

62<sup>nd</sup> GEF Council Meeting  
June 21-23, 2022  
Washington, D.C.

Agenda Item 08

## **GEF BUSINESS PLAN AND CORPORATE BUDGET FOR FY23**

### **Recommended Council Decision**

The Council, having reviewed document GEF/C.62/08/Rev.1, *GEF Business Plan and Corporate Budget for FY23*, takes note of the business plan, and approves an FY23 corporate budget from the GEF Trust Fund of US\$33.256 million, comprised of:

- (a) US\$26.990 million for the GEF Secretariat
- (b) US\$2.976 million for STAP; and
- (c) US\$3.290 million for the Trustee

The Council also approves a total FY23 administrative budget for the Nagoya Protocol Implementation Fund (NPIF) of US\$18,400, comprised of the following allocations from the NPIF to cover the Secretariat's and Trustee's expenses for NPIF administration and implementation:

- (a) US\$13,500 for the GEF Secretariat; and
- (b) US\$4,900 for the Trustee

The Council also approves a total FY23 administrative budget for the Capacity Building Initiative for Transparency (CBIT) from the CBIT Trust Fund of US\$0.441 million, comprised of:

- (a) US\$0.412 million for the GEF Secretariat; and
- (b) US\$0.029 million for the Trustee

The Council requests the Secretariat, in consultation with STAP and the Trustee, to present a combined FY24 corporate budget and business plan for discussion at its 64th meeting.

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## GEF SECRETARIAT FY23 BUDGET REQUEST, ACTIVITIES, AND OUTPUTS

1. This section reports on the execution of the FY22 administrative budget approved by Council and sets out the FY23 administrative budget request of the Secretariat.<sup>1</sup>

### Overview

2. The Secretariat’s FY22 expenses are projected at US\$23.120 million,<sup>2</sup> or 93.6% of the approved FY22 budget of \$24.708 million. See Tables 1 and 2 below. The underrun (savings) is due principally to the prolonged effects of COVID-19 in restricting travel, in-person meetings and events throughout much of the current fiscal year. As in FY21, these effects were beyond projections made at this time last year, due to the extended nature of the pandemic.

3. The Secretariat’s FY23 budget request is US\$26.990 million, a 9.2% increase compared to the FY22 budget (which had been adjusted downward slightly for anticipated effects of COVID-19).<sup>3</sup> See Table 2. As explained below, the request will provide the needed additional capacity for the Secretariat to deliver the high ambition of GEF-8. It also reflects the Salary Rate Increase (SRI) for FY23 decided by the World Bank.<sup>4</sup>

4. The FY23 request will keep the Secretariat well within its overall four-year GEF-7 administrative budget envelope, now entering its final year.<sup>5</sup> This is shown in Table 1 below and related information in Annex I.<sup>6</sup> The savings from this underrun, due mainly to the prolonged effects of COVID-19 across three fiscal years, remain in the Trust Fund.

**Table 1: GEF Secretariat - Expenses and Projected Savings in GEF-7 Administrative Budget Cycle (FY20-FY23)**

GEF-7 envelope	FY20 Actuals	FY21 Actuals	FY22 Estimates	FY23 Estimates	Special Initiative, 7 <sup>th</sup> Assembly	GEF-7 projected total	Savings / (Underrun)
103.5	22.388	21.524	23.120	26.990	1.700	95.722	7.778

<sup>1</sup> FY23 is the fourth and final year of the GEF-7 administrative budget cycle, and the first year of the GEF-8 operational cycle.

<sup>2</sup> The projection of FY22 actual expenditures include data for actual spending through March 31, 2022, and a projected spending during the remaining weeks of the fiscal year, which ends on June 30, 2022.

<sup>3</sup> See Budget document presented to GEF Council at its 60<sup>th</sup> Session, June 2021, and discussion below. Such an adjustment is not included in the FY23 budget request, in the light of updated conditions of COVID-19.

