

GEF Council Meeting
June 18 - 20, 2013
Washington, D.C.

Agenda Item 15

GEF BUSINESS PLAN AND CORPORATE BUDGET FOR FY14

Recommended Council Decision

The Council, having reviewed document GEF/C.44/06, *GEF Business Plan and Corporate Budget for FY14*, took note of the business plan and approved a FY14 corporate budget from the GEF Trust Fund of \$31.356 million, comprised of:

- (a) \$21.325 million for the GEF Secretariat, which includes:
 - (i) \$18.525 million for its core administrative budget;
 - (ii) \$0.300 million for a special initiative to support the sixth replenishment negotiations; and
 - (iii) \$2.500 million to support the Fifth GEF Assembly.

- (b) \$2.311 million for the STAP.

- (c) \$3.540 million for the Trustee, which includes:
 - (i) \$3.216 million for its core budget; and
 - (ii) \$0.324 million for a special initiative to support the sixth replenishment negotiations.

- (d) \$4.18 million for the Evaluation Office, comprising \$3.280 million for its annual budget and \$0.900 million to support multi-annual evaluations.

The Council also approved a total FY14 administrative budget for the Nagoya Protocol Implementation Fund (NPIF) of \$382,300, comprised of the following allocations from the NPIF to cover the Secretariat's and Trustee's expenses for NPIF administration and implementation:

- (a) \$342,000 for the GEF Secretariat; and

- (b) \$40,300 for the Trustee;

The Council requested the Secretariat, in consultation with the GEF entities, to present a combined FY15 corporate budget and business plan covering the FY15-18 period for discussion at its spring 2014 meeting. This combined budget and business plans should report on the use of GEF resources during FY14 and GEF accomplishments over the same period.

EXECUTIVE SUMMARY

1. Fiscal year 2014 (FY14) is the final year of the fifth replenishment period (July 2010 – June 2014) and will be a transition period for the GEF as it embarks on negotiations for the sixth replenishment of the GEF Trust Fund. The present document is a combined business plan for FY14 and budget request for FY14 to cover expenses of the four GEF entities – GEF Secretariat, Scientific and Technical Advisory Panel (STAP), the Trustee, and the Evaluation Office (EO) – for their activities under the GEF Trust Fund. It also includes budget requests for the Secretariat and Trustee for the administration and implementation of the Nagoya Protocol Implementation Fund (NPIF). It summarizes the GEF's key accomplishments in FY13, including progress made in implementing reforms and programming resources, and describes the key tasks that the entities of the GEF network will undertake during the final year of the GEF-5 replenishment period.

GEF Trust Fund Budget Request

2. The total FY14 budget request from the GEF Trust Fund for the four GEF entities amounts to \$31.356 million, comprised of: (i) core budget; and (ii) special initiatives¹ and multi-annual budget items.

3. The total request for the FY14 core budgets of the GEF entities amounts to \$27.332 million,² as follows:

- (a) Secretariat: \$18.525 million;
- (b) STAP: \$2.311 million;
- (c) Trustee: \$3.216 million; and
- (d) Evaluation Office: \$ 3.280 million;³

4. The total request for special initiatives and multi-annual budget items amounts to \$4.024 million as follows:

- (a) Sixth Replenishment Negotiations:
 - (i) \$0.300 million for the GEF Secretariat costs; and
 - (ii) \$0.324 million for the Trustee costs.
- (b) Fifth GEF Assembly: \$2.500 million to support the costs of planning and conducting the Assembly, which is expected to be held in mid-2014;
- (c) Evaluation Office Multi-Annual Budget: \$0.900 million to support the cost of evaluation work during the last two years of 2012-2015 period.⁴

¹ Special initiatives are multi-annual activities that are in addition to the core annual budget items.

² Represents an increase of 2.1 percent over the total approved FY13 core budgets for the four entities.

³ Refer to GEF/ME/C.45/05, *Work Program and Budget of the Evaluation Office*, for details.

⁴ *ibid.*

Nagoya Protocol Implementation Fund Budget Request

5. In addition, a total administrative budget of \$382,300 is requested to cover the expenses for the Secretariat and Trustee for the administration and implementation of the Nagoya Protocol Implementation Fund during FY14:⁵ (i) \$342,000 for the Secretariat; and (ii) \$40,300 for the Trustee.

⁵ Resources are requested from the Nagoya Protocol Implementation Fund.

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INTRODUCTION

1. This document is a combined business plan for the last year of GEF-5 and budget request for FY14 to cover expenses of the four GEF entities – GEF Secretariat, Scientific and Technical Advisory Panel (STAP), Trustee, and Evaluation Office - associated with both the GEF Trust Fund and the Nagoya Protocol Implementation Fund (NPIF), as relevant.⁶ It summarizes the accomplishments achieved by the GEF in the past year and describes the key activities for FY14.

KEY DEVELOPMENTS DURING FY13

2. FY13 was characterized by the following key developments:

- (a) Continued implementation of all key GEF-5 reform processes - as described in Annex 1, all GEF-5 policy reform recommendations have been approved by the Council and are under implementation. The GEF also undertook additional reforms to reduce administrative costs and streamline the GEF project cycle further. Key accomplishments include:
 - (i) Review by the GEF Accreditation Panel of 11 candidates for accreditation to serve as new GEF implementing entities (i.e., GEF Project Agencies);
 - (ii) Continued implementation of the GEF's direct access financing modality to support interested countries to undertake enabling activities; and
 - (iii) Streamlining of the project cycle and associated procedures taking major steps towards being commensurate with the new fee policy.
- (b) In November 2012, the Council requested the Secretariat and the Trustee to organize negotiations for the sixth replenishment of the GEF Trust Fund (GEF-6). The first meeting was held in Paris on April 3-4, 2013.
- (c) The GEF CEO launched the GEF long-term strategy process in early 2013.
- (d) Approval of \$666.42 million in GEF Trust Fund project and program resources. A work program of \$371.27 million is being presented to the Council at this meeting, which if approved, would bring total approved resources for the first three years of GEF-5 to \$2,798.82 million, or 67.77 percent of total program resources;
- (e) Provision of secretariat services for the Adaptation Fund Board, and continued collaboration between the GEF Secretariat and the UNFCCC Secretariat to manage the Interim Secretariat of the Green Climate Fund;
- (f) Participation in important international meetings, including: Convention on Biological Diversity (CBD) COP-11, the United Nations Framework Convention on Climate Change (UNFCCC) COP-18, the World Conservation Congress, and important international waters meetings;

⁶ Budgets covering the administrative costs associated with the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF) are being presented to the LDCF/SCCF Council.

- (g) Nomination of the GEF, under Article 13 of the draft *Minamata Convention on Mercury*, as the principal financial mechanism to support eligible Parties of the Convention; and
- (h) Continued implementation of the private sector by programming private sector set aside funds during GEF-5.

BUSINESS PLAN FOR FY14

3. FY14 will be a year in which GEF-5 reforms are consolidated and the GEF looks to strengthen its value-proposition further, particularly through the GEF-long-term strategy process and GEF-6 replenishment. Key tasks for the remainder of GEF-5 are:

- (a) Programming of remaining GEF-5 resources;
- (b) Finalization of the GEF long-term strategy;
- (c) Conclusion of the sixth replenishment negotiations;
- (d) Organization of the Fifth GEF Assembly;
- (e) Joint management of the Interim Secretariat of the Green Climate Fund;
- (f) Continued implementation of the Nagoya Protocol Implementation Fund;
- (g) Initiating operations, when formally chosen, as the financial mechanism of the Minamata Convention for Mercury;
- (h) Engagement with STAP on strategy and programming; and
- (i) Continued hosting of the Secretariat of the Adaptation Fund Board.

4. In recognition of the transitional nature of this final year of the GEF-5 period, the Secretariat has aligned this business plan with the themes of the GEF-5 replenishment while setting the stage for GEF-6.

Programming of Remaining GEF-5 Resources

5. As outlined in GEF/C.44/08, *Update on GEF-5 Programming*, the estimated GEF-5 resource envelope, which is based on projections for foreign exchange rate fluctuations, investment income rate movement, and project donor inflows is about \$4,066 million, indicating a possible shortfall in the GEF-5 resource envelope of \$184 million, or 4.33 percent, against the target envelope of \$4,250 million for GEF-5.

