

GLOBAL
ENVIRONMENT
FACILITY

GEF BUSINESS PLAN FY96-97
AND BUDGET FY96

GEF Council Meeting
Washington, D.C.
May 3 - 5, 1995

DRAFT COUNCIL DECISION

The Council has reviewed document GEF/C.4/4 and approves the *GEF Business Plan FY96-97 and Budget FY96*, and the proposed future planning/budget cycle described in paragraph 6 of that document.

CONTENTS

INTRODUCTION 1

GEF'S NEW MISSION AND GOVERNANCE STRUCTURE 2

BUSINESS PLAN ASSUMPTIONS AND STRATEGY 4

Preliminary Assumptions for Work Program Distribution 4

Strategic Elements for Preparing the Business Plan and Budget 4

THE PROPOSED FY96 CORPORATE BUDGET --
DISCUSSION BY OUTPUT AND OBJECTIVE 7

CONCLUDING REMARKS 11

TABLES

TABLE 1: COMPARISON OF BUDGET YEARS 7

TABLE 2: MAJOR OPERATIONS OUTPUTS - FY96 8

TABLE 3: GEF PROPOSED ADMINISTRATIVE BUDGET FOR FY96-
BREAKDOWN BY MAJOR OBJECTIVE 12

TABLE 4: GEF ADMINISTRATIVE BUDGET -
PROPOSED EXPENDITURES FOR FY96 13

TABLE 5: MAJOR OUTPUTS SUPPORTING OPERATIONS 14

GEF BUSINESS PLAN FY96-97 AND ADMINISTRATIVE BUDGET FY96

INTRODUCTION

1. At its February 1995 meeting, the Council directed the Secretariat to manage the preparation of a single, negotiated corporate budget. It also directed that this budget should be zero-based and supported by a two-year business plan/work program. This document represents the GEF Corporate Business Plan for FY96-97, and the negotiated, corporate budget for FY96. The document covers the Secretariat, three Implementing Agencies (UNDP, UNEP, World Bank), the Scientific and Technical Advisory Panel (STAP), and Trustee.
2. **Preparation Process:** During the February 1995 Council meeting, the CEO established a GEF inter-agency Budget Committee chaired by the Secretariat. Immediately thereafter, the Secretariat initiated a series of bilateral meetings with Budget Committee members to provide business plan and budget guidance and discuss agency-specific issues. These bilateral meetings also addressed the expected format, assumptions, and strategy to be used for submissions. Agreement was reached on moving towards a product-oriented budget for fiscal year 1996 based on key business plan objectives, while still retaining the budget categories agreed upon in the February FY95 budget document. The Secretariat reviewed planned work programs paying particular attention to proposed "outputs" for FY96 in an effort to address concerns expressed by the Council on implementing cost-cutting measures and avoiding duplication between agencies. In conducting this exercise, several areas of expenditure (e.g., IA's coordination units, external outreach, and best practice work) were identified as areas where cost reductions could be made.
3. In light of the fact that there was insufficient time to establish standard coefficients for travel, staff costs and other areas of expenditure, the budget reductions proposed by the Chair of the Budget Committee were based instead upon a careful review of planned "outputs" as presented in the Agencies' proposed work program. The CEO provided further guidance to the Implementing Agencies on coordination unit staffing and other selected expenditure items (e.g., external communications and best practice work) based on a functional division of labor among the Agencies and the Secretariat. This guidance was incorporated in revisions negotiated by the CEO with the Heads of Agencies. The attached business plan and budget reflect an agreed, negotiated FY96 corporate budget and FY96-97 business plan.
4. As noted in document GEF/C.2/7 (the administrative paper considered at the November 1994 Council meeting), the Secretariat plans to work closely with the Implementing Agencies and through the Budget Committee to establish GEF budget guidelines which would include cost coefficients for appropriate expenditure categories to ensure equity and comparability when allocating resources among implementing agencies. It is envisaged that an improved budget management process will be in place prior to preparation of the GEF corporate budget for FY97, which will be prepared for Council approval in Spring 1996.
5. **Early Lessons:** An important lesson from this first effort has been the need to develop some common norms and coefficients for different expenditures, where feasible, to promote

equity and cost-efficiency. For the current exercise, it was not possible to negotiate quantitative norms or coefficients because of the limited time available. This round of budget negotiations was spent developing budget estimates using agency-specific coefficients. For the next fiscal year, it should be possible to make collective progress on travel, use of short-term consultants, project size in relation to administrative cost, and cost coefficients for project preparation and supervision. Finally, as discussed further in section two, more work is needed to differentiate costs that are truly administrative in terms of traditional overhead, and those costs that are project- or program-related.

