, there is continuous interaction and dialogue among the units. The GEF operates to a large extent through task forces and working groups composed of representatives of the various units in the GEF. Collaborative work within the task forces and working groups serves to promote a shared corporate vision and better understanding among all partners, enhance collaboration through joint decision making, and encourage constant learning and adaptation.

11. Focal area task forces, composed of relevant technical staff of the Secretariat and the Implementing Agencies, develop and review GEF operational policies and programs, focal area strategic objectives, adherence to the project cycle, standard portfolio and project performance reviews, and proposals for the business plan.<sup>1</sup> Working groups are established to address specific issues that may arise or that cut across the interests of any one task force.<sup>2</sup> Meetings among the Secretariat's management and the Implementing Agencies' executive coordinators are held weekly in order to promote interagency collaboration and communication and to review operational policy issues.

12. Separate, more independent functions are performed by STAP, the Trustee and the Evaluation Office.

13. STAP provides independent advice to the GEF family on science and technology issues. More specifically, STAP advises on the state of scientific, technical and technological knowledge relating to each GEF focal area, on scientific and technical aspects of specific strategic matters, on the scientific coherence of the GEF's policies, programs and operational strategies, and on applied and targeted research which would improve the design and implementation of GEF projects.

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<sup>1</sup> Task forces have been established to address biodiversity, capacity building, climate change, international waters, land degradation, operations and persistent organic pollutants.

<sup>2</sup> Examples of issues addressed by working groups are adaptation, integration across focal areas, and review of medium sized projects.

14. The Trustee's major activities are related to the management of donor contributions, financial and active investment management of GEF resources and investment portfolio, commitments and disbursements of GEF resources to the Implementing and Executing Agencies, infrastructure and system support, and accounting and reporting for the GEF Trust Fund.

15. The Evaluation Office submits a separate work program and budget for Council's review and approval.

16. It is important to note that both the Secretariat and the Implementing Agencies undertake a number of activities as a result of interaction with and providing inputs to STAP, the Trustee, and the Evaluation Office, and the time and the effort of the Secretariat and the Implementing Agencies in contributing to the work of these units are financed through the GEF corporate budget.

17. The Secretariat and Implementing Agencies participate in the STAP meetings and workshops. The Trustee interacts frequently with the Secretariat and the Implementing Agencies on the financial management of the GEF. The Secretariat and the Implementing Agencies work closely with the Evaluation Office and contribute significantly to its work by providing required information. Moreover, the evaluation offices of the Implementing Agencies collaborate closely with the GEF Evaluation Office, and these activities are financed through the GEF corporate budget allocated to the Implementing Agencies.

### **III. PERFORMANCE HIGHLIGHTS OF ACTIVITIES FINANCED BY THE FY06 CORPORATE BUDGET**

18. This section provides a listing of the highlights of the activities and outputs of the Secretariat and the Implementing Agencies in FY06.

#### **A. Governance**

##### *Council*

19. Two Council meetings were organized (November 2005 and June 2006) and considered policies and papers as follows:

- (a) Over a dozen reports were submitted to the Council by the Evaluation Office.
- (b) Two work programs proposing project proposals for Council approval were submitted to the Council meetings. In November 2005, 26 project proposals requesting \$250.86 million in GEF financing were proposed for approval. For the June 2006 Council meeting, 41 project proposals requiring approximately \$300 million in GEF financing are being proposed for approval.
- (c) Regular reports on relations with conventions and other institutions provide each Council meeting with information on decisions and discussions relevant to the

GEF within the context of the global environmental conventions and other international environmental fora.

- (d) Development of a Resource Allocation Framework, which was approved at a special Council meeting in August/September 2005 (see below). Technical work and continuous consultations were undertaken to develop the RAF approved by the Council. Since its approval, work has been on-going to ensure RAF implementation in GEF-4. A report on progress will be submitted to the Council.
- (e) Agreement on a process for selecting a CEO/Chairman of the Facility, and the subsequent selection of a CEO. A joint recommendation of the three Implementing Agencies is to be submitted to the Council for approval at its meeting in June 2006.
- (f) Preparations for the Third GEF Assembly. The Council agreed that the third GEF Assembly would be held in Cape Town, South Africa, in August 2006. The Council has focused its discussions on the organization of the Assembly, and will be expected to approve a budget for the Assembly at its meeting in June 2006.
- (g) A Council Member Support Program was reviewed and approved by the Council at its meeting in November 2005. Under this program, resources are made available to Council Member to assist them in communicating with their constituents.
- (h) Development of a Management Information System (MIS) was approved by the Council in November 2005. The MIS is to provide a reliable management information system to enable the GEF and its partners to improve effectiveness across all areas of GEF business.
- (i) GEF support to the International Year of Deserts and Desertification was approved by the Council (see paragraphs 42 to 45 below for a description of the activities being undertaken).
- (j) A proposed strategy for financing biosafety activities to assist countries to implement their national biosafety frameworks was considered by the Council in November 2005. A revised strategy is being presented to the Council for approval in June 2006.
- (k) As agreed in the policy recommendations for the third replenishment of the GEF Trust Fund, the Council is considering a strategy to strengthen the engagement of the private sector in GEF activities. A revised strategy that takes into account, *inter alia*, previous comments by the Council, is to be considered at the June 2006 meeting.
- (l) At the request of the Council, a paper was prepared on GEF activities related to forests addressing GEF's potential to enhance sustainable forest management



objectives in GEF operation programs. The Council reviewed the paper at its meeting in November 2005 and requested the Secretariat to undertake further analysis of potential benefits of GEF support for sustainable forest management and to set out costed options for further action where indicated.

- (m) As requested by the Council, the GEF Secretariat, in collaboration with the agencies, has prepared an issues note on the roles and comparative advantages of the GEF agencies for Council review at its meeting in June 2006.
- (n) A review of the participation of NGOs in the GEF was prepared by an independent consultant and submitted to the Council as an information document in November 2005. The Secretariat, in consultation with the Implementing Agencies and the NGO network, has prepared proposals to respond to the review. These proposals are being submitted to the Council for its review and guidance.
- (o) A document describing the cost-effectiveness analysis of GEF projects and illustrating approaches used in the focal areas of biodiversity and climate change was reviewed by Council Members at their meeting in November 2005. The Council requested that the cost-effectiveness analysis be documented more clearly in project proposals.
- (p) A corporate budget is presented to the Council meeting preceding the start of a new fiscal year. The corporate budget for FY07 will be submitted to the Council for approval in June 2006.
- (q) Review of the fee system that was agreed to by the Council at its meeting in 2005 will be submitted to the Council in June 2006. The new fee system establishes a 9% fee to cover the costs of project implementation services.
- (r) Regular reports are provided to the Council on contributions and activities financed from the two climate change funds: the Least Developed Countries Trust Fund and the Special Climate Change Fund.

20. The development of the above Council policies and papers involved an inter-agency process of consultation, input, and review.

21. A special Council Meeting was organized in August/September 2005 to consider and approve the Resource Allocation Framework (RAF).

22. Regular communication was maintained with the Council during the period between Council meetings, including communications regarding decisions by mail.

## **B. Program Management**

23. The following activities and outputs were produced under Program Management in FY06:

- (a) In collaboration with the Implementing and Executing Agencies, the Secretariat presented for Council approvals four work programs. In addition, the Secretariat and Agencies reviewed additional concepts for entry through four pipelines. Total approvals in FY06 are expected to be at least \$800 million.
- (b) The inter-agency areas task forces have elaborated focal area and other cross-cutting strategies for GEF-4. These strategies have served as a basis for the GEF-4 programming document under consideration in the negotiations on the fourth replenishment of the GEF Trust Fund.
- (c) The inter-agency RAF implementation team has developed operational procedures to implement the RAF in the biodiversity and climate change focal areas. The Secretariat and the Implementing and Executing Agencies, under the National Dialogue Initiative, have convened sub-regional workshops to familiarize countries with the RAF and its procedures, and to facilitate the transition to the RAF.
- (d) An expert consultant, in consultation with the Secretariat, the Trustee, and the three Implementing Agencies, undertook a needs assessment to identify the requirements for updating the Management Information System at the GEF. A funding proposal to support this effort was approved by the Council at the November 2005 meeting. The Secretariat and the Trustee are currently launching the detailed design and implementation of the project with the Information Solutions Group at the World Bank.
- (e) The Secretariat, in collaboration with the Implementing and Executing Agencies, has established a project cycle management system, whereby project concepts and project proposals which exceed agreed upon elapsed times are reviewed for removal from the pipeline or cancellation from the work program. During FY06, out of 29 concepts subjected to such review, 11 concepts with \$50 million in proposed GEF financing were dropped from the pipeline. Similarly, 21 project proposals were reviewed, and it was recommended that 5 proposals requiring \$40 million in GEF financing be cancelled from the work program.
- (f) The inter-agency capacity building task force has collaborated on the preparation of draft guidelines for country-based capacity building programs for LDCs and SIDS. These programs will enable countries to develop a coordinated package of cross-cutting capacity building actions based upon the outcomes of the National Capacity Self Assessment (NCSA). The proposed guidelines are being further refined by the task force.