6. The Secretariat proposes continuing the approach recommended by the Council in November 2012, whereby for the remainder of GEF-5, programming would be undertaken to maintain the balance among the original allocations in GEF-5 replenishment decision, assisting least developed countries (LDCs) and small island developing states (SIDS) in accessing resources, and supporting core obligations to the conventions for which the GEF is a or the financial mechanism.

Further Streamlining

7. Building upon the streamlining measures approved by the Council in November 2012, the Secretariat and the Agencies will collaborate on identifying further streamlining measures,

including a reform of the programmatic approach, with a view to submitting them for Council consideration.

Harmonization Pilot with the World Bank

8. In November 2012, the Secretariat launched a project cycle harmonization pilot with the World Bank with the overall objective of deepening strategic engagement with the Bank. Secretariat program managers engage with the Bank at key points in the Bank's project cycle at project concept note review and at the decision meeting for appraisal. Such an approach: (i) allows the Secretariat to be involved in a project upstream from concept, through preparation and implementation; and (ii) reduces documentation burden by further streamlining of templates and using documents already generated by Bank processes. The Secretariat and the Bank will work together to further strengthen the pilot during the upcoming year.

Finalization of GEF Long-Term Strategy

9. As announced during the November 2012 Council Meeting, a process to develop a long-term strategy for the GEF has been launched. The objective of the process is to articulate a compelling long term strategy that can guide the GEF's achievement of its mission. The strategy is grounded in three lines of inquiry, focusing on: (i) the expected future changes to the GEF's operating environment, including the evolving climate financing landscape; (ii) analysis of the key drivers of global environmental degradation with a view to guide GEF strategic prioritization; and (iii) the main issues that GEF will need to address in terms of operationalizing the strategy.

10. The strategy development was initiated by the Secretariat in February 2013, with the support of a consortium consisting of McKinsey and Co, World Resources Institute and the Ateneo School of Government, Philippines. The initial focus has been on information gathering and analysis. A large number of interviews across the entire GEF network have been completed. A preliminary presentation of findings was made at the first GEF-6 replenishment meeting in April 2013. A further presentation is planned for the June 2013 Council Meeting. Drafting and further consultation of the strategy will take place during June to September 2013, with a view to present a final draft at the November 2013 Council Meeting.

Sixth Replenishment

11. The elements of the long-term strategy feasible for implementation during the next four years will be introduced for discussion during the GEF-6 replenishment negotiations through the programming document and the strategic positioning document. This should eventually result in the policy recommendations of the replenishment. Members of the Focal Area Technical Advisory Groups (TAGs) – which include representatives from the GEF Secretariat, the GEF Agencies, and STAP Panel Members – have designed focal area strategies that include signature initiatives.

Fifth GEF Assembly

12. It is expected that by the June 2013 Council meeting a host for the Fifth GEF Assembly will have been identified. The Assembly is planned for mid-2014. Over the next several months, the Secretariat will be collaborating with the host government in working out the details of the

Assembly. The Secretariat will seek Council guidance and decisions, as required, to prepare for the Assembly.

Management of the Interim Secretariat of the Green Climate Fund

13. At its 17th session, the Conference of the Parties (COP) to the UNFCCC requested the Convention and the GEF Secretariats to jointly take the necessary steps to set up the interim Secretariat of the Green Climate Fund (GCF).

14. During FY14, the GEF and UNFCCC Secretariats will continue to collaborate in support of the GCF Interim Secretariat. The GEF Secretariat has assigned relevant staff members, on a part-time basis, to help the GCF Board develop the basic architecture of the GCF.

Implementation of the Nagoya Protocol Implementation Fund

15. In February 2011, the GEF Council approved the creation of the Nagoya Protocol Implementation Fund (NPIF), and in May 2011, the Council approved arrangements for the operation of the NPIF. To date, the Council has approved 4 medium-sized projects for a total of \$4 million funded by the NPIF. During the remainder of GEF-5, the GEF expects that most funding under the NPIF will be provided through medium-sized national projects that will support countries' efforts to ratify and implement the Nagoya Protocol. Approximately \$9 million in NPIF resources remain to be programmed.

Mercury Convention

16. In January 2013, the 5th session of the Intergovernmental Negotiating Committee to prepare a Global Legally Binding Instrument on Mercury agreed to the text of the global legally binding instrument on mercury. Article 13 of the draft *Minamata Convention on Mercury* nominates the GEF as the principal financial mechanism to support eligible Parties of the Convention. The text will be open for signature at a diplomatic conference to be held in Minamata and Kumamoto, Japan, in October 2013. In FY14, the GEF will work on necessary arrangements to serve as the financial mechanism of the Convention.

STAP Engagement

17. STAP will continue to play an important role in ensuring that GEF strategies, projects, and programs continue to benefit from cutting-edge scientific advice. STAP Panel Members have made important contributions to the draft GEF-6 focal area strategies through their participation in the technical advisory groups. The STAP Chair has also served as an important advisor to the GEF CEO in terms of the GEF's overall strategic positioning and its focus for GEF-6. STAP Panel Members will continue to engage on these documents as the Secretariat finalizes them.

18. In March, the GEF Council approved the appointment of Dr. Rosina Bierbaum as the new Chair of STAP, effective July 1, 2013. Sufficient overlap in terms with current STAP Chair Dr. Thomas Lovejoy has been programmed to ensure a smooth transition. This appointment follows that of new Panel Members for International Waters, Land Degradation, Climate Change Adaptation, and Climate Change Mitigation in 2012.

Hosting of the Adaptation Fund Board Secretariat

19. The Secretariat will continue to provide services to the Adaptation Fund Board on an interim basis, including administrative support as it relates to the budget, HR, and IT functions; providing co-reviews of project proposals, and technical assistance on the Fund's online accreditation application process. A report on the provision of services is submitted as GEF/C.44/Inf.05, *Progress Report on Service to the Adaptation Fund, FY12*.

FY14 GEF TRUST FUND CORPORATE BUDGET REQUEST

Corporate Budget

20. The GEF corporate budget finances the administrative and other costs of the Secretariat, STAP, the Trustee, and the Evaluation Office under the GEF Trust Fund. This includes the costs of Evaluation Office evaluations, special initiatives, and the STAP's annual work program and administrative costs. Consistent with previous practice, this document contains detailed FY14 budget requests for the Secretariat, the STAP, and the Trustee. It also indicates the level of resources being requested by the Evaluation Office, including for its multi-annual work program, as presented to Council in document GEF/ME/C.44/03, *Work Program and Budget of the GEF Evaluation Office*.

Core Budget

21. The core budget supports the annual administrative costs of the four GEF entities. As shown in Table 1 below, the requests for the core budgets of the four GEF entities amount to \$27.332 million, which is a 2.1 percent increase compared to the approved FY13 core budgets.

Table 1: FY14 GEF Trust Fund Core Budget Requests

GEF Entities and Budget Items	FY13 and FY14 Core Budgets (\$ million)		
	FY13 Budget Approved	FY14 Budget Request	Change (%)
Secretariat Core Budget	18.525	18.525	0.0
STAP Core Budget	2.311	2.311	0.0
Trustee Total	3.202	3.216	0.4
Evaluation Office Annual Operations Budget	2.740	3.280	19.7
Total - All Requests	26.778	27.332	2.1

Special Initiatives and Multi-year Budget Items

22. As shown in Table 2 below, a total of \$4.024 million is requested for special initiatives and multi-year budget items. This includes a total of \$0.624 million for two special initiatives to support, respectively the Secretariat's costs for the sixth replenishment (\$0.300 million), and for the Trustee's costs (\$0.324 million), and a request for \$2.500 million for the Secretariat to organize the Fifth Assembly. The GEF Evaluation Office is requesting \$0.900 million for multi-year evaluations.

Table 2: FY14 GEF Trust Fund Multi-Year & Special Initiative Requests

GEF Entities and Budget Items	FY13 and FY14 Budgets (\$ million)	
	FY13 Budget Approved	FY14 Budget Request
Secretariat Special Initiatives	0.000	2.800
Trustee Special Initiatives	0.850	0.324
Evaluation Office: Multi-Year Evaluations	3.000	0.900
Total - All Requests	3.850	4.024

Total FY14 Consolidated Corporate Budget

23. Combining the core budgets (from Table 1) and the special initiative/multi-annual budget requests (from Table 2), the total FY14 corporate budget request for activities funded by the GEF Trust Fund comes to \$31.356 million, as shown in Table 3 below.