6. **Proposed Future Planning/Budget Cycle:** Based on this first experience, it is proposed that future business plan/budget submissions be based on a three-year planning cycle and one-year budget. Following this approach, at each fall meeting of the Council (October/November), a three-year rolling business plan would be presented with corresponding budget estimates for the coming year. Following the Council guidance received at the fall meeting, a detailed corporate budget would be prepared for the coming fiscal year and presented for Council review and approval at the spring meeting (April/May). For fiscal year 1997, this would mean that the Council would review in October 1995 the corporate business plan for FY97-99 with budget estimates for FY97; at the April/May 1996 meeting, the Council would have before it for review and approval the detailed FY97 corporate budget. Furthermore, it is proposed that a mid-year review be undertaken each year by the Secretariat, in cooperation with the Implementing Agencies, with results reported to the Council. This mid-year review would, in particular, assess the level of outputs delivered by mid-year in relation to projections and anticipated future outputs, and recommend adjustments as needed.

7. **Order of the Business Plan:** This corporate Business Plan is divided into four sections. Section one reviews the strengthened mission of the new GEF and its new governance structure, the basic building blocks for translating GEF's needs and responsibilities into a work program and budget. Section two then lays out the preliminary assumptions and strategic principles used for preparing the plan and budget, including a framework for linking projected costs to objectives and outputs. A third section reviews the proposed FY96 budget, relating it to prior year budgets, proposed project outputs for FY96, and the current business plan objectives. This section also contains a budget table by traditional budget categories for each agency and the total. A table of major outputs supporting project operations also is provided. Section four concludes with a few remarks about anticipated budget initiatives for the coming year.

GEF'S NEW MISSION AND GOVERNANCE STRUCTURE

8. As requested by the Council, the Secretariat has managed the preparation of this budget based on the needs and responsibilities of the restructured Global Environment Facility (GEF I). These responsibilities are articulated in the agreement reached in Geneva in March 1994 by more than 80 developed and developing countries (entitled the *Instrument for the Establishment of the Restructured Global Environment Facility*). That agreement defines a significantly expanded role for the Secretariat (over that of the former Administrator's Office) and a new decision-making structure for the GEF.

9. GEF I's overarching mission is to provide financing to developing countries to address global environmental problems in four focal areas: destruction of biological diversity, global warming, pollution of international waters, and depletion of the ozone layer. GEF is also concerned with land degradation -- specifically desertification and deforestation -- to the extent it relates to any of the other focal areas. A key dimension of the new GEF which significantly affects its needs and responsibilities is the more than doubling in size of program and project financing envisioned (with about \$2 billion planned in grants and concessionary loans over three years as compared to the roughly \$800 billion for the pilot phase).

10. Moreover, GEF I has clear responsibilities with the conventions on climate change and biodiversity. In partial fulfillment of its purposes under the Instrument, cited above, the GEF now operates the financial mechanism for the implementation of the U. N. Framework Convention on Climate Change and the Convention on Biodiversity. In this capacity, the GEF functions under the guidance of, and is accountable to, the Conferences of the Parties which decide on policies, program priorities and eligibility criteria for the purposes of the conventions. The nature and extent of responsibility within this area is a new dimension for the GEF that will become better defined as the conventions move forward.

11. Also important for its long-term work program and budget, the GEF is intended to be more than a channel for project financing. It is intended to help support global environmental security by integrating the global environment into national development, encouraging the transfer of environmentally sound technology and knowledge, and strengthening the capacity of developing countries to play their full part in protecting the global environment. Important underlying principles for these initiatives are ensuring country ownership through country-driven projects and programs, increased transparency, broader consultation with and participation of affected and concerned groups (including NGOs) and increased utilization of private sector expertise and support.