<sup>4</sup> As in past years this SRI increase applies directly to GEF Secretariat, who contractually are World Bank staff. See discussion below.

<sup>5</sup> The FY23 budget also is less than the per-year average of the total GEF Secretariat administrative budget (\$127 million) agreed by the Replenishment for the GEF-8 administrative budget period, from FY24 – 27.

<sup>6</sup> The annex also indicates figures for the STAP, Trustee and IEO, aligned with the overall GEF-7 administrative budget envelope for the four entities together of US\$151.9 million. Ibid. As was the case in GEF-6, the Secretariat and other entities are staying within the replenishment-agreed budget envelopes.

5. The FY23 budget request reflects the core priority to have a strong and fast start in implementing the ambitious GEF-8 programming and policy agenda. While FY23 is the final year of the GEF-7 administrative budget cycle, as noted above, it is the first year of the GEF-8 programming and operational work. It is thus a transition year from an administrative budget perspective into the crucial start-up period to launch GEF-8, beginning on July 1.

6. Accordingly, the request includes needed initial steps to enhance capacity within the GEF Secretariat to enable the effective and efficient delivery of the GEF-8 agenda starting on Day 1, while staying within the GEF-7 administrative budget envelope. These steps, described below, are needed for two main reasons:

- The Replenishment provides for a significant increase in funding for projects/programs and sets major new priorities and demands to meet the urgent challenge and ambition of the GEF-8 agenda. This will require higher capacity for delivery in the Secretariat, IEO, STAP and the Trustee, to keep capacity levels up with the needs of a growing fund. As described in more detail below, the Replenishment requires multiple actions and deliverables in first year of GEF-8 (FY23), and it is essential to start fast for effective and efficient delivery.<sup>7</sup>
- Staff have experienced essentially no growth over the past two replenishment cycles despite an increasing demand on their services, and is at maximum capacity in meeting demands. Even at current levels, the Secretariat has been recognized for working at high levels of quality and transparency.<sup>8</sup> To meet the expected requirements of the significantly more ambitious GEF-8 agenda, we will need to redouble our efforts to continue delivering with high efficiency.<sup>9</sup>

7. The Secretariat proposes to take a careful step-by-step approach to addressing these needs for additional capacity, learning from experience as GEF-8 gets underway.

8. For this coming transition year of FY23, the Secretariat would enhance capacity through additional short and extended term consultant support in priority work areas, to enable an immediate and strong start to delivery of GEF-8. Consultants can be retained relatively rapidly compared to longer-term staff and will thus help the Secretariat to hit the ground running with the additional needed capacity in the beginning stage of GEF-8.

9. This approach in FY23 is projected to keep the Secretariat well within the four-year GEF-7 administrative budget envelope, building on savings generated in the past two fiscal years as noted above.

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<sup>7</sup> See below and Business Plan for details.

<sup>8</sup> See, e.g., recent Report of Transparency International on Corruption-Free Climate Finance: Strengthening Multilateral Funds, [here](#).

<sup>9</sup> These are the same factors considered in developing the higher corporate administrative budget allocation (compared to GEF-7) agreed to as part of the GEF-8 Replenishment

10. At the Council meeting next year in June 2023, with the benefit of experience gained in FY23, the Secretariat will present its request beyond these initial transition steps for a revamped budget fitting to the delivery of the ambitious GEF-8 replenishment. This request will identify additional staff needs essential to support GEF-8, fully aligned to the administrative budget envelope agreed by the Replenishment for GEF-8 - which is at the same percentage level as the GEF-7 administrative budget relative to the total replenishment amount, as agreed during the Replenishment.

11. This will support delivery of the Integrated Programs and other programming needs, implementation of the private sector engagement strategy, enhancing GEF's Blended Finance program, addressing Convention-related needs and priorities, raising GEF's visibility, and enhanced fiduciary and oversight functions, among other priorities.<sup>10</sup> The addition of staff beginning in FY24 would also enable a corresponding reduction in consultant support, as needed staff capacity to deliver GEF-8 priorities comes into place.