Table 3: FY14 GEF Trust Fund Consolidated Budget Request

GEF Entities and Budget Items	FY13 and FY14 Budgets (\$ million)	
	FY13 Budget Approved	FY14 Budget Request
Secretariat Core Budget	18.525	18.525
<i>Secretariat Special Initiatives</i>	<i>0.000</i>	<i>2.800</i>
Secretariat Total	18.525	21.325
STAP Total	2.311	2.311
Trustee Core Budget	3.202	3.216
<i>Trustee Special Initiative</i>	<i>0.850</i>	<i>0.324</i>
Trustee Total	4.052	3.540
Evaluation Office Core Budget	2.740	3.280
<i>Evaluation Office Multi-Year Evaluations</i>	<i>3.000</i>	<i>0.900</i>
Evaluation Office Total	5.740	4.180
Total Corporate Budget (Incl. Special Initiatives and EO Multi-year Evaluations)	30.628	31.356

Secretariat FY14 Budget, Activities, and Outputs

24. Under the GEF Trust Fund, the Secretariat is requesting a core FY14 budget of \$18.525 million. This represents a zero percent increase compared with the approved FY13 core budget. This constitutes the third consecutive absolute freeze in the Secretariat’s budget, demonstrating a strict budget management policy.

25. The largest budgeted expenditure pertains to salaries and benefits that are expected to increase by \$0.863 million due to annual salary increases as per the norms of the World Bank, and the filling of current vacancies.

26. Further detail on activities supported under the FY13 budget and expenses during FY13 are included in Annex 3.

Table 4: FY14 Secretariat Core Budget Request

Expense Category	FY12 Actual (\$ million)	FY13 Budget (\$ million)	FY13 Estimated (\$ million)	FY14 Proposed (\$ million)
Staff Costs	12.346	13.825	13.043	13.758
Salaries and Benefits	10.753	12.225	11.012	11.875
Travel	1.521	1.500	1.922	1.760
Training	0.072	0.100	0.109	0.123
Consultant Costs	0.311	0.450	0.929⁷	0.600⁸
Council Costs	0.572	0.574	0.748	0.721
Logistics	0.160	0.260	0.313	0.314
Council Travel	0.304	0.160	0.202	0.208
NGO Consultations (Logistics and Travel)	0.105	0.100	0.193	0.199
Council Member Support Program	0.003	0.054	0.040	0.000
Cross Support from World Bank	0.123	0.100	0.280	0.286
External Outreach, Publications, Media, and Web	1.096	1.100	1.114	1.169
General Operations Costs	1.638	2.476	1.896	1.991
Office Space, Equipment, and Supplies	1.104	1.730	1.176	1.226
Communications and Internal Computing	0.490	0.676	0.657	0.697
Representation and Hospitality	0.044	0.070	0.063	0.068
Total	16.086	18.525	18.010	18.525

FY14 Secretariat Outputs and Activities

27. Reflecting the business plan, the Secretariat's FY14 GEF Trust Fund core budget will enable the Secretariat to undertake critical activities in terms of institutional governance, program management, and relations with countries and key partners. Some of the key activities are listed below:

- (a) Finalizing the GEF long-term strategy;
- (b) Organizing two Council meetings – November 2013 and June 2014 – and preparing all necessary documentation to support Council decision making;
- (c) Coordinating programming of GEF resources with the GEF agencies and managing for results;
- (d) Participating in the Conferences of the Parties and other key meetings of the conventions to which the GEF is a or the financial mechanism;
- (e) Continuing the accreditation process of the GEF pilot on broadening the GEF network; and

⁷ A provision of \$750,000 for payment to consultants in FY13 for long-term strategy.

⁸ A provision of \$245,000 for payment to consultants in FY14 for long-term strategy.

- (f) Maintaining relations with constituents and partners, through implementation of the country support program, engagement with the CSOs, media outreach, and addressing complaints.

Secretariat FY14 Special Initiative Requests

Sixth Replenishment

28. While the Secretariat and the Trustee are looking to participants to bear the costs of attending the replenishment meetings, resource provisions are also necessary to meet the basic costs of running the meetings, including rental of meeting halls, other logistics costs, interpretation services, food, Secretariat staff travel, and travel by non-donor recipient country representatives and one NGO representative from recipient countries. The Secretariat requests \$0.300 million for this special initiative, which is identical to the amount requested and approved in the FY10 budget to support the GEF fifth replenishment.

29. The Trustee is also requesting a \$0.324 million special initiative in its budget request section.

Fifth GEF Assembly

30. It is expected that by the June 2013 Council a host for the Fifth GEF Assembly will have been identified. The Assembly is planned for mid-2014. While the host will take on some of the costs of hosting this event, the GEF will have to cover considerable costs. Among other things, these relate to interpretation services; ground transportation; travel, lodging, and per diem for agreed delegates from recipient countries; documentation, social events and translation. The GEF requests \$2.500 million to cover this cost. Adjusted for inflation, this is the same amount in real terms as the approved budget for the Fifth GEF Assembly in 2010. The Secretariat will organize the Assembly and will take up missions to coordinate the event.

STAP FY14 Budget, Activities, and Outputs

FY14 STAP Outputs and Activities

31. In FY14, the GEF Scientific and Technical Advisory Panel (STAP) will continue to provide operational project cycle support through review of projects at PIF stage and program framework documents. In addition, STAP will carry out a variety of initiatives, as outlined below, and develop a number of advisory products as agreed with the GEF Secretariat and GEF partners.

FY14 STAP Budget Request

32. STAP's expected FY13 expenditures and requested FY14 corporate budget are summarized in Table 5 below. STAP work program activities for FY 13 have been implemented within the approved budget. STAP wishes to stress that FY 13 expenditures are estimates at this time.

Table 5: FY14 STAP Budget Request

STAP -- Secretariat Expense Category	FY12 Actual (\$ million)	FY13 Budget (\$ million)	FY13 Estimated (\$ million)	FY14 Request (\$ million)
Staff Costs	1.025	1.086	1.089	1.108
Salaries and Benefits	0.946	0.966	0.984	0.995
Travel	0.067	0.110	0.100	0.107
Training	0.012	0.010	0.005	0.006
Consultant Costs	0.335	0.287	0.330	0.295
Fees (long-term)	0	0	0	0
Fees (short-term)	0.294	0.220	0.210	0.220
Travel	0.041	0.067	0.12	0.075
General Operations Costs	0.205	0.245	0.234	0.247
Office Space, Equipment, and Supplies	0.096	0.119	0.107	0.120
Communications and Internal Computing	0.019	0.035	0.037	0.040
Corporate Services	0.090	0.090	0.090	0.085
Representation and Hospitality	0	0.001	0	0.002
Sub-total	1.565	1.618	1.653	1.650
STAP -- Members Expense Category				
Honoraria & Logistical/Secretarial Support	0.311	0.280	0.250	0.277
MOUs with Expert Institutions	0.189	0.150	0.127	0.120
STAP Meetings	0.137	0.220	0.230	0.220
STAP Publications	0.036	0.043	0.040	0.044
Sub-total	0.673	0.693	0.647	0.661
Total	2.238	2.311	2.300	2.311

33. Specific activities proposed in FY 14 include:

- (a) Provide input as requested in the further refinement of the GEF6 Strategy and where required, participate in and contribute to GEF 6 Replenishment Meetings;
- (b) Support the conceptualization and development, as required, of the GEF 2020 Strategy;
- (c) Prepare a synthesis of current climate science and how these findings may inform GEF policy making in this domain;
- (d) Provision of operational advice on integrating climate vulnerability/resilience into GEF portfolio activities to deliver GEBs in a sustainable and cost-effective way;
- (e) Undertake a self-assessment of the STAP Mandate, Terms of Reference, and work program, under the guidance of the Evaluation Office, as a contribution to OPS 5;
- (f) Support refinement and implementation of the GEF KM Strategy;

- (g) Convene at least two meetings of the Science Panel in September 2013 and April 2014, along with 2-3 expert group meetings as required to support the GEF's work; and
- (h) Participate actively in the GEF Assembly.