12. The GEF's legal instrument and governance mechanism provides for clear decision-making processes and responsibilities for the entities involved. In addition to an expanded Council, the new governance structure includes a Universal Assembly and a functionally independent Secretariat. Among other responsibilities, the Secretariat implements the decisions of and services the Assembly and Council. It also coordinates the preparation of and determines the content of a joint work program for the GEF among the Implementing Agencies. The Implementing Agencies prepare projects and implement operational policies, strategies, and decisions of the Council. Within these mandates, both the Secretariat and the Implementing Agencies are accountable to the Council which approves the operational policies and strategies, and the overall work program and budget. The Scientific and Technical Advisory Panel (STAP), established by UNEP, serves as an advisory body to the GEF.

BUSINESS PLAN ASSUMPTIONS AND STRATEGY

13. The Council requested that the FY96 corporate budget be zero-based. It also requested that the business plan and budget preparation be guided by principles of cost consciousness, transparency, increased productivity, avoidance of duplication, and coordination of common services. In line with these principles, the Secretariat provided the agencies and STAP secretariat with preliminary planning assumptions on work program distribution and strategic considerations for the administrative budget submission.

Preliminary Assumptions for Work Program Distribution

14. **Among Operations:** For this first corporate business plan, and pending further guidance from the Council, the Implementing Agencies were asked to follow the guidance contained in the 1995 programming paper, GEF/C.2/5, approved by the Council in November 1994.

15. **Administrative Costs:** The long-term target with respect to administrative costs as a proportion of the total workprogram commitment is not to exceed 6%.

Strategic Elements for Preparing the Business Plan and Budget

16. **Emphasis on Project Quality:** The Implementing Agencies were asked to base yearly targets of project outputs on their best assessments of what they could deliver effectively and what the clients could reasonably absorb to ensure satisfactory results. This strategic emphasis on substantive results and project quality, rather than project numbers or volume of available dollars, shifts the focus to judgments about substantive feasibility and country absorptive capacity. The Secretariat will work closely with the Implementing Agencies farther upstream and through GEFOP to ensure project quality.

17. **Relating Costs to Business Plan Objectives and Outputs:** A second strategic principle for preparation of this corporate business plan and budget has been to more systematically link costs to outputs. This approach was considered to be a fundamental improvement in our budget planning and reporting, and serves to increase transparency as well as provide a better system for self-monitoring. GEF's activities were divided into eight main business planning objectives or lines of action and each agency used this new framework to organize their discussion of outputs and associated costs, in addition to using the traditional accounting categories. The eight business plan objectives are listed below (and applied to the FY96 budget in the next section and Table 3):

- *Management and administration (managerial functions, administration and budget).*
- *Operations policy, strategies, and guidance (preparing operations policies and strategy papers, general guidance to staff, project documents, most STAP work, etc.).*

- *GEF I project portfolio development and management* (work of the GEF Operations Committee (GEFOP), coordination unit time advising on project identification, preparation, appraisal, supervision, monitoring and evaluation, and PDF proposals).
- *External and internal communications* (external publications, internal agency reports, building constituencies, national workshops, regional consultations).
- *Legal and institutional Relations* (relations with the governance structure, includes Council and Assembly meetings, non-project specific consultations with convention secretariats, legal relations with the Trustee, NGO travel for and participation in Council meetings, certain papers related to the work of the Council, e.g., Rules of Procedure).
- *Evaluation* (non-project specific) (this area probably would not show costs during FY96; project-specific evaluation of GEF I or pilot phase projects would fall within those respective categories).
- *Financial policy management and replenishment* (financial relations with the Trustee; the Trustee's work with management of contributions, converting pledges into commitments, and management of liquidity and investments; work with private sector financing and alternative forms of financing; replenishment operations; periodic financial reporting and auditing).
- *Pilot Phase project implementation* (supervision, monitoring, implementation reviews, evaluation).

18. **Mainstreaming and Cost-Sharing:** Mainstreaming global environmental activities within regular programs of the Implementing Agencies is a continuing strategy for the GEF. Particularly important are efforts of Implementing Agencies to integrate GEF operational strategies into agency strategies for countries and sectors. This strategy means that the Implementing Agencies will be absorbing costs of global work that would normally fall to them in any case as part of their other global environmental obligations. This will leave the Implementing Agencies with GEF resources to finance those costs that are truly operational and incremental, and that are related to GEF program and project development and implementation.