- (g) The Portfolio Performance Report 2005 (PPR 2005) has been prepared by the GEF Secretariat through a Portfolio Performance Review Process undertaken in collaboration with the Implementing and Executing Agencies.
- (h) The Secretariat initiated an interagency effort to rethink and reconceptualize the portfolio performance review exercise as part of the larger effort to develop a comprehensive Results Management Framework for the GEF to be implemented for GEF-4, incorporating monitoring and reporting at three levels:
  - (i) corporate level;
  - (ii) programmatic (focal area) level; and
  - (iii) project level.
- (i) An inter-agency workshop on knowledge management was convened in Washington, DC, from 23 – 24 January 2006. The purpose of the workshop was to bring together a limited group of persons working on knowledge management-related issues in the GEF to take stock of the current status, identify needs and opportunities for a GEF-wide approach to knowledge management, develop a common concept of knowledge management for the GEF, and to develop ideas for pragmatic, practical steps that could be taken to achieve tangible results. An inter-agency working group on knowledge management has been established to further develop the initial configuration of a GEF-wide knowledge management system.

### **C. Constituents**

- 24. Support was provided to Council Members to organize constituency meetings and to facilitate communication between constituents. A total of five constituency meetings were held in FY06.
- 25. Twelve GEF national dialogue consultations were held and five sub-regional consultations. The GEF Secretariat, in collaboration with UNDP and the World Bank, continued to provide support to national Focal Points under the former Focal Point Support Program. As of April, 2006, the GEF Secretariat, in collaboration with UNEP and UNDP, commenced preparations to provide support to Focal Points under the new Country Support Program approved by Council in November 2005.
- 26. Increased information was provided to Focal Points and Council Members, enhancing their capacity to communicate with stakeholders and constituency members. Three issues of the GEF newsletter (Talking Points) were produced as a tool to communicate with national Focal Points, NGOs and other stakeholders.
- 27. The GEF Familiarization Seminar was restructured and implemented to assist staff in the Implementing and Executing Agencies in better understanding the GEF policies and procedures.

28. Staff contributed to Conferences of the Parties Serving as the Meeting of the Parties to the Cartagena Protocol on Biosafety, as well as the Conference of the Parties to the Convention on Biological Diversity, the Stockholm Convention, the UN Convention to Combat Desertification, the UN Framework Convention on Climate Change, the CBD Subsidiary Body on Scientific, Technical and Technological Advice, and other related international conferences and meetings. This included organization of side events, exhibits, and other presentations. Following a COP to a convention for which the GEF serves as the financial mechanism, the Secretariat and the agencies met to discuss how best to operationalize convention guidance.

29. Two NGO consultations were convened and the Secretariat initiated collaborative work and a brainstorming session with the NGOs to review the operations of the NGO network and its relationship to the GEF Secretariat.

30. Staff contributed to the CSD-14, and sought ways to strengthen GEF collaboration with the CSD.

31. The Annual Report and Operational Report on GEF Projects were published.

#### **D. STAP**

32. The process of partial reconstruction of STAP was initiated by UNEP and completed. Three meetings of the STAP Search Committee were convened, comprising members of all three agencies and the Secretariat. The Committee's recommendations were set to Council for adoption.

33. Two STAP meetings were held.

34. Four technical workshops were held: on liquid biofuels for the transport sector, on integrating groundwater, on environmental risk assessments of transgenic fish, and on three inter-related studies of STAP on the issues of global benefits and incremental costs in the land degradation focal area.

#### **E. Trustee**

35. The Trustee co-chaired four replenishment meetings for the Fourth Replenishment of the GEF Trust Fund and prepared, in collaboration with the Secretariat, technical input and background papers.

36. The Trustee continued its work on strengthening:

- (a) financial and risk management of the GEF Trust Fund;
- (b) quality and consistency of data management across agencies; and
- (c) transparency and consistency of financial reporting across agencies.

## **F. Special Initiatives**

### *Resource Allocation Framework*

37. The design of the RAF was approved by the Council at a special meeting in August/September 2005. The analytical work, supporting papers and consultations that led to the final agreement and initial steps to implement the RAF were financed through special initiatives beginning in FY04 and continuing into FY06.

### *Fourth Replenishment of the GEF Trust Fund*

38. Four meetings on the fourth replenishment of the GEF Trust Fund were convened (September 2005 in Washington, DC, USA, October 2005 in Rome, Italy, November 2005 in Washington, DC, USA, and November 2005 in Tokyo, Japan). To assist in the negotiations, documents were prepared addressing:

- (a) programming for GEF-4;
- (b) policy recommendations for GEF-4;
- (c) funding status of the GEF Trust Fund;
- (d) financial arrangements for GEF replenishments;
- (e) burden sharing for GEF replenishments; and
- (f) a draft resolution for approval by the World Bank's Executive Directors on the fourth replenishment of the GEF Trust Fund.

### *Third GEF Assembly*

39. With the Council decision to accept the generous offer of the Government of South Africa to host the Third GEF Assembly and associated meetings, preparations began to put in place the necessary logistical arrangements and to define the organization of the Assembly. The GEF Secretariat has collaborated closely with the Government of South Africa in preparing for the Third Assembly by finalizing the venue, advancing logistical arrangements, and to concluding negotiations on the Memorandum of Understanding for hosting the meeting. Pre-Assembly publications and an information booklet, which will be translated into six languages, are currently being prepared. A provisional agenda and an organizational note on the proposed structure for the Assembly have been shared with Council.

### *Management Information System*

40. Based on a user-needs survey conducted by an external information technology consultant, the Secretariat prepared a proposal to upgrade the Secretariat's Management Information System. The proposal was discussed at the November 2005 Council Meeting, and the Council approved \$700,000 as a special initiative to finance this project

41. The project is being launched in cooperation with the Information Solutions Group (ISG) of the World Bank and the Trustee, and a more detailed user-needs assessment is being undertaken. An inter-agency task force has been established so as to ensure that the management information systems of the agencies are mutually compatible with the GEF Management Information System.

*International Year of Deserts and Desertification*

42. At the GEF Council meeting in November, 2005, Council approved US \$275,000 to support activities to contribute to the International Year of Deserts and Desertification (IYDD). These funds are supporting the following activities:

- (a) The GEF, in collaboration with the Global Mechanism of the UNCCD, IFAD, and the World Bank, is undertaking a major analytical review on “resource mobilization and the status of funding of activities related to deserts and desertification”. The final report is expected to be published as a joint GEF-GM publication, and presented and discussed at the *Forum on Land Degradation, Desertification, and Deforestation* to be held in Cape Town, South Africa, prior to the Third GEF Assembly in August 2006. The report will also be part of the background for the final policy conference of the IYDD to be held in Algiers, in December 2006.
- (b) The Future of Drylands Conference will be convened from June 19-21, 2006, in Tunis, Tunisia. The conference will focus on drylands research, conservation, policy, and sustainable drylands development. The GEF is organizing a side event on indicators for sustainable land management at the local, national and global levels, and is inviting personnel from three GEF-financed projects to share their experiences and challenges regarding monitoring and impact evaluation of sustainable land management projects.
- (c) A global forum on “Sustainable Land Management: Combating Environmental Degradation and Reviving Ecosystem Productivity” will be convened in Cape Town, South Africa, on August 28, 2006. The forum will highlight achievements of GEF support for land degradation since its establishment in 1991, and review progress made to implement the decision taken at the Second GEF Assembly to make land degradation a focal area of the GEF. The forum will consist of three consecutive symposia followed by a roundtable discussion in the afternoon. The first symposium will review the progress towards sustainable land management in drylands, humid and sub-humid zones and trans-boundary water systems; the second will focus on the role of science and community knowledge and action in the process of knowledge management for sustainable land management; the third will deal with the role of partnerships, institutional development, resource mobilization and investment. Panelists will include experts in the sustainable land management field with participation from STAP and CGIAR. The roundtable will consist of leaders and globally recognized individuals involved in sustainable land management activities. Nobel prize winner Wangari Maathai has

been invited to participate as have the new Executive Director for UNEP, Achim Steiner, and Lennart Båge, the President of IFAD.

#### **IV. HIGHLIGHTS OF ACTIVITIES TO BE UNDERTAKEN IN FY07**

43. This section lists the highlights of activities and outputs of the Secretariat and the Implementing Agencies in FY07:

##### **A. Governance**

###### *Council*

44. Two Council meetings will be convened. These meetings will consider, among other things, and subject to the final approval of the policy recommendations for the fourth replenishment of the GEF Trust Fund:

- (a) proposals for the review and revision, as necessary, of the six focal area strategies, taking into account the cross-cutting issues of sustainable forest and sound chemicals management;
- (b) Office of Evaluation reviews of the project cycle and of the experience of the Executing Agencies;
- (c) action plan for strengthening the involvement of the Executing Agencies in GEF operations;
- (d) proposed results management framework;
- (e) rules, procedures and criteria for project selection and management of the pipeline, including a policy for cancellation of projects;
- (f) proposals for a simplified approach to operational programs and strategic objectives;
- (g) implementation of the private sector strategy;
- (h) operational guidelines for the application of the incremental cost principle;
- (i) proposed steps for project cycle streamlining;
- (j) proposed policy on strengthened financial accountability;
- (k) GEF business plan and budget; and
- (l) relations with conventions and other institutions.