Trustee FY14 Budget, Activities, and Outputs

34. The World Bank as Trustee provides a range of services, broadly defined in the Instrument, in the following categories: financial and risk management, investment and cash flow management, management of GEF partner relationships and transactions, accounting and reporting, legal services; commitment and disbursement of trust fund resources, systems infrastructure and maintenance, and resource mobilization.

35. According to Annex B of the *Instrument for the Establishment of the Restructured Global Environment Facility* (in paragraph 8), the “reasonable expenses incurred by the Trustee for the administration of the Fund and for expenses incurred in administratively supporting the Secretariat” are reimbursed annually, on the basis of estimated cost, subject to end-of-year adjustment. At its June 2007, the GEF Council approved the methodology for reimbursement of the Trustee’s costs and expenses as follows: The Trustee presents its projected budget for the coming fiscal year based on the expected work program and associated staff costs and expenses, and receives an allocation from the GEF trust fund; at the end of each fiscal year, the Trustee reports the actual staff costs and expenses incurred to the Council, and reconciles this amount against the allocation provided.

36. In June 2012, Council approved a budget estimate of \$3.200 million for FY13 to cover Trustee’s services and the cost of external audit of GEF Trust Fund. The Trustee estimates expenses for FY13 will be \$3.430 million, reflecting an increase of \$234,700 compared to the approved budget. The increase is due primarily to unforeseen additional external audit costs, and higher than expected investment management costs. (Details on this are provided in Annex 4).

Table 6: FY14 Trustee Core Budget Request

Trustee Services	FY12 Actual (\$ million)	FY13 Approved (\$ million)	FY13 Estimated (\$ million)	FY14 Budget Request (\$ million)
Standard Services				
Financial Management and Relationship Management	1.280	1.346	1.356	1.300
Investment Management <i>a/</i>	1.331	1.346	1.417	1.410
Accounting and Reporting	0.202	0.200	0.198	0.202
Legal Services	0.187	0.190	0.164	0.169
Sub-total, Standard Services	3.000	3.082	3.135	3.081
Audit				
External Audit of Trust Fund	0.199	0.120	0.301	0.135
Agency Audits	0	0	0	0
Total Core Budget	3.199	3.202	3.437	3.216
Special Initiatives <i>b/</i>	0	0.850	0.850	0
Special Initiatives - Replenishment <i>c/</i>				0.324
Total Costs, including Special Initiatives	3.199	4.052	4.286	3.540

a/ Investment Management fees are calculated based on a cost of 3.5 basis points against the average annual balance of the Trust Fund.

b/ Represents GEF Trust Fund's share of World Bank's IT system development to facilitate GEF's participation in the integrated platform for Financial Intermediary Funds.

c/ Represents costs associated with the Sixth Replenishment of GEF Resources (GEF-6).

FY14 Trustee Budget & GEF Replenishment Special Initiative

37. In addition to standard trustee services, the FY14 work program will include the following items:

- (a) Ongoing implementation of the GEF-5 replenishment, including working with donors to facilitate deposit of Instruments of Commitment, coordinating the installment payment process, managing deferral (pro-rata) rights of contributors, ensuring compliance with replenishment resolution policies, and addressing donor inquiries regarding GEF-5 cash outlays, credits and discounts.
- (b) Mobilizing financial resources through the GEF-6 replenishment, working closely with the Secretariat, including logistical arrangements and Co-Chairing of replenishment meetings, preparation of papers and studies, development of financial scenarios, consultations with donors, and drafting the GEF-6 Replenishment Resolution.
- (c) Enhancements to the internal controls related to the preparation of financial statements for the GEF Trust Fund.
- (d) On-going negotiations to revise and update Financial Procedures Agreements with GEF Agencies.
- (e) Administrative support to the GEF Secretariat in the context of streamlining procedures, implementation of fee revision, and other policies and procedures approved by the Council.

38. The Trustee's core budget estimate for FY14 amounts to \$3.216 million as shown in Table 6. This represents an increase of \$14,000 over the FY13 approved amount, and a

\$220,000 decrease from the FY13 actual expense of \$3.43 million. In addition to the core budget, the budget estimate includes a Special Initiative of \$324,000 for GEF-6 replenishment activities, to cover staff time and travel costs as described above.

Evaluation Office FY14 Budget Request

39. As explained in document GEF/ME/C.44/06, *Work Plan and Budget of the Evaluation Office*, the EO requests a total of \$4.180 million in resources. This includes a core FY14 annual budget of \$3.280 million and \$0.900 million in additional resources to fund multi-year evaluations over the remainder of GEF-5.

Projected GEF Trust Fund Corporate Budget Requests under GEF-5

40. The Fifth Replenishment provided a \$120 million envelope to cover corporate budget expenses for the four central GEF entities for FY12 through FY15. In Table 7 below, the Secretariat has projected likely expenditures over this four year period. This takes into account (i) actual expenditures in FY12, (ii) estimated FY13 expenditures, (iii) requested FY14 funding levels, and (iv) and a projection for FY15 request, which assumes that the core budgets will rise in line with inflation (estimated at 3 percent per annum) for the final year of the budgeting period.

Table 7: GEF Trust Fund Corporate Budget Projections for GEF-5

GEF Entities	Projected Corporate Budget Requests; FY12-15 (\$million)				
	FY12 Actual (\$ million)	FY13 Estimated (\$ million)	FY14 Request (\$ million)	FY15 Projection (\$ million)	FY12-15 Total (\$ million)
Secretariat Core Budget	16.086	18.010	18.525	19.081	72.002
Secretariat Special Initiative	0.260	0.000	2.800	0.000	3.060
Secretariat Total	16.346	18.010	21.325	19.081	75.062
STAP Core Budget	2.238	2.300	2.311	2.452	9.301
Trustee Core Budget	3.199	3.436	3.216	3.312	13.163
Trustee Special Initiative	0.000	0.850	0.324	0.000	1.174
Trustee Total	3.199	4.286	3.540	3.312	14.337
Evaluation Office Core Budget	2.733	2.740	3.280	3.378	12.131
Evaluation Office Multi-Year Evaluations	2.000	3.000	0.900	0.000	5.900
Evaluation Office Total	4.733	5.740	4.180	3.378	18.031
Total Corporate Budget	26.516	30.636	31.356	28.224	116.432

41. The Secretariat estimates that the combined budgets of the four central GEF entities will remain well within the \$120 million ceiling set for the corporate budget financed with GEF-5 resources.

FY14 NAGOYA PROTOCOL IMPLEMENTATION FUND BUDGET REQUEST

42. The GEF Secretariat and Trustee request a total of \$382,000 from the NPIF to support their respective activities to administer the trust fund. The separate budget requests and justifications are presented in the following sections.

Table 8: Total FY14 NPIF Budget Request

GEF Entities and Budget Items	FY13 Budget Approved (\$)	FY14 Budget Request (\$)
Secretariat - NPIF Administrative Budget	345,000	342,000
Trustee NPIF Budget	72,000	40,300
Total - NPIF Budget Requests	417,000	382,000

GEF Secretariat FY14 NPIF Budget

43. During FY13, the GEF Secretariat focused on two primary areas in terms of its implementation of the NPIF – the programming of resources and outreach to GEF and CBD stakeholders on the NPIF. The GEF Secretariat continued to provide guidance to GEF OFPs, GEF Agencies, and others on the resource programming and reviewed several proposals. During the year, project preparation grants (PPGs) and/or PIFs for 3 new MSP projects were approved, with a total grant value of \$3 million. (There is approximately \$9 million in un-programmed resources remaining in the NPIF.) GEF Secretariat staff also engaged with key stakeholders within the CBD and the GEF, including donors, to clarify and explain the strategy for NPIF implementation.

44. During FY13, the cost of staff salaries, benefits, and associated overhead charges related to NPIF administration, outreach, and project review is projected to total \$274,000. The charges to the NPIF for staff travel were limited to \$6,000 because only one staff trip could be attributed solely to NPIF implementation.

