



Global Environment Facility

GEF/LDCF.SCCF.1/5
November 7, 2006

LDCF/SCCF Council Meeting
December 8, 2006

Agenda Item 6

ADMINISTRATIVE BUDGET FOR MEETINGS OF THE LDCF/SCCF COUNCIL

Recommended Council Decision

The Council, having reviewed document GEF/LDCF.SCCF.1/5, *Administrative Budget for Meetings of the LDCF/SCCF Fund*, is requested to approve an additional budget of US\$ 8,000 in FY07 to cover the cost of two one-hour meetings of the LDCF/SCCF Council. The budgetary costs will be split equally between the two funds: i.e., US\$ 4,000 will be charged to the LDCF and US\$ 4,000 will be charged to the SCCF.

1. The Council has agreed that the administrative costs of managing the climate change funds will be financed solely from the resources of the relevant fund.
2. In June 2005, the Council approved an administrative budget of US\$466,400 and US\$538,200, respectively, to cover the expenses of the GEF Secretariat and the Trustee in administering the LDCF and the SCCF for FY06 and FY07. The costs charged to the SCCF for the two fiscal years FY06 and FY07 are US\$ 266,200 for the Secretariat and US\$ 116,000 for the Trustee.
3. The GEF Secretariat is responsible for oversight of the funds; formulation of operational policies; review and processing of projects for CEO and Council approval; management of the portfolio of LDCF and SCCF projects; coordination with the Implementing Agencies, the Trustee and the Convention Secretariat; and reporting to the Council and the Convention. One staff position in the Secretariat is currently funded through the approved budget financed by the two funds. Half of the resources for the position are financed from the resources of the LDCF and half is financed from the resources of the SCCF. In addition to staff time, the travel costs of the LDCF is estimated at 3 trips per year (US\$ 10,000 per trip) and for the SCCF at 2 trips per year (US\$ 10, 000 per trip). Over the two fiscal years FY06 and FY07 the total cost for the GEF Secretariat to be charged to the LDCF is US\$ 286,200 and the total cost to be charged to the SCCF is US\$ 266,200. Any unutilized funds will be returned to the funds.
4. As agreed with the donors under the Trust Administration Agreements, the Trustee receives an administrative fee to cover the reasonable actual expenses incurred by the Trustee in carrying out the Trustee function. For FY07, the Trustee expects to charge US\$ 91,600 to the LDCF and US\$ 116,000 to the SCCF. The highlights of the Trustee work program for both the LDCF and the SCCF include: (a) the management of donor contributions; (b) financial and investment management of resources; (c) commitments and disbursements of resources to the Implementing Agencies; (d) infrastructure and systems support; (d) accounting and reporting; (f) audit preparation and the cost of an actual audit for the SCCF; and (g) assisting in the clarification and formulation of grant application procedures. Because these services are incremental to those for the GEF Trust Fund, the Trustee is able to keep its administrative fees for managing these two funds low.
5. The Secretariat will present to the LDCF/SCCF Council a proposed budget for FY08 for approval at a meeting in June 2007. It is expected that additional staff resources will be required to manage the increase workload that is likely as the funds evolve and pace of project processing accelerates.
6. With the agreement of the Council in August that the Council will meet as the Council for the LDCF and the SCCF to discuss and agree on any decisions or actions directly affecting only the LDCF and the SCCF, it is necessary to request a supplementary budget to cover the costs of the LDCF/SCCF Council meeting. It has been estimated that the cost of a one-hour meeting of the LDCF/SCCF Council is US\$ 4,000. These costs are based on experience in organizing the GEF Council meeting and take into account the staff, interpretation, equipment and other services required to organize a meeting. The LDCF/SCCF is requested to approve an additional budget of US\$ 8,000 in FY07 to cover the cost of two one-hour meetings of the LDCF/SCCF Council. It is proposed that the budgetary costs be split equally between the two funds: i.e., US\$ 4, 000 will be charged to the LDCF and US\$ 4,000 will be charged to the SCCF.