45. Regular communication will be maintained with the Council.

## **B. Program Management**

46. Activities relating to Program Management will include:

- (a) implementing the RAF framework, developing and implementing operational guidelines, helping facilitate countries' transition to the RAF, updating the country performance and benefits indicators for the biodiversity and climate change focal areas, updating country and group allocations and publicly disclosing benefits indicators and allocations, reviewing and proposing improved indicators for country performance and environmental benefits for biodiversity and climate change;
- (b) working with countries to program resources in accordance with GEF-4 programming strategies;
- (c) preparing work programs for Council approval and preparing and approving PDFs, MSPs and enabling activities;
- (d) reviewing project proposals for CEO approval;
- (e) managing the GEF pipeline;
- (f) enhancing the monitoring of GEF portfolio performance;
- (g) involvement in programmatic and other evaluations managed by the GEF Evaluation Office;
- (h) preparing options for streamlining the project cycle for Council consideration, based on the Evaluation Office review of project cycle activities;
- (i) developing a results management framework for Council review;
- (j) beginning implementation of the results management framework;
- (k) developing procedures for programmatic approaches and country-level portfolio management in the context of mainstreaming to ensure better integration and impact of GEF-funded activities;
- (l) continued development of the new GEF Management Information System;
- (m) continued participation in knowledge management and related activities for dissemination of lessons learned; establishing a knowledge management framework in one or two GEF focal areas;
- (n) continued improvement and strengthening of the risk management system;
- (o) continuing to strengthen pipeline management;



- (p) preparation of the 2006 GEF Project Performance Report, and application of program level monitoring tools; and
- (q) formulation of a pilot fund for the private sector strategy if approved by Council.

**C. Relations with Constituents**

47. With respect to relations with constituents, the following activities are foreseen:

- (a) organizing twelve to fifteen National Dialogue Consultations;
- (b) convening four sub-regional exchanges and training workshops targeted to the needs of Focal Points from member countries;
- (c) organizing an orientation for new Council Members and Alternates prior to each Council meeting;
- (d) supporting GEF constituency meetings;
- (e) organizing two regular NGO consultations;
- (f) representing the GEF at Conferences of the Parties and related meetings of the global environmental conventions and CSD;
- (g) enhancing communication tools and outreach activities at the country level;
- (h) supporting major GEF initiatives with appropriate outreach tools and media strategies, including replenishment, preparations for the Assembly, and meetings of the conventions and other international conferences;
- (i) continuing to redesign the GEF website and to expand electronic publishing;
- (j) organizing a familiarization seminar;
- (k) publication of the GEF Annual Report and updated operational report of GEF projects; and
- (l) developing innovative modalities through the Capacity Building Task Force to program cross-cutting capacity development funds for strengthening the enabling environment.

**D. Trustee**

48. The highlights of activities and outputs of the Trustee in FY07 will include:
- (a) developing guidelines on the use of guarantees and loans in GEF projects in conjunction with the Secretariat; and
  - (b) implementing decisions concerning financial management policy and framework, as determined by the outcome of the GEF-4 replenishment negotiations.

**E. STAP**

49. The highlights of activities and outputs of STAP in FY07 will include:
- (a) Responding to GEF-4 priorities through three confirmed activities:
    - (i) energy efficiency of new buildings in developing countries;
    - (ii) groundwater in small developing island states (SIDS); and
    - (iii) adaptation to climate change.
  - (b) Delivering final advice on the global benefits and incremental costs in the land degradation focal area.
  - (c) Reconstituting the STAP roster and implementing the new measures and operational procedures for the STAP roster of experts.
  - (d) Participating in the GEF Assembly and in the International Year of Deserts and Desertification Forum.
  - (e) Submitting a quadrennial report to the GEF Assembly on the broad scientific and technical issues that emerged during the preceding phase of the GEF, and on emerging issues and gaps.

50. Additional activities of the work program will be discussed and agreed upon at the first meeting of STAP-IV, 1-2 September 2006, Cape Town, South Africa.

**F. Special Initiatives requiring new or additional funding**

*Resource Allocation Framework*

51. Under this initiative, analytical work will be undertaken to begin the development of indicators for other GEF focal areas (international waters, land degradation, and POPs).

*Results-based framework – portfolio level indicators*

52. Program-level indicators will be developed for the focal areas of international waters, land degradation, and POPs (see *GEF Portfolio Performance Report 2005*, document GEF/ME/C.28/4).

*Third GEF Assembly*

53. The Third GEF Assembly will be convened in Cape Town, South Africa, on August 29-30, 2006. Associated meetings will be convened on August 28-30, and site visits to GEF projects will take place on August 31 and September 1. A detailed budget for the Assembly is included under Special Initiatives below. (For more information, see *Note on the Organization of the Third GEF Assembly*, document GEF/C.28/7.)

*Trustee systems development project*

54. In FY99, the Trustee developed and implemented a customized module within SAP, the World Bank's main business and accounting system, to manage the GEF Trust Fund. The customized module has served the Trustee well over the last eight years. However, evolving GEF business since the inception of the GEF necessitates the development of new applications, as well as enhancements to existing ones, within the Trustee's business system. The "system renewal" will help to ensure that the World Bank can continue to effectively carry out its fiduciary responsibilities as Trustee of the GEF Trust Fund.

55. The Trustee will develop and implement an enhanced GEF module in SAP during FY07 and FY08. Enhancements will be made to all current applications including replenishment management, donor contribution management, commitment authority, project management, commitment and disbursement, and reporting.

56. It is proposed that the Trustee's system be developed and implemented in a phased approach over FY07 and FY08. The total cost for the project is estimated at approximately USD 1 million. This includes the costs associated with a 'user needs' analysis, systems design, development, testing, and implementation. It also includes costs for the Bank's business and technical staff time, technical consultants who must be hired to do most of the development work, functional consultants who will assist in the analysis, design, and implementation phases, and the travel costs of Bank (i.e., Trustee) staff that will be required to interface and consult with staff of various GEF agencies. It should be noted here that the proposed development work will be carried out using offshore resources to the extent possible to keep the overall project costs to a minimum.

57. The bulk of the project will be paid for using the Bank's existing resources (\$400,000) and a one-time capital budget allocation (\$350,000), accounting for 75% of total project costs. The Trustee is requesting that the remaining project costs, \$250,000, be funded using GEF Trust Fund resources.

58. More detailed information on this proposal is presented in Annex A.

### *Development of a Results-Management Framework*

59. Policy recommendations under discussion for the fourth replenishment of the GEF Trust Fund direct the GEF Secretariat, GEF agencies, and the GEF Evaluation Office to develop a common set of quantitative and qualitative indicators and tracking tools for each focal area, to be used consistently in all projects with a view to facilitating aggregation of results at the country and program levels, and the assessment of GEF transformational impact.

60. Accordingly, a complete Results Management Framework for the GEF is to be developed by the GEF Secretariat and brought forward for Council consideration by the end of 2006. Among other things, this framework is intended to address:

- (a) progress towards/achievement of GEF replenishment targets;
- (b) outcomes achieved by projects that have completed implementation;
- (c) issues associated with implementation of the portfolio; and
- (d) quality-at-entry of project proposals.

61. At the 2005 GEF Inter-Agency Portfolio Performance Review (2005 PPR) meeting in January 2006, the GEF Secretariat, Implementing and Executing Agencies, STAP and the GEF Evaluation Office agreed on the need to rethink and reconceptualize the annual portfolio performance review exercise as part of the larger effort to develop a comprehensive Results Management Framework<sup>3</sup> for the GEF to be implemented for GEF-4. This effort would aim to incorporate monitoring and reporting at three levels:

- (a) corporate level;
- (b) programmatic (focal area) level; and
- (c) project level.

62. In order to be able to collectively address the above issues, an Inter-Agency Working Group on Results Management, chaired by the Secretariat and comprised of representatives from the Implementing and Executing Agencies and STAP, has been established.<sup>4</sup> This group will develop an overall GEF Results Management Framework for review by the Council at its December 2006 meeting. The Focal Area Task Forces will continue their work to develop and improve their respective indicators and tracking tools in congruence with the development of the framework.

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<sup>3</sup> A draft policy recommendation requesting the Secretariat to prepare a Results Management Framework for Council review at the December 2006 meeting is currently under discussion in the fourth replenishment of the GEF Trust Fund.

<sup>4</sup> The GEF Evaluation Office has offered to provide advice to the group.