45. The Secretariat's total NPIF administrative budget request for FY14 amounts to \$342,000, \$3,000 less than the FY13 request, as shown in Table 9 below. The Secretariat projects that the level of staff effort to implement the NPIF will continue at the same level as FY13, and will focus primarily on the review of new projects. Consequently, the Secretariat requests \$282,000 to cover staff salaries and benefits. This corresponds to the level of FY13 costs, adjusted for inflation (at 3 percent). During FY14, the GEF plans to organize an international event to promote the Nagoya Protocol and the opportunities offered by the NPIF. The event will take place in the fall of 2013. The Secretariat, therefore, requests \$50,000 to organize and hold this meeting. Finally, \$10,000 is requested for staff travel attributable to the NPIF.

Table 9: GEF Secretariat FY14 NPIF Budget Request

Expense Category	FY13 Approved Budget (\$)	FY13 Estimated Expenses (\$)	FY14 Budget Request (\$)
Staff Costs (Salaries & Benefits)	276,000	274,000	282,000
Staff Travel	39,000	6,000	10,000
Publications, Media, and External Outreach	20,000	0	0
General Operations Costs (Meetings)	10,000	0	50,000
Total	345,000	280,000	342,000

Trustee FY14 NPIF Budget

46. As agreed with the donors under the Trust Administration Agreements, the Trustee receives an annual administrative fee to cover the reasonable actual expenses incurred by the Trustee in carrying out its function for the NPIF.

47. The core elements of the Trustee’s work program in FY14 include: (i) management of donor contributions; (ii) financial and investment management of resources; (iii) commitments and disbursements to the Agencies; (iv) infrastructure and systems support; (v) accounting and reporting for the financial and operational activities of the NPIF; and (vi) finalization of Financial Procedures Agreements (FPAs) between the Trustee and the Agencies. Table 10 below shows the breakdown of the Trustee fee by services provided to the NPIF.

48. Based on actual expenditure for the first nine months of FY13 and projections for the remaining three months, it is expected that the actual cost for Trustee standard services for FY13 will be \$42,900, which is \$29,400 or 41% lower than the approved budget of \$72,300. The lower expected actual cost in FY13 is mainly due to the lesser than anticipated level of financial management, legal, accounting, and reporting services rendered for NPIF.

49. To cover its expenses for FY14 related to the above work program, the Trustee requests a budget of \$40,300. This represents an overall decrease of \$2,600 or 6 percent compared to the FY13 expected actual cost of \$42,900. It is anticipated that FY14 requirements for financial and investment management and accounting and reporting will be less than at FY13 levels, with opportunities for efficiency gains translating in cost reduction.

Table 10: GEF Trustee FY14 NPIF Budget Request

Trustee Services	FY 13 Approved Budget (\$)	FY 13 Estimated Expenses (\$)	FY 14 Budget Request (\$)
Financial Management and Relationship Management	27,400	13,800	14,000
Investment Management a/	5,400	6,200	5,300
Accounting and Reporting	15,900	4,200	3,800
Legal Services	23,600	18,700	17,200
Total Costs	72,300	42,900	40,300

a/ Investment Management fees are calculated based on a cost of 3.5 basis points against the average annual balance of the portfolio.

ANNEX 1: STATUS OF IMPLEMENTATION OF GEF-5 POLICY RECOMMENDATIONS

Date	Initial Plan of Action	Status as of May 2013
June 2010 Council Meeting	Council to consider proposals, prepared by the Secretariat, in consultation with the GEF Agencies, countries, and other stakeholder, for (i) reforming the CSP; (ii) funding voluntary national portfolio identification exercises; and (iii) funding national communications/reports to the conventions.	Secretariat prepared proposals on all three items, which were approved by Council in June 2010. The Secretariat assumed management of the reformed CSP in January 2011. The Secretariat has been implementing the NPFE program and program for direct funding access for convention reports and national communications since June 2011.
	Council to consider a proposal prepared by the Secretariat, and the Trustee, for the involvement of additional agencies referred to in paragraph 28 of the Instrument in the preparation and implementation of GEF-financed projects.	In June 2010, the GEF Secretariat presented its first proposal for the involvement of additional agencies in the GEF network. Based on Council comments and the input of the Trustee and independent technical advisors, the Secretariat presented progressively refined proposals in November 2010 and June 2011. The Council formally adopted a pilot program for the accreditation of new agencies (to be called GEF Project Agencies) in June 2011 through a three stage procedure. The Secretariat proposed 11 Applicants for Stage I approval by Council at its June 2012 meeting. The Secretariat is updating the Council on progress since then in Council document GEF/C.44/09, Report on the Pilot Accreditation of GEF Project Agencies.
	Council to consider a proposal, prepared by the Secretariat, in consultation with the GEF Agencies and other stakeholders, to streamline the project cycle that covers both the GEF cycle and the Agencies' own streamlining efforts.	The Secretariat presented, and Council approved, proposed reforms to further streamline the GEF project cycle in June 2010. Prior to the November 2010 Council meeting, the Secretariat and Agencies agreed to GEF business standards for their participation in the project cycle. In late 2012 and early 2013, further streamlining measures were agreed and implemented.
	Council to consider a proposal, prepared by the Secretariat, in consultation with the GEF Agencies and other stakeholders, to refine programmatic approaches.	The Secretariat presented, and the Council approved, a proposal to refine modalities for programmatic approaches.
	Council to consider a document, prepared by the Secretariat, in collaboration with the Trustee, EO, GEF Agencies, and STAP, delineating the roles and responsibilities of GEF entities.	The Council approved a document delineating the roles and responsibilities of GEF entities as part of the Summary of Negotiations of the Fifth Replenishment of the GEF Trust Fund at its May 2010 Council Meeting. (Annex 1 of the Policy Recommendations for the Fifth Replenishment of the GEF Trust Fund: <i>Clarifying Roles and Responsibilities of the GEF Entities</i>).

Date	Initial Plan of Action	Status as of May 2013
November 2010 Council Meeting	Council to consider a proposal prepared by the Secretariat, in consultation with the convention secretariats, to enhance the participation of the conventions in Council decision-making processes associated with relevant focal area strategies and work programming.	The Secretariat presented a proposal to Council in November 2010, prepared in collaboration with the Convention Secretariats. The Secretariat presented a revised proposal at its May 2011 meeting, which Council approved.
	Council to review an evaluation of the GEF Earth Fund prepared by the GEF EO.	The Council reviewed the GEF EO's evaluation and asked the GEF Secretariat to prepare a strategy to enhance engagement with the private sector, taking into account the review's findings and input from the Agencies. The Council approved the strategy in November 2011.
	Council to review a work plan, prepared by the Secretariat, in consultation with the EO, the GEF Agencies, and STAP, to (i) implement the GEF results-based management framework; and (ii) to establish a GEF-wide KM initiative.	In November 2010, the Council reviewed and approved the proposed work plan for implementing the GEF results-based management framework and establishing a GEF-wide KM initiative. The work plan called for the Secretariat to prepare, in consultation with the EO, the GEF Agencies, and STAP, a GEF-wide KM strategy. The Secretariat presented a proposal in this regard at the May 2011 Council meeting, as requested by Council.
May 2011 Council Meeting	Council to consider a revised strategy to enhance engagement with the private sector.	Council approved a <i>Revised Strategy to Enhance Engagement with the Private Sector</i> in November 2011, taking into account the findings of the EO review of the Earth Fund and input from the GEF Agencies. Since then, the Council has approved three public private partnerships (PPP) under the strategy, using \$50 million of the GEF-5 private sector set-aside, plus agency fees of \$4 million. A PPP has been submitted for the June Work Program, which would use an additional \$15 million, plus agency fees of \$1.2 million, from the set-aside.
November 2011 Council Meeting	Council to review a proposal, prepared by the Secretariat, in cooperation with the appropriate GEF entities and the GEF-NGO network, to enhance the engagement of CSOs in the work of the GEF.	November 2010, the Secretariat presented, and the Council approved, a strategy for enhancing engagement of CSOs in the work of the GEF.

ANNEX 2: RESOURCES PROGRAMMED DURING GEF-5 TO DATE**Programming targets**

1. The FY13 business plan established a total programming target of \$4.25 billion, including expenses for the corporate budget. Table 11 below compares the GEF-5 focal area programming targets with levels of resources programmed through end-April 2013. It also shows the level of resources, by focal area, requested in the June 2013 Work Program.