19. **Building core staff capacity in the Secretariat :** A strategic consideration for staffing the Secretariat has been the emphasis on building a solid core of in-house staff capacity to meet its expanded technical and administrative responsibilities, rather than relying heavily on consultants which may be cheaper over the near-term but provide less continuity and institutional capacity over the long-term.

20. **Centralizing Activities such as External Relations:** For a zero-based budget, it was important to review functions to be performed in the context of lead and supporting roles of the Secretariat and Implementing Agencies. The Implementing Agencies are responsible for preparing and managing GEF projects, and the Secretariat takes a lead in such areas as GEF-wide operational guidance, institutional relations, and external relations. In order to ensure a common message, maximize cost savings, and avoid duplication, the Secretariat gave guidance to the

Implementing Agencies on the need to centralize external relations covered by the GEF administrative budget. Any GEF funds proposed for external relations would need to be part of an agreed GEF-wide strategy; where an agency is considered to have comparative advantage in undertaking some of these activities on behalf of the GEF, the Secretariat would so delegate. Unilateral work by an agency in these areas would not be included in the GEF budget; while it would still be encouraged, it should be supported by the agencies' normal budgets.

21. Differentiating Coordination from Direct Project Costs: The Secretariat and Implementing Agencies have begun to differentiate non-project costs of the agencies' coordination units and project-related costs of GEF or regular agency staff involved with project development or management. In this and the February 1995 budget submissions, this differentiation is shown in the budget tables by separating out project expenditures (in the lower third of the table) from agency coordination unit expenses. Because of different recording systems among the agencies, more work is still needed to develop common norms and definitions on expenditures that properly fit within the coordination unit costs (i.e., true administrative overhead) and those that should be reflected as operational or direct project-related costs. Direct project costs have two dimensions. First, there may be staff or consultant costs incurred to prepare, manage, or evaluate a GEF-funded project which are project-related rather than administrative overhead in nature and should be reported as project costs. Second, special initiatives such as the PRINCE project, UNDP Small Grants Program, or the IFC Small and Medium Industries Project also may use consultants whose costs should be charged to those initiatives, and not to the agency's administrative budget; it would be expected, however, that agency task manager costs for overseeing those initiatives would continue to be charged to the administrative budget.

22. Staff Norms for Implementing Agency Coordination Units: In an effort to ensure equity across agencies and transparency in staffing, the CEO provided guidance to the Implementing Agencies on staffing norms for the GEF coordination units since such norms did not exist before. This guidance indicated that the GEF administrative budget was available to fund up to seven higher-level positions to work exclusively on GEF coordination activities in each of the agencies (UNDP, World Bank, UNEP/STAP taken together) in the following categories: an executive coordinator, administrative/budget officer, two thematic technical specialists (one each in biodiversity and climate change), and up to three operations coordinators (to be defined as best meets the needs of the agency). This target is to be achieved to the maximum extent feasible for FY96, with any remaining staffing adjustments completed by FY97.

THE PROPOSED FY96 CORPORATE BUDGET -- DISCUSSION BY OUTPUT AND OBJECTIVE

23. The FY96-97 corporate business plan/work program is based on a proposed resource envelope of \$30.6 million for FY96 which is assumed to remain constant in real terms over the period except as needed to support expanded operations or new initiatives directed by Council. This section discusses the corporate budget by business plan objectives and what is projected to be delivered in outputs during FY96 in project operations and supporting products.

24. Based on guidance from the Secretariat, each agency prepared its FY96-97 business plan/work program and FY96 budget submission taking into account the eight strategic objectives for this business plan set out in the above section. New submissions were negotiated, which totalled almost \$6 million of reductions from the initial drafts (see Table 1 below for a comparison of budget years, including the proposed FY96 original and negotiated submissions). The final budget of \$30.6 represents the negotiated corporate budget for FY96 agreed at the level of Heads of Agencies, and is being put forth by the Secretariat for Council approval.