63. To support this process, a request is being made for a *Special Initiative for Results Management*, for a total of \$200,000, to support the development of the Results Management Framework work until December 2006:

- (a) \$ 20,000 to the Biodiversity Team to purchase software and consulting services to facilitate the analysis of data from the tracking tools for SP-1 and SP-2; to initiate development of GIS to map protected areas where there are GEF investments and links to SP-1 tracking tool data; and to support consultations and workshops to strengthen portfolio-level indicators for SP-3 and SP-4.
- (b) \$55,000 for the international waters task force to support consultations and workshops aimed at filling some of the gaps in portfolio-level indicators related to the OPS3 recommendation on scaling up on-the-ground action. OECD experiences will be analyzed in equivalent indicators work, GEF experiences will be compiled (with a focus on nutrient reduction and GEF's Danube/Black Sea basin experience), and methodologies will be reviewed/modified/developed for making projections of outcomes for catalytic adoption of IW measures for indicator purposes.
- (c) \$40,000 for the climate change task force to support consultations and workshops to update portfolio indicators for OPs 5, 6, and 7, develop portfolio indicators for OP 11, and the strategic pilot on adaptation.
- (d) \$20,000 for the climate change task force to pilot a knowledge management program, focusing on building energy efficiency.
- (e) \$40,000 for the land degradation team for consultations to establish a baseline for currently used indicators at project and portfolio levels and to begin the development of a tracking tool for project-level indicators, and for one workshop to consult with the land degradation task force on progress and discussion of STAP studies as well as MSP results and relevance to the focal area indicator system.
- (f) \$25,000 for the supporting consultations to advise on the overall results management framework.

## V. FY07 CORPORATE BUDGET REQUEST

64. This section presents the proposed GEF corporate budget, including a breakdown of the budget for each of the GEF units. The budget reflects a commitment to contain the growth in expenditures while also recognizing the need for flexibility to respond to new developments. As has been the practice for over six years, core costs have been increased by 3.0% over the costs for the same activities in the previous year due to annual price increases. It should be recognized that continuous zero real growth in resources has put increasing pressure on the Secretariat and the Implementing Agencies due to new mandates and expanding responsibilities. Recent expansion of responsibilities within the GEF Secretariat has resulted in a request in this budget

for resources above the 3.0% increase to finance new staff positions to provide human resources necessary to respond to the expanded mandate.

65. There is an additional concern related to staff costs for the Secretariat and the Implementing Agencies that deserves future consideration by the Council. While the Council has approved a nominal 3% increase in the corporate budget for staffing across all units, the salaries and terms of employment for the staff of the Secretariat and the Implementing Agencies are set by the governing bodies of the World Bank and the UN, and often these bodies approve increases in staff salaries that exceed 3%. For example, the Executive Directors of the Bank have agreed during the past five years on the following overall pay increase for World Bank staff: 6.4% in 2001, 6.7% in 2002, 5.9% in 2003, 5.8% in 2004, and 5.4% in 2005. Over time, these salary increases beyond the 3% level have been financed by drawing upon other expense categories in the corporate budget. The accumulated effect in the Secretariat, for example, has meant that the grade level of some positions has had to be lowered while some positions have been left vacant due to resource constraints even though the services previously performed by those holding the positions still need to be performed. The Secretariat has been fortunate to benefit from the services of an increased number of secondees, but such arrangements are not necessarily sustainable in the medium to long term. This is resulting in an increasingly constrained situation for providing the services and outputs requested by the Council, and it is proposed that the Council consider for FY08 proposals to address this shortfall in future budgets.

66. The common expense categories for the corporate budget, which have been agreed to by all GEF units, are defined and described below. Within each GEF unit, these expense categories are governed by the relevant policies, guidelines and practices of the respective parent agency providing administrative support to that GEF unit:

- (a) *Staff costs*: salaries and staff benefits, travel and training costs as they pertain to regular and fixed-term staff;
- (b) *Consultant costs*: fees and travel costs as they pertain to consultants;
- (c) *Council costs*: costs of organizing the Council meetings, travel for Council Members and Alternates, costs and travel for the NGO network to participate in NGO consultations and Council meeting, and support for Council Members;
- (d) *Contractual services*: contracts with firms for consulting and other services;
- (e) *Publications, media, web and external outreach*: costs associated with vendors for designing, printing, and publishing and other costs associated with outreach; and
- (f) *General operations costs*: office occupancy services (e.g., office space, utilities, communications, systems support, and equipment supplies and fixtures) provided by the respective parent agency and charged to each GEF unit on some agreed basis (e.g., square footage of space occupied); office technology and communication equipment; central services (e.g., personnel, treasury, accounting & audit, security, travel, information systems, general services, etc.) provided by

the respective parent agency and charged to each GEF unit on some agreed basis (e.g., a percentage of net staff salaries); representation and hospitality costs.

**GEF Secretariat**

67. GEF Secretariat's estimated FY06 expenditures and proposed FY07 Corporate Budget are summarized in Table 1.

68. The GEF Secretariat is requesting funding for six new positions, the costs of which would be above the 3%.

**Table 1. Proposed FY07 GEF Secretariat Budget**

<b>FY05 Actual \$m</b>	<b>Expense Category</b>	<b>FY06 Budget \$m</b>	<b>FY06 Estimated \$m</b>	<b>FY07 Proposed \$m</b>
<b>6.369</b>	<b><u>Staff Costs</u></b>	<b>7.679</b>	<b>7.195</b>	<b>7.909</b>
5.324	Salaries and Benefits	6.611	6.155	6.809
1.037	Travel	0.968	0.940	0.997
0.008	Training	0.100	0.100	0.103
<b>0.649</b>	<b><u>Consultant Costs</u></b>	<b>0.480</b>	<b>0.995</b>	<b>0.494</b>
0.300	Fees (long-term)	0.200	0.385	0.206
0.336	Fees (short-term)	0.200	0.600	0.206
0.013	Travel	0.080	0.010	0.082
<b>0.518</b>	<b><u>Council Costs</u></b>	<b>0.579</b>	<b>0.515</b>	<b>0.596</b>
0.192	Logistics	0.185	0.185	0.191
0.169	Council Travel	0.175	0.175	0.180
0.157	NGO Consultations (Logistics and Travel)	0.155	0.155	0.160
0.000	Council Member Support Program	0.064	0.000	0.066
<b>0.000</b>	<b><u>Contractual Services</u></b>	<b>0.050</b>	<b>0.130</b>	<b>0.052</b>
0.000	(Contracts with Firms)	0.050	0.130	0.052
<b>0.483</b>	<b><u>Publications, Media, Web and External Outreach</u></b>	<b>0.700</b>	<b>0.600</b>	<b>0.721</b>
<b>1.169</b>	<b><u>General Operations Costs</u></b>	<b>1.466</b>	<b>1.455</b>	<b>1.510</b>
0.597	Office Space, Equipment, and Supplies	0.844	0.744	0.869
0.509	Communications and Internal Computing	0.566	0.655	0.583
0.000	Corporate Services	0.000	0.000	0.000
0.063	Representation and Hospitality	0.056	0.056	0.058
<b>9.188</b>	<b>SUB-TOTAL</b>	<b>10.954</b>	<b>10.890</b>	<b>11.283</b>
<b>FY05 Actual \$m</b>	<b>GEF Secretariat Additions to Base Budget</b>	<b>FY06 Budget \$m</b>	<b>FY06 Estimated \$m</b>	<b>FY07 Proposed \$m</b>
<b>0.000</b>	<b><u>Resource Allocation Framework</u></b>	<b>0.000</b>	<b>0.000</b>	<b>0.400</b>
	Senior Environmental Economist			
	Data Analyst			
	Consultants for Climate & Biodiversity Indicators			
<b>0.000</b>	<b><u>NGO Coordinator</u></b>	<b>0.000</b>	<b>0.000</b>	<b>0.157</b>
<b>0.000</b>	<b><u>Results Management Framework</u></b>	<b>0.000</b>	<b>0.000</b>	<b>0.501</b>
	Senior Results Management Coordinator			
	Monitoring Officer			
	Team Assistant			
<b>0.000</b>	<b>SUB-TOTAL ADDITIONS TO FY07 BASE BUDGET</b>	<b>0.000</b>	<b>0.000</b>	<b>1.058</b>
<b>9.188</b>	<b>GRAND TOTAL GEF SECRETARIAT BUDGET</b>	<b>10.954</b>	<b>10.890</b>	<b>12.341</b>

69. Although the Secretariat expects to utilize the resources approved for its FY06 budget, it will be noted that certain expense categories were underspent while others were overspent. In particular, consultant costs were doubled while staff costs were lower. This is a result of filling a



number of vacant staff positions with consultants. It is expected that in FY07 all vacant positions will be filled by staff early in the fiscal year.

70. Contractual services were also much higher in FY06 than originally proposed. The higher costs were incurred to finance work on the private sector strategy by a consulting firm.

71. The Council approved US\$64,000 in November 2005 as an addendum to the GEF Secretariat corporate budget for FY06 to cover the costs of the Council Member Support Program. The program provides funding to Council Members to assist in the organization of constituency meetings and to facilitate communication between constituents. Three constituency meetings have been held by the constituencies comprising Burkina Faso, Cape Verde, Chad, The Gambia, Guinea-Bissau, Mali, Mauritania, Niger, and Senegal; Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Mauritius, Rwanda, Seychelles, Sudan, Tanzania, and Uganda; and Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia, and Zimbabwe. These meetings were held in connection with the sub-regional consultations that were organized in Dakar, Senegal and Pretoria, South Africa in April, 2006 under the auspices of the GEF National Dialogue Initiative. Cost savings were realized as most constituency members were present at these meetings. The cost of organizing the sub-regional consultations totaled \$2624.00 in FY06. These costs have yet to be charged back by the National Dialogue Program to the GEF Secretariat and, therefore, do not appear in the budget shown above.