2. With the approval of the June 2013 Work Program, GEF-5 project and program approvals will reach 67% of total resources for focal areas, themes and programs. The figures for the corporate budget include the actual FY12 expenditure, the approved FY13 budget, and the recommended FY14 corporate budget request. These are compared with the GEF-5 corporate budget allocation.

Table 11: GEF-5 Resources Programmed; FY2011-2014

Focal Areas, Themes, and Programs	GEF-5 Programming Targets		Resources Programmed through May 2013		June 2013 Proposed Work Program	Total including June 2013 Work Program	
	Amount (\$ million)	Share of GEF-5	Grants and Fees Approved (\$ million)	Share of Focal Area	Project Grants & Fees (\$ million)	Totals w/ June WP (\$ million)	Share of GEF-5 Resources
Biodiversity	1,080	25.41	724.49	67.08	91.40	815.90	75.55
Climate Change	1,260	29.65	697.73	55.38	137.91	835.65	66.32
International Waters	440	10.35	198.51	45.12	43.48	241.99	55.00
Land Degradation	385	9.06	234.42	60.89	27.03	261.46	67.91
Chemicals, of which	425	10.00	250.85	59.02	36.21	287.07	67.54
<i>Persistent Organic Pollutants (POPs)</i>	375	8.82	231.86	61.83	36.21	268.07	71.4
<i>Ozone Depletion</i>	25	0.59	5.79	23.14		5.79	23.14
<i>Sound Chemicals Management & Mercury Reduction</i>	25	0.59	13.21	52.83		13.21	52.83
CSP and Capacity Building ¹	70	1.65	20.77	29.67		20.77	29.67
Small Grants Program	140	3.29	140.00	100.00		140.00	100.00
SFM/REDD-Plus Program	250	5.88	106.58	42.63	19.03	125.60	50.24
Outreach to Private Sector	80	1.88	54.20	67.75	16.20	70.40	88.00
Total - Focal Areas, Themes, and Programs	4,130	97.18	2,427.56	58.78	371.27	2,798.82	67.77
Corporate Budget ²	120	2.82	57.86	48.22	31.36	89.22	74.35
Total	4,250	100.00	2,485.42	58.48	402.63	2,888.04	67.95

1. The \$26 million for the CSP was approved in June 2010 out of GEF-4 resources and does not show up in this table.

2. The corporate budget amount represents actual FY12 expenditures and the FY13 approved budget. The FY14 budget request is included in the same column as the June work program.

ANNEX 3: GEF SECRETARIAT - FY13 REVIEW OF ACTIVITIES AND ACHIEVEMENTS

1. This annex provides further detail on the Secretariat's FY13 activities and outputs as well as expenditures under the Secretariat's FY13 budget. It includes an accounting of spending under its core budget as well as the status of the activities and outputs under the multi-year special initiatives approved in previous years.

A. Expenditure under FY13 Budget

2. The Secretariat projects that actual FY13 spending through June 2013 will total \$18.010 million. The shortfall was mostly the result of vacancies in the secretariat being unfilled. This gap will narrow considerably in FY14 as these vacancies are filled and salaries rise to reflect cost-of-living adjustments decided by the World Bank. Costs in several other line items – travel, Council related costs, and cross-support from the World Bank were more than projected. Projected cross-support costs linked to services provided by World Bank units supporting the GEF in implementation of the pilot on direct access for Convention reports, World Bank support for the GEF on RBM, and audit costs of the GEF Trust Fund. Costs for consultants were higher due to the engagement of consultants for the GEF long-term strategy work.

Table 12: Comparison of FY12 and FY13 Expenditures

Expense Category	FY12 Budget (\$ million)	FY12 Actual (\$ million)	FY13 Budget (\$ million)	FY13 Estimated (\$ million)
Staff Costs	13.583	12.346	13.825	13.043
Salaries and Benefits	12.000	10.753	12.225	11.012
Travel	1.483	1.521	1.500	1.922
Training	0.100	0.072	0.100	0.109
Consultant Costs	0.500	0.311	0.450	0.929
Council Costs	0.730	0.572	0.574	0.748
Logistics	0.221	0.160	0.260	0.313
Council Travel	0.209	0.304	0.160	0.202
NGO Consultations (Logistics and Travel)	0.224	0.105	0.100	0.193
Council Member Support Program	0.076	0.003	0.054	0.040
Cross Support from World Bank	0.420	0.123	0.100	0.280
External Outreach, Publications, Media, and Web	0.900	1.096	1.100	1.114
General Operations Costs	2.392	1.638	2.476	1.896
Office Space, Equipment, and Supplies	1.650	1.104	1.730	1.176
Communications and Internal Computing	0.676	0.490	0.676	0.657
Representation and Hospitality	0.066	0.044	0.070	0.063
Total	18.525	16.086	18.525	18.010

B. FY13 GEF Secretariat Activities and Highlights

3. Work Programs: As of end-April the Secretariat will have facilitated Council or CEO approval of \$666.42 million in GEF Trust Fund resources for GEF projects and programs that includes one regular work program and one intersessional work program in April 2013. A work program of \$371.27 million is being presented to the Council in June 2013. If approved in its entirety, this would bring total approved resources for FY13 to \$1.038 billion.

4. Continued Implementation of GEF-5 and Other Reform Initiatives: As indicated in Annex I, most of the GEF-5 reforms were implemented in FY11. During, FY13, however, the Secretariat undertook the activities listed below to continue to implement GEF-5 reforms. It also undertook reform efforts in additional areas.

- (a) Review and approval of funding for Convention Reports through direct access.
- (b) Continued implementation of the reformed and consolidated GEF Country Support Program.
- (c) Continued work to strengthen results based management and knowledge management in the GEF.
- (d) Implementation of the Revised Strategy to Enhance Engagement with the Private Sector.
- (e) Review of applicants for status as GEF Project Agencies.

5. GEF Long-term Strategy. The Secretariat initiated an exercise with a consulting team (a consortium consisting of McKinsey and Co, World Resources Institute and the Ateneo School of Government, Philippines) on developing a long-term strategy for the GEF. The initial results of this exercise were employed as a discussion platform for the “gallery-walk” and ensuing discussion at the first GEF-6 replenishment meeting held in Paris in April 2013.

6. Convention & Other Meetings: The Secretariat led the GEF's participation in the following key meetings:

- (a) World Conservation Congress: held in Jeju, Korea in September 2012;
- (b) CBD COP-10: held in Hyderabad, India in October 2012;
- (c) UNFCCC COP-18: held in Qatar in November-December 2012;
- (d) Stockholm Convention COP-6: held in Geneva in May 2013.
- (e) UNCCD - The 11th Meeting of the Committee of the Review of the Convention: held in Bonn Germany in April 2013.
- (f) UN Forum on Forests: United Nations Forum on Forests 10th Session, Istanbul, Turkey, held in April, 2013, which was attended by the GEF CEO.
- (g) The UN Economic Commission for Europe Water Convention, Sixth Meeting of the Parties;

7. Green Climate Fund Interim Secretariat: The GEF continued to collaborate with the UNFCCC Secretariat to manage the interim Secretariat of the Green Climate Fund, and prepare for the three meetings of the Board held in August 2012, October 2012, and March 2013.

8. Results-based Management: With the presentation of the *Annual Monitoring Report 2012: Part II*, at the June 2013 Council meeting, the GEF Secretariat will have implemented for the second time the new and strengthened approach to the AMR. Additionally, the Secretariat undertook an analysis of the inclusion of gender and indigenous peoples inclusion of how socioeconomic and gender aspects have been integrated into GEF project design. The results are presented in the AMR FY12: Part II.

9. Country Support Program: During FY13, the Secretariat organized, among other things, 14 expanded constituency workshops, 13 regular constituency meetings, one familiarization seminar, and six multi-stakeholder dialogues.

10. NPFES: As of mid-April, 2013, the Secretariat has provided funding for 32 NPFES, and 28 NPDF reports are now posted on the GEF website.

11. Kyoto Protocol Adaptation Fund Board Secretariat: The Secretariat continued to provide services to the Adaptation Fund Board on an interim basis, including administrative support as it relates to the budget, HR, and IT functions; providing co-reviews of project proposals, and technical assistance on the Fund's online accreditation application process (e.g. the workflow).