Comparison of Budget Years

Table 1

	UNDP	UNEP	WBANK	SECRT	STAP	TRUSTEE*	TOTAL
FY94	4470.0	1741.0	12165.0	3440.0	N/A	788.0	22604.0
FY95 Original Submission	5920.0	2347.0	16019.0	4295.0	1278.0	793.0	30652.0
FY95 Revised per February Council instructions	5440.0	1629.0	14086.0	4157.0	883.0	793.0	26988.0
FY96 Original Submission	6980.0	1710.0	18655.0	6800.0	1362.0	813.0	36320.0
Negotiated Submission FY96	5980.0	1676.6	15148.4	5911.0	1102.0	813.0	30631.0

* The Trustee budget remains relatively constant across fiscal years and between replenishment years due to the need to retain core staff capacity in the financial resource management function.

25. **Operational Outputs** . The proposed FY96 budget is projected to deliver a volume of GEF I and pilot phase operations as reflected in the following table:

Major Operations Outputs - FY96

Table 2

Table 2A

GEF I (In No. of Projects)	UNDP	UNEP	WB	TOTAL
Projects proposed to be submitted to Council	60	16	20	96
Projects to be Approved by IAs	40	10	11	61

Table 2B

Pilot Phase (In no. of Projects and in US\$ millions)	UNDP	UNEP	WB	TOTAL
Projects to be Approved by IAs	No: 21 \$30.0	No: 0	No: 7 \$53.0	No: 28 \$83.0
Projects under supervision/ implementation	No: 84 \$276.5	No: 6 \$21.3	No: 45 \$401.0	No: 135 \$698.8
Projects under Evaluation	No: 18 \$80.0	No: 5 \$17.3	No: 0	No: 23 \$97.3

26. It is difficult to annualize this year's proposed administrative budget against the above projected outputs because of the phasing of project preparation. During the pilot phase the average length of time between a project's entry into the work program and its final approval was more than a year. For GEF I, the World Bank has initiated a new strategy of delivering near-appraisal quality projects to Council so that it will take only 6 to 9 months from Council review to final project approval by the agency. Similarly, UNDP is reducing its processing time from Council review to final project approval to 6 months. Discussions continue with the agencies on further streamlining of project phases. Still, because of this phasing problem annual administrative costs support project outputs due in other years. While annual costs are not a good measure of overall costs per project outputs, it is possible to get an indication of the long-term administrative costs as a percentage of the GEF I's total work program commitments using the proposed FY96 budget of \$30 million as a rough indicator. For a three-year replenishment period, one may

project the three-year cost at about \$97 million which might be rounded to between \$100-105 million to take into account monitoring and evaluation, and other contingencies not yet identified by the Council. This would put the administrative costs percentage under 6% of the GEF I \$2 billion resource envelope.

27. **Projected Staff Composition and Size:** The proposed FY96 budget has been prepared from a zero base to the extent possible, based on targets noted above for project outputs and taking into account the lessons from the pilot phase and the first nine months with GEF I. It represents a strategic allocation of resources consistent with the lead or supporting roles of the Secretariat and Implementing Agencies.

28. The staffing strategy reflected in this business plan and budget emphasize cost-effectiveness, equity, avoiding duplication, and cost reduction where possible by sharing common services. Each of the agencies adjusted its staff plan for FY96-97 to accommodate the CEO guidance on a staff norm of seven higher level positions for the Implementing Agencies' GEF coordination units. This agreement was a significant step toward establishing a common baseline for GEF funding of those units. The Implementing Agencies' budget tables indicating staffing for FY96 (see Table 4) reflect adjustments as much as possible to reach this target. Due to contract obligations which will carry over into FY96, some transitional time has been allowed for the agencies to reduce to the core complement of seven and FY97 budgets will reflect this reduction. The composition of the core units responds to the anticipated high demand for biodiversity and climate change expertise in building and managing the work program, and for basic managerial and other operational skills. In addition, the need to centralize some functions with the Secretariat mainly related to external relations and operational policy means that these staff will not now be duplicated in the agencies.

29. As reflected in Table 4, the proposed staff complement (staff and long-term consultants) for FY96 for the GEF core coordination units is 55 persons, covering the Secretariat, three Implementing Agencies, STAP, and Trustee. This number represents a staff reduction of about 10% below that reflected in the February Council paper on the FY95 Administrative Budget (GEF/C.3/4). Moreover, this total is expected to be reduced further by FY97 as the Implementing Agencies phase in the final adjustments to meet the staff norms. Of the 55 positions covered by the proposed FY96 budget, 30.5 are with the Implementing Agencies coordination units, STAP, and Trustee, and 24.5 with the Secretariat.