72. As the Council Member Support Program was only approved in November 2005, the full amount allotted to it for FY06 was not used. The Secretariat expects that all available resources will be utilized by Council Members in FY07.

#### **Additional staff positions required in the GEF Secretariat**

73. In addition to the current staff of the Secretariat, the Council is requested to approve six additional positions for the reasons provided below. Financing these positions will require an additional US\$1.058 million in funding for the Secretariat over the 3% increase.

#### *Resource Allocation Framework Staff*

74. The development of the RAF was funded by the Council through special initiatives (FY06: \$0.55 million; FY05: \$0.656 million; and FY04: \$0.36 million). In September 2005, the Council approved the Resource Allocation Framework, to be implemented in GEF-4 for the Biodiversity and Climate Change focal areas. The initial steps towards implementing the RAF including the development of operational guidelines and consultations with recipient countries in transitioning to the RAF has also been partially funded through the special initiative.

75. With Council approval of the RAF, the GEF Secretariat and agencies will need to carry out the following additional functions on an on-going basis to implement the agreed-upon RAF: developing and implementing operational guidelines, facilitating countries' transition to the RAF and management of country and group allocations under the RAF, updating the country performance and benefits indicators for the biodiversity and climate change focal areas, updating country and group allocations and publicly disclosing benefits indicators and allocations,

reviewing and proposing improved indicators for country performance and environmental benefits for biodiversity and climate change. It is anticipated that coordinating these functions will require a senior environmental economist, a data analyst, and specialized consultants. The cost associated with the two new staff positions in FY07 is \$0.360 million and the cost of the consultants is \$0.040 million, resulting in a total increase in the baseline costs of \$0.400 million.

76. In addition to these ongoing functions, resources are also being requested under the special initiative on the RAF to develop indices for the other focal areas (see paragraphs below).

77. The proposed terms of reference for the positions of Senior Environmental Economist and Data Analyst are as follows:

(a) *Senior Environmental Economist:*

- (i) provide overall guidance on the implementation of the RAF, including development and implementation of operational guidelines;
- (ii) take stock of implementation progress and suggest corrective measures; and
- (iii) lead the work on updating the benefits indices in the Biodiversity and Climate Change focal areas.

(b) *Data Analyst:*

- (i) provide data support and analysis for the implementation of the RAF;
- (ii) prepare and transmit periodic country pipeline and resource utilization reports; and
- (iii) ensure that data on the internet portal for country access is current and up to date.

*Results Management Framework Staff*

78. The revised GEF monitoring and evaluation policy approved by the Council in February, 2006 prescribes the roles and responsibilities of the different GEF entities. In line with the independent status of the GEF Evaluation Office, the responsibility for monitoring activities has been transferred to the GEF Secretariat, to be carried out in collaboration with the Implementing and Executing Agencies. More specifically, the revised monitoring and evaluation policy identifies the GEF Secretariat as responsible for portfolio monitoring and reporting on and reviewing GEF monitoring and evaluation requirements in project proposals. The Implementing Agencies are identified as responsible for monitoring their GEF portfolios and ensuring monitoring and evaluation at project level.

79. While the Secretariat and the GEF agencies have always been engaged in portfolio monitoring activities, the activities were previously organized and led by the GEF Monitoring and Evaluation unit.

80. The 2005 Portfolio Performance Review exercise was led by the GEF Secretariat, in collaboration with the Implementing and Executing Agencies and the Evaluation Office. The resulting report – *Portfolio Performance Report, 2005* – has been submitted to the Council for review at its June 2006 meeting.

81. The Secretariat has also initiated an exercise, in collaboration with the Implementing and Executing Agencies, the Evaluation Office, and STAP, to develop a results-management framework for the GEF<sup>5</sup> for consideration by the Council at the December 2006 meeting.

82. Assumption of responsibility for monitoring and results management will require additional staffing resources at the Secretariat. It is anticipated that it will require a senior results management coordinator, a monitoring officer, and a team assistant to support the functions on an ongoing basis. The requested increase in the baseline budget for FY07 to undertake the Results Management function is \$0.501 million.

83. The proposed terms of reference for the positions of Senior Results Management Coordinator, Monitoring Officer, and Team Assistant are as follows:

- (a) *Senior Results Management Coordinator:*
  - (i) lead the development and implementation of a conceptual framework for results management at the Secretariat, in collaboration with Implementing and Executing Agencies, the Evaluation Office, and STAP;
  - (ii) provide overall guidance for the annual portfolio monitoring exercises; and
  - (iii) manage quality-at-entry.
- (b) *Monitoring Officer:*
  - (i) support the coordinator in managing specific parts of the results-management program;
  - (ii) undertake statistical and data analysis of the portfolio;
  - (iii) coordinate the annual portfolio monitoring exercise; and

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<sup>5</sup> This exercise has been initiated anticipating a policy recommendation from the ongoing negotiations for the Fourth Replenishment of the GEF Trust Fund. The draft policy recommendation directs the GEF Secretariat, GEF agencies and the GEF Evaluation Office to develop a common set of quantitative and qualitative indicators and tracking tools for each focal area to be used consistently in all projects with a view to facilitating aggregation of results at the country and program levels and assessment of GEF transformational impact.

- (iv) ensure that the GEF Management Information System is current with regard to project implementation data.
- (c) *Team Assistant:*
  - (i) provide administrative support to the team;
  - (ii) provide logistical support to results-management activities; and
  - (iii) manage documentation and data.

#### *NGO Coordinator*

84. To date, responsibility for interacting with the NGOs has been assigned to one of the members of the GEF Corporate Affairs Team as one function among others performed by the staff member. The *Review of the Non-Governmental Network of the GEF* (GEF/C.27/Inf 5) strongly recommended the hiring of a full-time NGO coordinator, based at the GEF Secretariat, to contribute to creating an effective and enhanced engagement between the Secretariat and the NGO network. It is clear that in order to show a commitment to effecting real change in the relationship between the Secretariat and the NGO network, there is a need for a dedicated staff member based at the Secretariat to address civil society and NGO issues. The NGO coordinator would be responsible for the Secretariat's continuous contact with the NGO network, and would be responsible for the implementation of a new strategy to engage with civil society. This would include collaboration with the GEF outreach and communications team in developing and disseminating outreach and communication material for NGOs.

85. More specifically, the GEF NGO coordinator would be expected to carry out the following responsibilities:

- (a) develop, implement, assess and monitor the approved GEF overall strategy for enhanced partnership and engagement with NGOs as well as develop ways to expand and enhance this relationship;
- (b) streamline and maintain an updated database of NGOs based on re-assessed accreditation criteria;
- (c) maintain and ensure the web posting of documentation on NGO consultations and Council interventions as well as other relevant documentation. Prepare, in collaboration with the NGO network Central Focal Point (CFP) and Regional Focal Points (RFPs) the agenda and related logistics of the NGO consultations;
- (d) develop and maintain regular communication channels with NGOs and the network RFPs. Establish communication and carry out networking activities with the SGP national coordinators as well as with thematic NGOs and networks of the multilateral environmental conventions for which the GEF serves as the financial mechanism. Collaborate with the GEF outreach and communications team to

address NGO needs. Prepare and solicit articles from NGOs for the NGO section of the GEF newsletter;

- (e) develop ways to mainstream, integrate and exchange views and concerns of the NGO network within the Secretariat's day-to-day work;
- (f) represent the Secretariat in meetings related to NGOs and civil society; and
- (g) collaborate with other staff on issues related to knowledge management and country support to ensure that knowledge needs for the NGOs are addressed and that knowledge products are delivered to the NGO network.