12. With respect to other costs and requirements shown in the FY23 budget request, the Secretariat projects that it will be able to manage the higher demands efficiently with the relatively modest increase. In sum:

- On travel, the Secretariat budget proposal balances the higher demands set out in the ambitious GEF-8 agenda with new opportunities for savings by using digital connections – learning from these past two years of the pandemic.
- On consultants, as noted above, there is a need to ramp-up capacity in FY23 to support a strong start to the new replenishment period in terms of both programming and policy-related priorities, pending decisions on retaining additional staff to be considered next year.<sup>11</sup> The FY23 request on consultants also reflects costs to complete the once-per-replenishment independent external review of compliance by all 18 GEF Partner Agencies with core GEF policies. In line with decisions at the last session of GEF Council in December 2021, work to date has focused on the accelerated review of one GEF Partner Agency, UNDP. The increased cost in FY23 is reflected in a corresponding savings (underrun) in consultant costs in FY22, shown in Table 2 below.
- On outreach and communication, the Secretariat will continue to follow strict efficiencies and cost-savings, including through digital means, to keep costs at an efficient level in the light of increasing workload and demand – and produce savings wherever possible

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<sup>10</sup> See Business Plan below for further details on priorities and deliverables.

<sup>11</sup> Beginning in FY24, the Secretariat projects that the addition of some new staff would simultaneously lower down the resources needed for consultants.

- On civil society engagement, in the light of Replenishment discussions and related consultations, the FY23 budget includes a new line item to provide additional basic support for civil society engagement in the work of the GEF, to enhance the engagement of CSOs at country and regional level in the work of GEF-8. This is also one of the dimensions of the work that the Secretariat will be undertaking as it re-sets its relationship with civil society and the CSO Network, in response to one of the OPS7 recommendations of the Independent Evaluation Office (IEO).
- On fixed costs, the budget reflects continued careful planning and high efficiency, reflecting anticipated market and cost-of-living adjustments, and aligned to World Bank-wide adjustments agreed by its Board. The Secretariat will also continue to pursue opportunities for savings by digital connectivity, at all levels.

13. In sum, the budget request for FY23 accommodates the core working priorities of the Secretariat, in support of Council and the Partnership. In this final year of the GEF-7 administrative budget process, it will keep the Secretariat within the agreed GEF-7 four-year budget envelope, and simultaneously enable the critical initial steps to enhance capacity needed for strong and effective start-up in delivering the ambitious GEF-8 agenda.

14. The FY23 request is shown in Table 2 below, with additional explanation in the sections that follow.

	FY22 Approved Budget	FY22 Projected Actuals	FY23 Budget Request	FY23 changes to FY22 Budget	
	\$ Mil		\$ Mil	\$ Mil	%
<b>Total FY23 Budget/Project Actual</b>	<b>24.708</b>	<b>23.120</b>	<b>26.990</b>	<b>2.282</b>	<b>9.2%</b>
<b>Staff Costs</b>	<b>17.545</b>	<b>17.566</b>	<b>18.426</b>	<b>0.881</b>	<b>5.0%</b>
<b>Variable Costs</b>	<b>3.609</b>	<b>2.280</b>	<b>4.916</b>	<b>1.307</b>	<b>36.2%</b>
- Of which Travel	1.554	0.561	1.705	0.151	9.7%
- Of which Outreach	0.800	0.850	0.900	0.100	12.5%
- Of which Short term consultants	1.130	0.844	1.207	0.077	6.8%
- Of which Extended term consultants	-	-	0.929	0.929	
- Of which Staff training and Representation	0.125	0.025	0.125	0.000	0.0%
- Of which Support for civil society (new line)	-	-	0.05	0.050	
<b>Fixed Costs</b>	<b>3.554</b>	<b>3.274</b>	<b>3.648</b>	<b>0.094</b>	<b>2.6%</b>
- Of which Office lease	1.374	1.430	1.422	0.048	3.5%
- Of which Office equipment and IT systems	0.910	0.952	0.956	0.046	5.1%
- Of which WB Cross Support	0.570	0.560	0.570	-	0.0%
- Of which Council	0.700	0.333	0.700	0.000	0.0%