30. The growth in Secretariat staff is designed to respond in a cost-effective way to the expanded strategic, intellectual and administrative role requested by the Council and GEF I. In contrast to the pilot phase where no Secretariat existed and no formal functional statement for the Administrators Office was established, the *Instrument for Establishment of the Restructured Global Environment Facility* is clear that the Secretariat services the Assembly and the Council, and implements their decisions. The Secretariat is also responsible for coordinating the formulation and overseeing the implementation of GEF-financed activities pursuant to the joint work program, preparation and monitoring of budgets, preparation of common guidelines on the project cycle, and ensuring liaison with other bodies, especially the Convention Secretariats for which the GEF is a funding mechanism.

31. In line with these mandates, the staffing priority for the Secretariat is to continue to strengthen technical capacity to develop and monitor operational strategies and guidelines, and oversee and monitor development, management, and implementation of a quality work program, including the pilot phase. The proposed FY96 budget envisions an additional 7 higher level positions for the Secretariat over its FY95 complement of 17.5 positions including secondments. These new positions would aim to strengthen the technical base of the Secretariat in the four focal areas. This plan also would allow capacity-building in information technologies and external relations to better handle functions being centralized. The management and administrative component of the Secretariat is not expected to grow.

32. **FY96 Budget Breakdown by Major Business Plan Objectives:** Table 3 shows a breakdown of the FY96 corporate budget by major business plan objective per agency and by total amount. It is important to note that almost two-thirds of the resource package is for project operations, either GEF I projects or the pilot phase. The management/administrative costs amount to about 8% of the total budget. Corresponding to the total percentages, the bulk of the proposed budget resources to the Implementing Agencies would be dedicated to project operations, about half of the budgets to GEF I portfolio development with a sizeable percentage in the case of the World Bank and UNDP also to pilot phase portfolio management. In contrast, the bulk of the Secretariat's budget is properly with operational policy at 35% of its total, with legal/institutional relations (relating to the Council, Conventions and other bodies) and GEF I portfolio management (mostly GEFOP) each programmed to receive about 16%, and external relations and communications about 10%.

33. It also is worth noting that, per CEO guidance, the Implementing Agencies' allocations for external relations/internal communications was adjusted down to approach \$50,000 each, the target recommended for internal agency project- or program-related communications. From now on, external communications will be centralized and accounted for under the Secretariat's budget. The category, "evaluation", represents only a very small portion of the FY96 budget because no evaluations are anticipated at this early stage for GEF I -- the \$50,000 reflected for the Secretariat is for assistance in beginning the process of designing how the evaluation of programmatic activities will proceed. It is important to note, as explained above in the discussion on strategic elements, that project-related evaluation costs would be budgeted to the corresponding GEF I or pilot phase portfolio, not this program-related "evaluation" objective.

34. **FY96 Budget Breakdown by Traditional Accounting Categories:** Table 4 shows the budget breakdown by agency and collectively according to the traditional budget categories that have been used in previous budget submissions. Apart from staff costs, which normally take a large share of the budget and are discussed above, a few other items are worth explaining. The category, **Meetings/Seminars**, proposes expenditures of \$1.43 million; this sum includes Secretariat costs for all Council meetings and related activities, and UNDP's GEF training workshops for capacity-building of Governments, NGOs, and local offices. In addition, STAP anticipates costs associated with 4 STAP meetings in Geneva (including honoraria), 4 working group activities and travel of the Chair to Council meetings.

35. - The **Consultants** category, with proposed expenditures of \$2.1 million, includes the cost of long- and short-term consultants as part of Implementing Agency phasing down to meet the staff norms. **General Operating Costs**, at \$1.5 million, represents fixed costs associated with each agency's office occupancy and institutional overhead. It is important to note that for UNEP, office rental, maintenance, and utilities are absorbed by UNEP's Environment Fund. Finally, in the category, **Other**, at \$1.1 million, some 80% is to cover UNDP's central services fees (currently based on a flat rate of .5% of project disbursements, but likely to be raised in the future).

36. **Table of Outputs Supporting Operations.** Finally, Table 5 lists major products to be delivered under the FY96 budget to support project outputs identified in Table 2 above.