## UNDP-GEF

86. UNDP-GEF's estimated FY06 expenditures and proposed FY07 corporate budget are summarized in Table 2.

**Table 2. Proposed FY07 UNDP-GEF Budget**

<i>FY05 Actual \$m</i>	Expense Category	<i>FY06 Budget \$m</i>	<i>FY06 Estimated \$m</i>	<i>FY07 Proposed \$m</i>
<b><u>2.216</u></b>	<b><u>Staff Costs</u></b>	<b><u>2.115</u></b>	<b><u>2.115</u></b>	<b><u>2.178</u></b>
1.903	Salaries and Benefits	1.784	1.784	1.838
0.313	Travel	0.321	0.321	0.331
0.000	Training	0.010	0.010	0.010
<b><u>0.156</u></b>	<b><u>Consultant Costs</u></b>	<b><u>0.261</u></b>	<b><u>0.261</u></b>	<b><u>0.269</u></b>
0.000	Fees (long-term)	0.000	0.000	0.000
0.115	Fees (short-term)	0.179	0.179	0.184
0.041	Travel	0.082	0.082	0.084
<b><u>0.000</u></b>	<b><u>Council Costs</u></b>	<b><u>0.000</u></b>	<b><u>0.000</u></b>	<b><u>0.000</u></b>
0.000	Logistics	0.000	0.000	0.000
0.000	Council Travel	0.000	0.000	0.000
0.000	NGO Consultations (Logistics and Travel)	0.000	0.000	0.000
<b><u>0.028</u></b>	<b><u>Contractual Services</u></b>	<b><u>0.029</u></b>	<b><u>0.029</u></b>	<b><u>0.030</u></b>
0.028	(Contracts with Firms)	0.029	0.029	0.030
<b><u>0.000</u></b>	<b><u>Publications, Media, Web and External Outreach</u></b>	<b><u>0.084</u></b>	<b><u>0.084</u></b>	<b><u>0.087</u></b>
<b><u>0.430</u></b>	<b><u>General Operations Costs</u></b>	<b><u>0.443</u></b>	<b><u>0.443</u></b>	<b><u>0.456</u></b>
0.233	Office Space, Equipment, and Supplies	0.240	0.240	0.247
0.011	Communications and Internal Computing	0.011	0.011	0.011
0.186	Corporate Services	0.192	0.192	0.198
0.000	Representation and Hospitality	0.000	0.000	0.000
<b><u>2.830</u></b>	<b><u>TOTAL</u></b>	<b><u>2.932</u></b>	<b><u>2.932</u></b>	<b><u>3.020</u></b>

87. FY06 Estimated. UNDP/GEF's planned corporate activities will be implemented within the FY06 budget allocation.

88. FY07 Proposed. UNDP/GEF's staffing level will remain as in the previous year and the overall budget has been increased by 3% to offset cost increases.

## UNEP-GEF

89. UNEP-GEF's estimated FY06 expenditures and proposed FY07 corporate budget are summarized in Table 3.

**Table 3. Proposed FY07 UNEP-GEF Budget**

<i>FY05 Actual \$m</i>	<i>Expense Category</i>	<i>FY06 Budget \$m</i>	<i>FY06 Estimated \$m</i>	<i>FY07 Proposed \$m</i>
<b><u>2.171</u></b>	<b><u>Staff Costs</u></b>	<b><u>2.190</u></b>	<b><u>2.245</u></b>	<b><u>2.296</u></b>
1.803	Salaries and Benefits	1.870	1.895	1.936
0.355	Travel	0.310	0.350	0.360
0.013	Training	0.010	0.000	0.000
<b><u>0.025</u></b>	<b><u>Consultant Costs</u></b>	<b><u>0.020</u></b>	<b><u>0.005</u></b>	<b><u>0.010</u></b>
0.000	Fees (long-term)	0.000	0.000	0.000
0.025	Fees (short-term)	0.020	0.005	0.010
0.000	Travel	0.000	0.000	0.000
<b><u>0.000</u></b>	<b><u>Council Costs</u></b>	<b><u>0.000</u></b>	<b><u>0.000</u></b>	<b><u>0.000</u></b>
0.000	Logistics	0.000	0.000	0.000
0.000	Council Travel	0.000	0.000	0.000
0.000	NGO Consultations (Logistics and Travel)	0.000	0.000	0.000
<b><u>0.054</u></b>	<b><u>Contractual Services</u></b>	<b><u>0.052</u></b>	<b><u>0.060</u></b>	<b><u>0.065</u></b>
0.054	(Contracts with Firms)	0.052	0.060	0.065
<b><u>0.019</u></b>	<b><u>Publications, Media, Web and External Outreach</u></b>	<b><u>0.066</u></b>	<b><u>0.040</u></b>	<b><u>0.060</u></b>
<b><u>0.518</u></b>	<b><u>General Operations Costs</u></b>	<b><u>0.547</u></b>	<b><u>0.525</u></b>	<b><u>0.530</u></b>
0.199	Office Space, Equipment, and Supplies	0.192	0.175	0.175
0.134	Communications and Internal Computing	0.155	0.160	0.165
0.185	Corporate Services	0.185	0.190	0.190
0.000	Representation and Hospitality	0.015	0.000	0.000
<b><u>2.787</u></b>	<b><u>TOTAL</u></b>	<b><u>2.875</u></b>	<b><u>2.875</u></b>	<b><u>2.961</u></b>

90. FY06 Estimated. UNEP/GEF's planned corporate activities will be implemented within the FY06 budget allocation.

91. FY07 Proposed. The planned UNEP/GEF corporate activities for FY07 will be implemented within the same budget allocation as for FY05 with a 3% increase to offset cost increases.

## IBRD-GEF

92. IBRD-GEF's estimated FY06 expenditures and proposed FY07 corporate budget are summarized in Table 4.

**Table 4. Proposed FY07 IBRD-GEF Budget**

<i>FY05 Actual \$m</i>	<i>Expense Category</i>	<i>FY06 Budget \$m</i>	<i>FY06 Estimated \$m</i>	<i>FY07 Proposed \$m</i>
<b><u>2.304</u></b>	<b><u>Staff Costs</u></b>	<b><u>2.538</u></b>	<b><u>2.538</u></b>	<b><u>2.614</u></b>
2.031	Salaries and Benefits	2.129	2.129	2.193
0.265	Travel	0.377	0.377	0.388
0.008	Training	0.032	0.032	0.033
<b><u>0.250</u></b>	<b><u>Consultant Costs</u></b>	<b><u>0.242</u></b>	<b><u>0.276</u></b>	<b><u>0.285</u></b>
0.142	Fees (long-term)	0.113	0.113	0.116
0.090	Fees (short-term)	0.107	0.107	0.110
0.017	Travel	0.022	0.056	0.059
<b><u>0.000</u></b>	<b><u>Council Costs</u></b>	<b><u>0.000</u></b>	<b><u>0.000</u></b>	<b><u>0.000</u></b>
0.000	Logistics	0.000	0.000	0.000
0.000	Council Travel	0.000	0.000	0.000
0.000	NGO Consultations (Logistics and Travel)	0.000	0.000	0.000
<b><u>0.256</u></b>	<b><u>Contractual Services</u></b>	<b><u>0.215</u></b>	<b><u>0.215</u></b>	<b><u>0.221</u></b>
0.256	(Contracts with Firms)	0.215	0.215	0.221
<b><u>0.000</u></b>	<b><u>Publications, Media, Web and External Outreach</u></b>	<b><u>0.054</u></b>	<b><u>0.054</u></b>	<b><u>0.056</u></b>
<b><u>0.151</u></b>	<b><u>General Operations Costs</u></b>	<b><u>0.201</u></b>	<b><u>0.167</u></b>	<b><u>0.172</u></b>
0.094	Office Space, Equipment, and Supplies	0.106	0.106	0.109
0.047	Communications and Internal Computing	0.051	0.051	0.053
0.000	Corporate Services	0.000	0.000	0.000
0.010	Representation and Hospitality	0.044	0.010	0.010
<b><u>2.961</u></b>	<b><u>TOTAL</u></b>	<b><u>3.250</u></b>	<b><u>3.250</u></b>	<b><u>3.348</u></b>

93. FY06 Estimated. The IBRD-GEF unit remained within its budget in FY06.

94. FY07 Proposed. No increases above the FY06 budgeted amounts are expected beyond a 3% increase to offset cost increases.



**Table 5. Proposed FY07 STAP Budget**

95. STAP's estimated FY06 expenditures and proposed FY07 corporate budget are summarized in Table 5.

<b>FY05 Actual \$m</b>	<b>STAP -- Secretariat Expense Category</b>	<b>FY06 Budget \$m</b>	<b>FY06 Estimated \$m</b>	<b>FY07 Proposed \$m</b>
<b><u>0.604</u></b>	<b><u>Staff Costs</u></b>	<b><u>0.622</u></b>	<b><u>0.683</u></b>	<b><u>0.646</u></b>
0.556	Salaries and Benefits	0.562	0.603	0.584
0.048	Travel	0.060	0.080	0.062
0.000	Training	0.000	0.000	0.000
<b><u>0.033</u></b>	<b><u>Consultant Costs</u></b>	<b><u>0.020</u></b>	<b><u>0.020</u></b>	<b><u>0.030</u></b>
0.000	Fees (long-term)	0.000	0.000	0.000
0.033	Fees (short-term)	0.020	0.020	0.030
0.000	Travel	0.000	0.000	0.000
<b><u>0.000</u></b>	<b><u>Council Costs</u></b>	<b><u>0.000</u></b>	<b><u>0.000</u></b>	<b><u>0.000</u></b>
0.000	Logistics	0.000	0.000	0.000
0.000	Council Travel	0.000	0.000	0.000
0.000	NGO Consultations (Logistics and Travel)	0.000	0.000	0.000
<b><u>0.031</u></b>	<b><u>Contractual Services</u></b>	<b><u>0.000</u></b>	<b><u>0.000</u></b>	<b><u>0.035</u></b>
0.031	(Contracts with Firms)	0.000	0.000	0.035
<b><u>0.001</u></b>	<b><u>Publications, Media, Web and External Outreach</u></b>	<b><u>0.040</u></b>	<b><u>0.000</u></b>	<b><u>0.000</u></b>
<b><u>0.220</u></b>	<b><u>General Operations Costs</u></b>	<b><u>0.207</u></b>	<b><u>0.240</u></b>	<b><u>0.245</u></b>
0.082	Office Space, Equipment, and Supplies	0.097	0.106	0.105
0.048	Communications and Internal Computing	0.020	0.044	0.050
0.090	Corporate Services	0.090	0.090	0.090
0.000	Representation and Hospitality	0.000	0.000	0.000
<b><u>0.889</u></b>	<b><u>SUB-TOTAL</u></b>	<b><u>0.889</u></b>	<b><u>0.943</u></b>	<b><u>0.956</u></b>
	<b>STAP -- Members</b>			
	<b>Expense Category</b>			
0.453	Honoraria & Logistical/Secretarial Support	0.525	0.427	0.455
0.519	STAP Meetings	0.517	0.561	0.578
<b><u>0.972</u></b>	<b><u>SUB-TOTAL</u></b>	<b><u>1.042</u></b>	<b><u>0.988</u></b>	<b><u>1.033</u></b>
<b><u>1.861</u></b>	<b><u>TOTAL</u></b>	<b><u>1.931</u></b>	<b><u>1.931</u></b>	<b><u>1.989</u></b>