\* Consistent with standard budgeting practice at the WB, extended term consultants are shown as variable costs separately from short term consultants (see text for further information)

## **(1) Staffing**

15. As indicated above, the Secretariat is proposing to keep staff levels steady in FY23. The increase in cost shown in Table 2 reflects the regular annual Salary Rate Increase (SRI) approved by the Board of the World Bank for staff, expected to be 5.0%.<sup>12</sup>

16. As also noted above, during FY23 the Secretariat will meet immediate capacity needs for the launch and delivery of GEF-8 through additional consultant support (see below). The Secretariat will subsequently report to Council next year on further staffing needs for full delivery of GEF-8, building on the experience gained in FY23.<sup>13</sup> This will be fully aligned to the administrative budget envelope agreed by the Replenishment for GEF-8.

## **(2) Variable Costs**

17. In FY22, variable costs are projected to come in at US\$2.690 million, or 74.5% of the budgeted amount. This underrun is due to the prolonged and major effect of COVID-19 on cost lines relating to travel, outreach events and representation. It also reflects savings in FY22 due to the updated timing of the independent third-party review of Agency compliance with GEF Policies (now planned for the coming fiscal year).

18. For FY23, variable costs overall are expected to be US\$4.916 million, a 36.2% increase compared to the FY22 budget. This significant increase compared to FY22 is due mainly to the following factors: (i) the need to enhance Secretariat capacity to meet higher work demands for the effective launch of GEF-8, reflected in the budgeting for short and extended term consultant support; (ii) updated assumptions indicating a reduced impact from COVID-19 on travel and meetings; (iii) a new line of additional basic support for engagement and capacity-building needs of civil society; and (iv) the budgeting for the required independent third-party review of Agency compliance. This is set out further below.

### **(a) Travel**

19. Travel costs for FY22 are predicted at US\$0.561 million, a significant underrun compared to the FY22 budget. As noted above, this is due to the prolonged period throughout the fiscal year of curtailed travel due to COVID-19.

20. In particular, the FY22 approved budget included a reduction based on best projections *at the time* of the effects of COVID on travel. These projections, however, underestimated the prolonged continuation of the pandemic throughout the fiscal year.

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<sup>12</sup> The level of SRI increase is based on current information from the World Bank and is subject to final review and approval by the World Bank Board.

<sup>13</sup> In this context, the Secretariat will strategically consider the value of placing some staff in the regions, with a view to help countries be better engaged with the work of the GEF. This will also take into consideration lessons from the past two years on opportunities for remote working and digital connections.

21. As a result, the Secretariat has engaged in far less travel than anticipated a year ago. The entire GEF-8 replenishment negotiations, for example, took place virtually, as did the December session of GEF Council, and the wide range of meetings and events with countries and stakeholders under the GEF Country Support Program.<sup>14</sup> Likewise, many COPs of conventions the GEF serves were postponed or preliminary negotiations moved to a virtual platform, as was the case with resource programming engagements with recipient countries. Many events also put caps and other measures to limit physical participation, further curtailing travel of Secretariat personnel. The travel that did take place was mainly well into the fiscal year, as travel restrictions at the GEF host institution (the World Bank) have eased and international meetings have begun to shift back to a more in-person format.

22. Looking ahead to FY23, travel costs are projected at \$1.705 million. See Table 2. This is an increase of 9.7% compared to the FY22 budget, which had been adjusted downward due to anticipated effects of COVID-19. See Table 2. But the request is a reduction from approved travel budgets before the onset of COVID-19.<sup>15</sup> The request reflects the following three main factors.