NPIF Activities and Expenditures

12. As explained in the NPIF section of the main document, the GEF Secretariat focused on the programming of resources under the NPIF and outreach to GEF and CBD stakeholders on the NPIF. Project preparation grants (PPGs) and/or PIFs for 3 new MSP projects were approved, with a total grant value of \$3 million. The cost of staff salaries, benefits, and associated overhead charges related to NPIF administration, outreach, and project review is projected to total \$274,000. Only \$6,000 in travel costs were charged to the NPIF administrative budget.

C. Special Initiatives

13. The sections below report on activities conducted during FY13 under the various special initiatives approved by Council in previous years. Each table reports on total estimated spending through end-2013.

Management Information System

14. The Council approved a special initiative budget in November 2005 for developing a new MIS for the GEF. Two phases of development and improvement of the MIS have been undertaken. The PMIS, accessible on-line, currently includes the data for all GEF projects, programs, and processes except for the SGP. All Secretariat staff can enter and access a large set of data from anywhere in the world. GEF Agencies and Operational Focal Points have read-only access. The Secretariat is working to improve PMIS so that GEF Agencies are able to directly enter project information in a secure website. The Secretariat will draw further funding under this special initiative to further advance GEFSEC systems to address interconnectivity issues identified during the GEF information systems assessment performed in 2011.

Table 13: Management Information System Approved and Estimated Funds for FY13

Management Information System (TF055977)	Approved (S)	Est. Expenses thru end-FY13 (S)	Total Remaining (S)
SAP Back end	430,000	162,000	268,000
J2EE/Web Enabled Front End	130,000	77,000	53,000
Capital Expenditure and Licenses	80,000	0	80,000
Contingency	60,000	0	60,000
Total	700,000	239,000	461,000

Results-based Management

15. In June 2006 (FY2007 budget) and June 2009, the GEF Council approved two special initiatives to further strengthen the GEF's capacity for RBM and learning through specific activities and studies. The Secretariat has combined these budget lines due to the direct alignment of their objectives.

16. The special initiatives on RBM focus on four main areas: (1) developing results frameworks for GEF-4 and GEF-5, and the first steps to integrate results data and portfolio monitoring into the PMIS system; (2) developing a process to enable the GEF Secretariat to undertake focused learning based on objectives and issues identified through the Secretariat's portfolio monitoring; (3) developing and further refining tracking tools; and (4) development of a methodology for improving how GEF incorporates human welfare issues (e.g. social and gender) in its projects, including recommendations on measurement of the GEF projects results on these issues. Activities include:

- (a) Capturing through PIFs the funding utilized for the focal area outcome indicators, as agreed in the GEF-5 programming document;
- (b) Adding programming tracking tools in PMIS and enabling tracking tool data collection and analysis through PMIS;
- (c) Programming and updating data currently being collected through PIRs, including status of projects, projects-at-risk, disbursements etc; and
- (d) Programming of overview reports and focal area level reports to provide periodic updates at the portfolio level and ensure more timely service delivery.⁹

17. During FY13, \$27,600 was used to fund the travel costs for learning missions by GEF Secretariat staff, in collaboration with GEF Agencies. Additional learning missions are planned for FY14.

⁹ These reports refer to internal reports generated through the PMIS. No additional data is being requested from Agencies to generate such reports. These will be designed with program managers and the management team for their specific needs.

Table 14: RBM Approved and Estimated Funds for FY13

Results-based Management (TF056914)	Approved (\$)	Est. Expenses thru end-FY13 (\$)	Total Remaining (\$)
Focal Area Task Force Consultancies & Workshops	112,000	112,000	0
Learning Mission Travel Costs	221,000	78,064	142,936
Consultancies	75,000	68,600	6,400
Total	408,000	258,664	149,336

Resource Allocation Framework

18. Between FY04 and FY07, the GEF Council approved a total of \$1,716,000 to support either the development of a performance-based allocation system (which developed into the RAF) or to refine the RAF, including its potential application to other focal areas.¹⁰ During the initial two years, in consultation with the Council, the Secretariat used resources from these budget allocations to develop a new system to allocate resources to countries (the STAR), including indicators that could be used to allocate resources to the land degradation and POPs focal areas.

19. The Secretariat proposes carrying over the remainder to support future refinement of the STAR for GEF-6. This will include: (i) data collection and update for GEF benefit indices in biodiversity, climate change, and land degradation; (ii) refinement of the GEF performance index; (iii) continued research on the feasibility of extending the STAR to the POPs focal area, (iv) Software programming development for the STAR; and (v) missions for meetings and workshops.

Table 15: Resource Allocation System Approved and Estimated Funds for FY13

Resource Allocation Framework/STAR (TF053717)	Approved (\$)	Est. Expenses thru end-FY13 (\$)	Total Remaining (\$)
PBA/RAF/STAR special initiatives	1,716,000	1,494,000	222,000
Total	1,716,000	1,494,000	222,000

GEF Initiatives for Rio+20

20. In May 2011, the GEF Council approved \$210,000 to support activities by the GEF Secretariat related to the GEF's participation in the Rio+20 Summit held in Rio de Janeiro in June 2012. This special initiative supported the writing and publication of a retrospective book

¹⁰ \$656,000 was approved in FY04; a further \$550,000 was approved in FY06; and in FY07, a further \$150,000 was approved.

titled *From Rio to Rio: A 20-year Journey to Green the World's Economy*, which highlighted the key contributions that the GEF has made over the past 20 years in empowering developing countries to green their own economies and take action to improve the global environment.

21. During FY13, this special initiative also provided \$17,000 in support for the publication of a book on the GEF's experience in investing in energy efficiency titled: *Closing the Gap: GEF Experiences in Global Energy Efficiency*.

22. The Secretariat and proposes to use remaining funds to support follow-on work from the Rio+20 Conference.

Table 16: GEF Rio+20 Approved and Estimated Funds for FY13

GEF Contributions to Rio+20 (TF011960)	Approved (\$)	Est. Expenses thru end-FY13 (\$)	Total Remaining (\$)
Publications	90,000	90,192	-192
Rio+20 Follow up Initiatives	120,000	0	119,808
Total	210,000	90,192	119,808

ANNEX 4: STAP – FY13 REVIEW OF ACTIVITIES AND ACHIEVEMENTS

1. A detailed record of achievement may be found in Annex 1 of the Chair’s Report to Council. The STAP Panel and Secretariat continued to support the GEF during FY13 through its four primary responsibilities:

- (a) Screening of all Project Identification Forms for full size projects and programs cleared for Council consideration, with follow-up as necessary up to CEO endorsement stage;
- (b) Advising the GEF Secretariat regarding strategic and operational matters, including proposing and reviewing data sets and the construction of indicators to inform the System for Transparent Allocation of Resources (STAR), knowledge management;
- (c) Producing advisory products to systematize STAP’s advice provided through the Project Cycle for ongoing use by Agencies and other stakeholders, and to respond to needs of the GEF partnership negotiated through focal area Task Forces; and
- (d) Working in a complementary manner with other relevant scientific and technical bodies that advise Conventions, resulting in improved guidance to the GEF.

GEF-6: Overarching themes, long-term vision, and the post-2015 Sustainable Development Agenda

2. As a contribution to the first meeting of the sixth GEF replenishment, STAP prepared a Discussion Paper GEF/R.6/Inf.03 “*Enhancing the GEF’s contribution to sustainable development ()*”. This paper proposes a conceptual framework for a more effective GEF as a champion of global commons to promote synergies and cost-effectiveness within and between GEF Focal Areas linked with the emerging post-2015 sustainable development agenda. It argues that the GEF’s niche in the environmental finance landscape includes working with developing countries and economies in transition to address the inter-connected global challenges of climate change, food, water, energy, land-use and waste, that are central to sustainable development – through actions to support, maintain and enhance Earth’s life support systems.

Climate Change Mitigation

3. In order to stabilize GHG concentrations in the atmosphere at a level preventing dangerous interference with the climate system, a recent STAP report¹¹ concluded that incremental reductions in GHG emissions are inadequate to significantly address current challenges, and that a transformation shift leading to significant “decarbonization” of energy supply and economic systems is required. The results of the report were highlighted at a recent symposium (see item 12 below) and recommendations from the report have been incorporated into the design of the proposed GEF-6 climate change mitigation strategy.