CONCLUDING REMARKS

37. *Developing Coefficients for Project Costs and Related Expenses:* Beginning this summer, the Secretariat will work with the Implementing Agencies through the Budget Committee to begin examining coefficients in a number of areas in order to ensure fairness and equity across the agencies. Areas where coefficients are likely to be developed include: travel, project size in relation to administrative cost, costs of project preparation and supervision, and use of short- and long-term consultants. It is anticipated that some results of this work will be available and reflected in the October/November Council paper dealing with the next business plan and budget cycle.

38. *Other project-related accounts:* Program or project activities that are special initiatives with resource allocations approved by the Council, should set up special separate accounts which would reflect the various management and other expenditures involved with implementing those initiatives. (The precedent is the special account established for the independent evaluation of the pilot phase.) The Council would receive reports on those special accounts as it deems appropriate, or at least annually. The Secretariat will work with the Implementing Agencies to ensure that standard reporting categories and processes are established. Principal examples of special accounts which would be included are the Project Development and Preparation Facility (PDF), and the Small Grants Program.

**GEF Proposed Administrative Budget for FY96
Breakdown by Major Objective (\$ in thousands)**

Table 3

Objective	UNDP		UNEP		World Bank/IFC		STAP		Trustee		Secretariat		Total	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Management	890.0	15%	116.7	7%	721.0	5%	83.0	8%	0%	0%	713.0	12%	2524.0	8%
Oper. Policy	270.0	5%	496.7	30%	100.0	1%	661.0	60%	0%	0%	2070.0	35%	3598.7	12%
Proj. Portfolio External/Int.	3045.0	51%	745.3	44%	10564.4	70%	168.0	15%	0%	0%	917.0	16%	15441.5	50%
Communications	65.0	1%	53.6	3%	50.0	0.33%	20.0	2%	0%	0%	606.0	10%	794.7	3%
Legal/Inst. Rel.	140.0	2%	243.4	15%	142.0	1%	170.0	15%	50.0	6%	950.0	16%	1695.8	6%
Evaluation		0%		0%		0%		0%	0%	0%	55.0	1%	55.0	0%
Fin. Policy	240.0	4%		0%	35.0	0.22%		0%	763.0	94%	305.0	5%	1344.0	4%
Pilot Phase	1330.0	22%	20.8	1%	3536.0	23%		0%	0%	0%	295.0	5%	5182.3	17%
Total	5980.0	100%	1676.6	100%	15148.4	100%	1102.0	100%	813.0	100%	5911.0	100%	30631.0	100%

GEF ADMINISTRATIVE BUDGET - PROPOSED EXPENDITURES FOR FY96 (in US\$ thousands)

	UNDP	UNEP	W.BANK & IFC	Subtotal	SECRET.	STAP	TRUSTEE	Subtotal	TOTAL
Coordinating Units (no. of positions)									
Staff Resources									
Core Unit									
No. of Professional level	8.0	4.0	7.0	19.0	18.0	3	3.5	25	43.5
No. of Long Term Consultants a/	1.5	0.0	3.5	5.0	5.0	0	0.0	5	10.0
No. of Seconded b/	9.5	4.0	10.5	24.0	1.5	0	0.0	1.5	1.5
Total Higher Level *	7.0	5.0	5.5	17.5	24.5	3	3.5	31.0	55.0
Total Support Level					7.0	3	1.0	11	28.5
Regional Programs/Bureaux									
No. of Professional level c/	8.5	3.0	1.0	12.5		0		0	12.5
No. of Long Term Consultants a/	7.0	0.0	0.0	7.0		0		0	7.0
No. of Seconded	15.5	0.0	0.0	15.5		0		0	0.0
Total Higher Level *	8.0	3.0	0.0	11.0		0		0	19.5
Total Support Level				9.0		0		0	9.0
Total No. of Higher Level Positions *	25.0	7.0	11.5	43.5	24.5	3	3.5	31.0	74.5
Total No. of Support Level Positions	13.0	8.0	5.5	27	7.0	3	1.0	11	37.5
Agency Coordination Expenses (US\$ thousands)									
Staff Salaries & Benefits	2910.0	844.5	1347.0	5001.5	3091.0	323.0	415.0	3829.0	8830.5
Consultants	790.0	194.8	280.0	1264.8	505.0	342.0		847.0	2111.8
Travel	300.0	387.3	182.5	869.8	410.0	50.0	60.0	520.0	1389.8
Meetings/Seminars	500.0	50.0	50.0	600.0	480.0	350.0		830.0	1430.0
Equipment	70.0	50.0	50.0	170.0	60.0			60.0	230.0
Translation	10.0	0.0	5.0	15.0	95.0			95.0	110.0
Communications	40.0	100.0	35.0	175.0	85.0	20.0		105.0	280.0
Management Information System	140.0	0.0	50.0	190.0	45.0			45.0	235.0
Representation	0.0	2.0	8.0	10.0	15.0	2.0		17.0	27.0
General Operating Costs	400.0	48.0	318.8	766.8	705.0	10.0	35.0	760.0	1616.9
Contractual Services	20.0	0.0	64.5	84.5	300.0	5.0		305.0	389.5
Financial/Legal	0.0	0.0	500.0	500.0				284.0	784.0
Other	900.0	0.0	50.5	950.5	120.0			159.0	1109.5
TOTAL ADMINISTRATIVE COSTS	5980.0	1676.6	2941.4	10598.0	5911.0	1102.0	813.0	7826.0	18424.0
Project Expenditures									
Project development			5000.0	5000.0					
Project preparation			4399.0	4399.0					
Project supervision/implementation			2808.0	2808.0					
Project monitoring/evaluation									
Field-Office support									
Total Project Expenditures d/			12207.0	12207.0					
GRAND TOTAL	5980.0	1676.6	15148.4	22805.0	5911.0	1102.0	813.0	7826.0	30631.0