23. First, it assumes that COVID-based travel restrictions will have little impact on travel in FY23, as the situation relating to the pandemic has continued to evolve. In particular, it is assumed that it will again be possible to travel to conduct core business needs of the partnership to support the Conventions, Agencies and governments, provide strategic planning and support for governments and the partnership to launch and begin implementation of the GEF-8 agenda. Should this not be the case, and the pandemic returns once again with required restrictions on travel, any additional savings that are generated will be unused and returned to the Trust Fund, as with this current year.

24. Second, there will be higher-than-usual travel requirements to support the launch of the GEF-8 agenda. This will include strategic meetings with governments, agencies and other partners and stakeholders to roll-out the GEF-8 programming agenda and to initiate the full set of actions needed to enhance capacity-building, knowledge sharing and fiduciary oversight in support of the GEF's work and higher results, as called for by the Replenishment.

25. Third, the Secretariat will look for opportunities to reduce travel requirements and costs through virtual meetings and digital connection technologies whenever these can be effectively implemented, building on lessons and technical platforms developed during the pandemic. This will also help to reduce the environmental footprint of our work, and balances down the projected costs for travel in what in the face of high-demands for the launch of GEF-8.

26. The budget also includes a small amount to cover partial costs of staff supported by individual donor countries under the Donor-Funded Staffing Program (DFSP), and ever-present

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<sup>14</sup> The meetings and related work were carried out in careful compliance with strict protocols and safety procedures at the World Bank and of the relevant governments and local authorities.

<sup>15</sup> For the years FY18, FY19 and FY20, the travel budget averaged US\$1.720 million per year. See previous Council Budget documents presented to the 60<sup>th</sup>, 58<sup>th</sup> and 56<sup>th</sup> meetings of GEF Council [here](#).

secondments of staff made available to the Secretariat by donor countries.<sup>16</sup> As in the past, these costs are reflected in the travel as well as in the line on office costs, below.

27. The Secretariat will continue to keep costs down through careful and judicious travel planning for these and other core business responsibilities, including Secretariat participation in Conferences of the Parties (COPs) and Convention-related engagements, other GEF-relevant meetings, and country dialogues, as well as through pursuit of opportunities for savings through digital connections, as mentioned above.

**(b) Outreach**

28. Outreach costs in FY22 are expected at \$0.850 million, slightly above the FY22 budget. The additional expense on this budget line is due mainly to the high level of work and demands associated with the GEF-8 replenishment negotiations, GEF 30<sup>th</sup> anniversary, event pavilions, and associated needs of outreach, media and communication.

29. The budget for outreach activities is expected at \$0.900 million in FY23. It includes information and awareness-building activities in both electronic and print media, communication aimed at the GEF partnership and external audiences, storytelling and brand management. These budgeted funds cover: planned actions relating to the launch of GEF-8 (see below); planned outreach at key international events, including COPs; maintenance of the GEF website, and GEF's social media presence; publication and video production; strategic media partnerships, story-telling, and related activities.

30. There will also be an emphasis in FY23 on communication and outreach activities and products to build visibility of the GEF-8 agenda and the ambitious work plan of the partnership. This will be designed to support the effective launch of the GEF-8 agenda, and the inter-related Seventh Assembly of the GEF planned for early summer 2023 in Vancouver, Canada. Tight cost controls will be achieved via ongoing efficiency gains, including the continued transition, where relevant, to more digital forms of communication.

**(c) Short and Extended Term Consultants**

31. As shown in Table 2, consultant costs in FY22 are projected to be US\$0.844 million during FY21, below budget.<sup>17</sup> As noted above, the underrun is due principally to the fact that the independent third-party review of Agency compliance with GEF policies is now planned for FY23, rather than FY22 as originally projected.