¹¹ (http://stapgef.org/CC_scientific_assessment)

Engagement with Conventions

4. With respect to engagement with the Conferences of the Parties, Secretariats, and subsidiary bodies of the Multilateral Environmental Agreements that are supported by the GEF, STAP undertook the following:
5. Prepared and delivered a side event on biodiversity and climate change at CBD CoP 11 in October 2012 in Hyderabad, India. The event was organized by the STAP Panel member for Climate Change, Prof. Ravindranath of the Indian Institute of Science – and was very well attended. The STAP Chair also assisted in opening the CoP and participated in pre-meetings associated with GBO-3 and the CBD Clearing House Mechanism.
6. During the recent UNCCD Conference on Science and Technology, STAP lead a session on sustainable land management and its contribution to carbon sequestration – a global environmental benefit. The objective of the session was to profile the value of sequestering carbon through land management – and in particular through the GEF strategy on sustainable land management. In this regard, the role sustainable land management plays in generating multiple global environmental benefits was highlighted.
7. During CBD CoP 11 STAP launched two new publications prepared in collaboration with the CBD Secretariat as part of the CBD Technical Series: *“Impacts of Marine Debris on Biodiversity: Current Status and Potential Solutions”* and *“Marine Spatial Planning in the Context of the Convention on Biological Diversity”*. The latter also helped to provide guidance concerning a COP decision adopted on marine spatial planning (decision XI/18).

Soil Organic Carbon – Carbon Benefits Project

8. STAP led a scoping workshop on “Soil organic carbon for global benefits for the Global Environment Facility” on 10th – 12th September 2012 at UNEP headquarters in Nairobi, Kenya. The purpose of the meeting was to scope how a focus on soils could deliver global environment benefits within GEF programs. In addition, STAP was requested to lead a scientific review of the measurement tools developed under Carbon Benefits Projects. The first phase of this review occurred following the expert meeting noted above. The workshop focused on assessing the validity and usefulness of the tools, and improving the participants’ understanding of the methodology. A final assessment of the review has been prepared.

International Waters Science Conference

9. Both the incoming and outgoing STAP Panel Members for International Waters actively participated in the IW Science Conference in September, 2012. Current Panel Member, Jakob Granit, organized and led a session on the use of Scientific Advisory Boards, Science Conferences and/or activity centers to advise regional Inter-governmental Commissions in the IW context. Dr. Meryl Williams participated in this session, and was a Panel Member in the session on science/policy interface.

Targeted Research

10. STAP presented the results of a review of the Targeted Research modality to the GEF Council during the 43rd session (GEF/STAP/C.43/Inf.02), and proposed to Council that this policy be revised based on the analysis undertaken by STAP and the conclusions stemming from this effort. STAP will prepare a proposed revised policy for the November 2013 Council Meeting. At the same time STAP will work closely with colleagues in the GEF Secretariat and Agencies in the refinement of the GEF knowledge management strategy for GEF 6, with the view that targeted research would contribute to this strategy.

Calculating greenhouse gas emissions in GEF energy efficiency projects

11. GEF requires every climate change project to provide an estimate of the avoided or reduced amount of greenhouse gas (GHG) emissions the project expected to deliver at the ex ante stage (pre-implementation stage). In 2008, the GEF developed an ex-ante methodology for calculating greenhouse gas emissions reductions for energy efficiency and renewable energy projects. STAP assisted the GEF in updating/revising the methodology with a focus on ex-ante calculation of energy efficiency measures.

Adaptation

12. During fiscal year 2013, STAP undertook a technical review of the National Adaptation Plan (NAP) process. The objective of the review is to develop advice on how to strengthen scientifically, and technically, the basis of the NAP process. In particular, the review will develop advice on how to address medium to long-term adaptation needs, and mainstream adaptation in the relevant planning and decision making processes. The technical review will be completed by October 2013, and will possibly form the basis for a workshop on defining concrete actions for long-term adaptation in the NAP process.

13. Additionally, STAP initiated screening of the SCCF/LDCF proposals. In doing so, STAP provides advice to the GEF Agencies on ways to strengthen the adaptation benefits, the scientific reasoning of the additional cost for adaptation, and the overall scientific validity of the proposed interventions.

Project Screening

14. As noted in the Chair's Report to Council, STAP continues to screen project concepts at entry into the work program for scientific and/or technical integrity. Responses from the GEF Secretariat, Agencies, and Council Members would suggest that STAP's advice is appreciated, of high quality, and can lead to significant improvements in project design and reduction in risk at project inception.

Other Activities

15. STAP hosted a mini symposium on climate change and developing countries, including the unique roll of the GEF, on March 20, 2013, in the auditorium of the American Association for the Advancement of Science (AAAS) in Washington, DC. The event included the GEF CEO,

Naoko Ishii, along with the STAP Chair, Pavan Sukhdev, and Doctors Rosina Bierbaum, Joe Alcamo, and Ralph Sims.

16. On March 19 2013, the GEF and the STAP co-organized a workshop to explore the technologies, business models, and the potential for future GEF projects and programs in the area of green chemistry and bio-based chemicals. A number of outside speakers were invited to the one day workshop held in the GEF Secretariat, including Paul Anastas of Yale University – typically cited as the “father” of green chemistry.

17. The STAP Secretariat participated at the GEF Expanded Constituency Workshop held in Armenia for Central Asia and Barbados for the Caribbean during the last half of 2012.

18. The Panel continued to develop advisory documents on biodiversity conservation – in particular an analysis of the socio-economic benefits/costs of protected area interventions. An expert meeting and publication is also being prepared to review progress in implementing the concept of mainstreaming biodiversity over GEF 4 and GEF 5, and proposed next steps in advancing this concept. In the domain of climate change mitigation, STAP is working on a review of the scientific literature with regard to biofuels. An expert workshop reviewing the political economy of trans-boundary water initiatives and publications is also under implementation.

ANNEX 5: TRUSTEE -- FY13 REVIEW OF ACTIVITIES AND ACHIEVEMENTS

1. The World Bank as Trustee provides a range of services, broadly defined in the Instrument, in the following categories: financial and risk management; investment and cash flow management; management of GEF partner relationships and transactions; accounting and reporting; legal services; commitment and disbursement of trust fund resources; systems infrastructure and maintenance; and resource mobilization.

2. In addition to these services, additional activities supported by the Trustee in FY13 included: Implementation of the GEF-5 Replenishment; initiation of the GEF-6 Replenishment negotiations; work with the Secretariat on policy initiatives, implementation of fee revision and other policies and procedures in the context of streamlining procedures; and negotiation of revisions to the Financial Procedures Agreements with the GEF Agencies to reflect new procedures.

FY13 Projected vs. Estimated Actual

3. Based on the nine-month period ended March 31, 2013 and projections for the remaining three months, the estimated actual expenditure for FY13 for Trustee services is \$3.43 million, reflecting an increase of \$234,700 compared to the approved budget. The increase is due primarily to unforeseen additional external audit costs, and higher than expected investment management costs. The approved budget for FY13 included the estimated cost of the external audit of the GEF trust fund covering issuance of financial statements for one fiscal year (FY11). In actuality, the costs associated with issuance of financial statements for two fiscal years (FY11 and FY12) were incurred during FY13, resulting in higher audit costs. In addition, investment management costs, which are a flat 3.5 basis point fee on average annual trust fund balances, are expected to be \$71,000 higher due to higher than anticipated liquidity in the GEF Trust Fund in FY13. Actual cost of legal service was lower than the approved budget by \$26,000 due to lesser than anticipated level of activities in FY13.

4. Based on the approval by the Council, in FY13 the Trustee has transferred an amount of \$850,000 toward the Special Initiative supporting the GEF's participation in the World Bank's IT system development to facilitate an integrated platform for Financial Intermediary Funds. Details of the project status and development are provided in Annex 2 of the Trustee report.

FY12 Actual Expenses

5. The actual amount of Trustee expenses incurred for FY12 was \$3.2 million including the cost of audits. The Trustee has paid an additional \$22,000 to the external auditors of the GEF Trust Fund in FY12 based on the audit invoice. Consistent with the agreed practice, the Trustee had adjusted the approved budget for FY12 to reflect the actual expenses incurred during FY12.