



GEF/C.42/08  
May 7, 2012

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GEF Council Meeting  
June 5 – 7, 2012  
Washington, D.C.

Agenda Item 15

## **Fee Structure for Agencies: Part II**

### **Recommended Council Decision**

The Council, having considered document GEF/C.42/08, *Fee Structure for Agencies: Part II*, confirms that the fees provided along with GEF grants to the GEF Agencies are all inclusive and as such cover costs of all services provided by the Agencies to recipient countries.

The Council further requests the Secretariat to work in close collaboration with the Trustee to identify and recover the amounts paid beyond the Fee ceilings as approved by the Council.

## **I. Rationale**

1. In early 2012, the Secretariat was made aware that at least one agency had engaged in parallel arrangements with countries in order to receive additional financial resources from projects financed under GEF grants, over and above the ceilings agreed between the concerned agency and the GEF.
2. As this practice is inconsistent with the agreements made with the GEF and the proper use of funds approved by the Council, it must be immediately discontinued.
3. Since these arrangements have been made directly between countries and concerned agency(ies), the full extent of the problem is not clear. Therefore the Secretariat should in close collaboration with the Trustee, undertake all efforts necessary to identify and obtain the reimbursement of funds disbursed in this irregular manner.
4. In cases where the Implementing Agency(ies) are different from the Executing Agency(ies), it is understood that the fees paid are to cover management costs generated by both, and that no additional local or central funding should be expected from the GEF to cover such expenses.
5. In this regard, no parallel arrangements beyond the fee structure approved by the Council will be authorized for GEF projects.