96. FY06 Estimated. It is estimated that the Work Program for STAP will be implemented within the budget allocation.

97. FY07 Proposed. The STAP Work Program for FY07 will be implemented within the same budget as approved for FY06 with a 3% increase in costs to offset inflation.

## Trustee

98. The World Bank, acting in its capacity as Trustee for the GEF Trust Fund, provides a full range of services to the GEF and its donors such as management and oversight of donor pledges and subsequent contributions, commitments and disbursements of funding allocations to the Implementing and Executing Agencies, financial and risk management of GEF resources as well as active management of its investment portfolio, legal and accounting services on a broad range of cross-cutting issues, and finally the development and maintenance of a specialized system that provides transactional support for the financing framework of the GEF Trust Fund. The pricing for Trustee services is based on the type of service provided and its relative complexity. The amount requested for FY07 is 1.54 million

## VI. SPECIAL INITIATIVES

99. The estimated FY06 expenditures and proposed FY07 for the special initiatives of the Resource Allocation Framework, the Third GEF Assembly, the Results Management Framework and the Trustee's system development project are summarized in Table 7.

**Table 6. Special Initiatives Budgets (\$m)**

### Indicators related to the Resource Allocation Framework

Resource Allocation Framework	FY06 approved Jun. 2005	FY06 estimated	FY07 request
Staff Costs	0.330	0.330	0.100
Staff Travel	0.050	0.050	0.050
Computer Hardware, Software, Data	0.010	0.010	0.000
Provision for Council Consultations	0.160	0.160	0.000
<b>TOTAL</b>	<b>0.550</b>	<b>0.550</b>	<b>0.150</b>

The special initiative request for FY07 is to begin the analytical work to develop indicators for the other focal areas (International Waters, Land Degradation, and POPs) and to develop a GEF-wide RAF based on global environmental priorities as agreed by the Council at the September 2005 meeting.

## Budget for the Third GEF Assembly

Third GEF Assembly		Total
<b>Personnel</b>		<b>180,000</b>
Conference Coordination	150,000	
Office Support	30,000	
<b>Travel</b>		<b>2,230,000</b>
Staff	550,000	
Participants	1,500,000	
NGOs	120,000	
Presenters and special invitees	60,000	
<b>Press and Outreach</b>		<b>193,000</b>
Design	25,000	
Exhibit	10,000	
Press Conferences	8,000	
ENB: reporting	35,000	
TVE: multimedia campaign	50,000	
Billboard campaign	10,000	
Publications and Materials	45,000	
Website	10,000	
<b>Hospitality</b>		<b>40,000</b>
Reception		
<b>Telecommunications</b>		<b>15,000</b>
Telephone calls, faxes, email		
<b>Translation</b>		<b>110,000</b>
<b>Interpretation</b>		<b>217,000</b>
NGO Forum	25,000	
Special Council Meeting	25,000	
Assembly <sup>1</sup>	167,000	
<b>General Operations Costs</b>		<b>100,000</b>
Registration Equipment and Supplies, Freight, Storage, General Supplies, Copying, Postage	100,000	
<b>Subtotal</b>		<b>3,085,000</b>
Contingency (10%)		308,500
<b>Total</b>		<b>3,393,500</b>
less 30% (\$930,000 approved by Council in 2005)	930,000	
<b>Grand Total</b>		<b>2,463,500</b>

<sup>1</sup> Costs are based on interpreters for three roundtables in six languages. Should interpretation for the roundtables consist of three languages the cost for interpretation would be reduced by \$60,000

## Results Management Framework

Results Management Framework	<i>FY07 request</i>
Biodiversity Task Force – consultancies & workshops	0.020
IW Task Force – consultancies & workshops	0.055
CC Task Force – consultancies & workshops	0.040
CC – pilot knowledge management program	0.020
Land Degradation – consultancies	0.040
Overall supporting consultancies	0.025
<b>TOTAL</b>	<b>0.200</b>

## Systems Development Project (Trustee)

Systems Development Project (Trustee)	<i>FY07 request</i>
Trustee Systems Development Project	0.250
<b>TOTAL</b>	<b>0.250</b>

100. Taking the above sections into account, Council approval is sought for a proposed FY07 Corporate Budget of \$28.263 million comprising:

- (a) \$25.199 million for six GEF units (Secretariat, UNDP, UNEP, World Bank, STAP and Trustee) for their planned corporate management activities and deliverables; and
- (b) Special Initiatives in the amount of \$3.064 million.

**Table 7. Proposed FY07 Corporate Budget for six GEF Units (\$m)**

Expense Category	GEF Secretariat	UNDP	UNEP	World Bank	STAP	Trustee	Total
Staff Costs	8.927	2.178	2.296	2.614	0.646	0.000	16.662
Consultant Costs	0.534	0.269	0.010	0.285	0.030	0.000	1.128
Council Costs	0.596	0.000	0.000	0.000	0.000	0.000	0.596
Contractual Services	0.052	0.030	0.065	0.221	0.035	0.000	0.403
Publications, Media, Web and External Outreach	0.721	0.087	0.060	0.056	0.000	0.000	0.923
General Operations Costs	1.510	0.456	0.530	0.172	0.245	0.000	2.913
Honoraria & Logistical/Secretarial Support	0.000	0.000	0.000	0.000	0.455	0.000	0.455
STAP Meetings	0.000	0.000	0.000	0.000	0.578	0.000	0.578
<b>SUB-TOTAL CORPORATE BUDGET</b>	<b>12.341</b>	<b>3.020</b>	<b>2.961</b>	<b>3.348</b>	<b>1.989</b>	<b>1.540</b>	<b>25.199</b>
<u>Special Initiatives:</u>							
Resource Allocation Framework	0.150	0.000	0.000	0.000	0.000	0.000	
Third GEF Assembly	2.464	0.000	0.000	0.000	0.000	0.000	
Results Management Framework	0.200	0.000	0.000	0.000	0.000	0.000	
Systems Development Project	0.000	0.000	0.000	0.000	0.000	0.250	
<b>SUB-TOTAL SPECIAL INITIATIVES</b>	<b>2.814</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.250</b>	<b>3.064</b>
<b>GRAND TOTAL</b>	<b>15.155</b>	<b>3.020</b>	<b>2.961</b>	<b>3.348</b>	<b>1.989</b>	<b>1.790</b>	<b>28.263</b>

## VII. Total Administrative Expenses

101. As noted above, the GEF Office of Evaluation has its own corporate budget approved annually by the Council. The corporate budgets are also independent and distinct from the other type of administrative funding the GEF provides: project fees. The following table summarizes the total of all administrative expenses for the GEF in FY06 (estimated) and FY07 (projected).

**Table 8. GEF Administrative Costs**

GEF Administrative Costs	FY05	FY06 approved	FY07 proposed
<u>Corporate Budgets of seven GEF units:</u>			
GEF Secretariat	10.573	10.954	12.341
UNDP	2.848	2.932	3.020
UNEP	2.791	2.875	2.961
World Bank	3.155	3.250	3.348
STAP	1.875	1.931	1.989
Trustee	1.450	1.495	1.540
Office of Evaluation	2.646	2.830	2.921
<b>Sub-Total Corporate Budgets</b>	<b>25.338</b>	<b>26.267</b>	<b>28.120</b>
<u>Special Initiatives:</u>			
GEFSEC	0.686	2.530	2.814
Trustee	0.000	0.000	0.250
GEFEO	2.036	0.275	0.718
<b>Sub-Total Special Initiatives</b>	<b>2.722</b>	<b>2.805</b>	<b>3.782</b>
<b>Grand Total Corporate Budgets</b>	<b><u>28.060</u></b>	<b><u>29.072</u></b>	<b><u>31.902</u></b>
Fees Associated with Project Cycle Management 1/	53.910	70.630	60.000
<b>Total Administrative Costs</b>	<b>81.970</b>	<b>99.703</b>	<b>91.902</b>
Project Allocations (inclusive of PDF amounts)	612.740	807.162	665.000
<b>Admin. Costs as % of Project Allocations</b>	<b>13.38%</b>	<b>12.35%</b>	<b>13.82%</b>
<b>Admin. Costs as % of all Allocations (including corporate budget and special initiatives)</b>	<b>13.0%</b>	<b>10.9%</b>	<b>13.8%</b>

1/ FY06 actuals thru April 2006; estimated for May - June 2006; FY07 proposed is 9% of \$665m.