a/ Those employed six months or more.
 b/ Represents one seconded staff from UNEP and 50% editorial asst. from UNDP to Secretariat.
 c/ One staff position for World Bank's Legal Counsel.
 d/ Excludes proposed PDF expenditures.
 * Higher Level = Professional Level, Long Term Consultant, Seconded
 ** These estimates do not include possible monitoring audits that may be required from time to time.

Major Outputs Supporting Operations		Table
Management		
Secretariat: 1/	GEF guidelines on administrative budget management; GEF Business Plan FY97-98; GEF FY97 Proposed Administrative Budget	
Operations Policy		
Secretariat:	Overall GEF Operational Strategy; Operational Guidelines (3); Policy papers (4); Working papers (5)	
Implementing Agencies: (IAs)	Contributions to GEF strategies, guidelines, policies, and working papers and follow up thereafter	
STAP: 2/	Papers related to GEF Operational Strategy (4)	
Project Portfolio Dev/Mgmt (GEF I)		
UNDP:	Project documents (25)	
World Bank:	World Bank GEF Investment Project documents (20)	
UNEP:	Project documents (10)	
STAP:	Roster of Experts; Selective review of projects	
Secretariat:	Preparation of work programs for Council (2)	
External/Internal Communications		
Secretariat:	Annual Report (Oct. '95); Brochure: Restructured GEF; Information packet: "How to work with the GEF"; Bulletins (4); Quarterly Operational Report (QOR) (4 per year)	
IAs:	Dissemination of GEF materials to country focal points	
UNEP:	Semi-Annual Intra-Agency UNEP/GEF Activities Progress Reports (2)	
Legal/Instit. Relations (Governance)		
Secretariat:	Council Mtgs (3); Pre-Council NGO Consultations (2); Memoranda of Understanding with Conferences of the Parties (COPs); Analytical Report on Independent Evaluation of Pilot Phase; Reports to Conferences of the Parties (COPs)	
STAP:	STAP: Semi-Annual reports to Council (2) including science and technology updates; 3 to 4 meetings of STAP	
Financial Policy		
Secretariat:	Leveraging Private Sector; Alternative Funding Mechanisms/Burdensharing Program and Project Financial Management	
UNDP:	Instrument of Commitments; Commitment authority; Realized pledges; Audited financial statements	
Trustee:		
Pilot Phase		
Secretariat:	Project Implementation Review	
World Bank:	GEF Investment Project documents (7)	
UNEP:	Project evaluation reports (5)	

1/ All Secretariat outputs in this table have significant inputs from the Implementing Agencies on preparation and delivery, and many are products of joint task forces. They also will benefit from STAP review.

2/ All STAP outputs are provisional pending development by STAP of an approved work program.