**Table 9. Trend of Administrative Costs as a Percentage of Project Allocations; and as a Percentage of all Allocations**

Table 9a illustrates the trend of administrative costs as a percentage of project allocations for the period FY01-07.

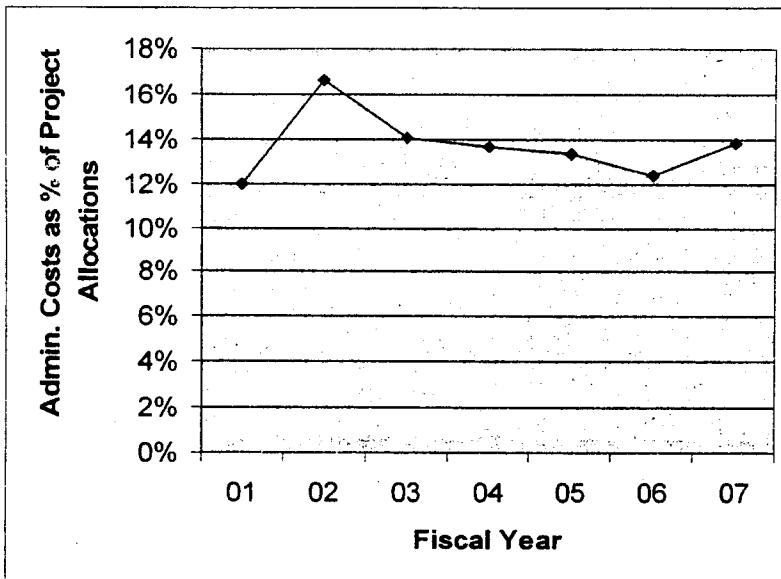
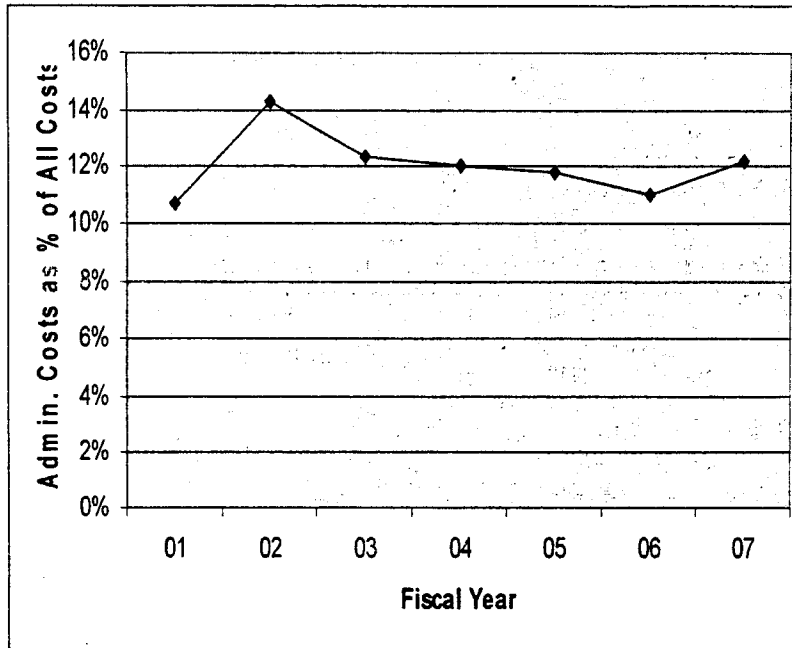


Table 9b illustrates the trend of administrative costs as a percentage of all allocations (including fees, corporate budget and special initiatives) for the period FY01-07.





## **Annex A: Trustee systems development project**

1. In FY99, the Trustee developed and implemented a customized module within SAP, the World Bank's main business and accounting system, to manage the financial flows of the GEF Trust Fund, mainly donor contributions and commitments and disbursements (i.e., cash transfers) to the Implementing and Executing Agencies. In addition, an application was developed to manage, control, and monitor a crucial aspect of the GEF Trust Fund, namely the Commitment Authority module, which tracks the outcome of each pro rata exercise. Finally, the Trustee developed a 'project database' which captures limited data such as (i) the amount allocated to each project or activity by the GEF Council or CEO, (ii) the CEO endorsed amount, if applicable, and (iii) the amount committed to each project or activity by the Trustee. Cash transfers to the Agencies are also controlled and managed in SAP, but are not made on a project by project basis. Each cash transfer requested by the Agencies is matched against net cumulative liabilities to the Agencies.
2. The customized module has served the Trustee well over the last eight years. However, evolving GEF business since inception of the GEF necessitates the development of new applications, as well as enhancements to existing ones, within the Trustee's business system. The 'system renewal' will help to ensure that the World Bank can continue to effectively carry out its fiduciary responsibilities as Trustee of the GEF Trust Fund.
3. One of the new applications that are needed is a system application that will provide the ability to track and account for loans and guarantees that have been approved by GEF Council in the work program. At the time of initial development of the Trustee's system, the only applicable financial product available to Agencies was grant financing. For those loans and guarantees issued by the Agencies using funding provided by the GEF Trust Fund, the Trustee currently keeps track of these products through desktop-based tools, which is not only an inefficient way to manage the business, but more importantly this approach lacks a robust control process.
4. A second needed application addresses current shortcomings in communications between the GEF partners. Trustee communications to GEF partners regarding allocations, commitments and cash transfers has become a cumbersome and error prone process. The current communication process is handled via spreadsheets or word documents and transmitted by fax or email. This requires visual matching of data and multiple re-keying of data across all partners. A large amount of staff effort is devoted to ensuring synchronization and reconciliation of data, which is an inefficient use of staff resources. Thus, an application is recommended that would allow the Trustee's systems to share data electronically with each of the GEF partners (where it is possible).
5. Another critical yet major enhancement needs to be made to the Commitment Authority Application. The recent implementation of a reserve policy for the GEF Trust Fund (i.e., setting aside a nominal amount to cover exchange rate and interest rate fluctuations) needs to be built into the commitment authority application, taking advantage of the security and control features of SAP. Consequently, the Funding Status Report will be further automated. It is also the

intention to enhance this application by building an interface with the GEF Secretariat's Management Information System under development, providing tighter monitoring of work program allocations on a real time basis.

6. The Trustee will develop and implement an enhanced GEF module in SAP during FY07 and FY08. Enhancements will be made to all current applications including replenishment management, donor contribution management, Commitment Authority, project management, commitment and disbursement, and reporting. New applications will be developed to allow seamless electronic data exchange and other real time electronic interfaces with the Secretariat's new Management Information System. In addition, the Trustee will build electronic, authenticated, and secure links with the partner agencies of the GEF. In sum, the proposed enhancements and new applications will eliminate the current "manual" processes requiring re-keying of data in various systems and will also eliminate (or at least reduce much of the need for) time consuming and expensive ongoing reconciliations between the data stored in the systems of the Trustee and those of the GEF Secretariat and the Agencies.

7. The Trustee's system design and development work must be coordinated and to some extent synchronized with the effort in the GEF Secretariat to ensure that the two systems are capable of interfacing with each other in the most efficient manner using the tight integration that can through close coordination be built into the design of both systems right from the start. This approach is an effective and efficient way of building these two systems which must be able to "talk" to each other and share data electronically (in real time in most cases as both will largely reside in SAP. Taking the above requirement together with the already existing and ongoing work program of critical business and system development Bank staff, we propose that the Trustee's system be developed and implemented in a phased approach over FY07 and FY08. The Trustee will work closely with the GEF MIS development team, especially in the design and testing phases for both systems. Additionally, we will also need to coordinate our design, development, and rollout with the work that will be required at each agency to allow our system to electronically interface with those of the Agencies. The Trustee has already begun the initial design of the new applications and the enhancements to the current system. Consultations with the Agencies are expected to begin in June 2006.

8. The total cost for the project is estimated at approximately USD 1 million. This includes the costs associated with a 'user needs' analysis, systems design, development, testing, and implementation. It also includes costs for the Bank's business and technical staff time, technical consultants who must be hired to do most of the development work, functional consultants who will assist in the analysis, design, and implementation phases, and the travel costs of Bank (i.e., Trustee) staff that will be required to interface and consult with staff of various GEF Agencies. It should be noted here that the proposed development work will be carried out using offshore resources to the extent possible to keep the overall project costs to a minimum.

9. The bulk of the project will be paid for using the Bank's existing resources (USD 400,000) and a one time capital budget allocation (USD 350,000), accounting for 75% of total project costs. The Trustee is requesting that the remaining project costs, USD 250,000, be funded using GEF Trust Fund resources.