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<sup>16</sup> The Secretariat reserves resources to partially fund the cost-effective opportunities that are offered on a competitive basis by the Donor-Funded Staffing Program (DFSP). The DFSP typically support 3 years of JPO positions, in return for the Secretariat to cover for another 2 years. The Secretariat has already incorporated a few staff through the DFSP, but some additional resources are needed to cover for the partial costs the recipient unit has to bear. The Secretariat has also made good use of occasional secondments of staff from GEF donor countries, which come to the GEF with their compensation covered but still need resources to perform their functions, such as participation in missions and the associated logistic costs.

<sup>17</sup> Work delivery by consultants has continued through remote connectivity in the current period.

32. The FY23, the budget for short term consultants is US\$1.207 million. See Table 2. In addition, the FY23 budget includes a new line for Extended Term Consultants (ETCs) to support immediate delivery of GEF-8, in the amount of US\$0.929 million, pending further review of staffing needs in the following year. As noted above, the request is higher than in past years for the two main reasons:

- **Fast start to GEF-8.** The additional resources for consultants will enable the Secretariat to ramp-up capacity in FY23 to support a strong start to GEF-8 for programming, communications and policy-related priorities. This includes resources to retain extended term consultants (ETCs) in FY23 to enable delivery of priority needs for GEF-8, pending further review of staff needs in the following year. For efficiency and highest impact, the Secretariat will also leverage opportunities to build on existing Donor-Funded Staffing Programs, noted above.
- **Independent Third-Party Review of Agency Compliance with GEF Policies.** The FY23 budget also includes costs to conduct this comprehensive Third-Party review, as noted above.

33. More specifically, consultants will provide needed additional expertise and capacity to support delivery of key priority work areas (described in more detail in the Business Plan, below):

- The roll-out of the ambitious GEF-8 programming agenda and its priorities, including 11 Integrated Programs and 5 focal area strategies, along with providing support to the conventions for which the GEF is a financial mechanism, or is being considered for some form of support. The Private Sector Engagement Strategy and the Blended Finance Program also need more robust support given their complexity and required expertise.<sup>18</sup>
- Support for GEF engagements and strategic advice on ongoing multilateral negotiations, COPs, and other consultations of GEF relevance.
- Enhanced oversight and reporting functions per GEF-8 policy recommendations, including on progress, issues, and risks during project implementation.<sup>19</sup>

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<sup>18</sup> This includes support for multiple tasks to establish and launch the new GEF-8 integrated programs and expanded work in focal areas, the Blended Finance Program (NGI), Private Sector Engagement Strategy (PSES) and SGP 2.0, and associated needs to deliver the Work Programs to Council, coordinate with partners, and support private sector and stakeholder engagement platforms for highest results.

<sup>19</sup> This includes action to help identify and address different types of risks during project implementation, including safeguard and fiduciary risks, through enhanced tracking, analysis and reporting on real-time data envisioned in the Replenishment, to help speed up project implementation and more proactively address issues and risks arising during project implementation.

- Support for strategic actions to enhance communication and outreach to stakeholders and the public, outreach at COPs, build up to the 7<sup>th</sup> GEF Assembly next summer, and to build greater visibility of the GEF and the GEF-8 agenda.<sup>20</sup>
- Support for the new Country Engagement Strategy, with a focus on actions to facilitate and enhance country engagement in GEF programming and South-South and country-based dialogue and exchange of information and identify opportunities for policy coherence in support of higher and more enduring results for GEF investments.<sup>21</sup>
- Continued support to deal and adjust to the ongoing pandemic.
- Support for the implementation of the GEF-8 inclusion agenda, including case study and analytical work to support the “gap analysis” called for in the Replenishment for greater inclusion, and to integrate gender responsiveness more strongly throughout GEF programming and capacity-building activities.
- Support for the Capacity-Building Initiative for Transparency (CBIT) mandated under the Paris Agreement’s Transparency Framework, including project review, approval and monitoring
- Completion of the independent Third-Party review of all other GEF Partner Agencies to assess compliance with GEF Policies on Fiduciary Standards, Environmental and Social Safeguards and Gender Equality, now planned for FY23.<sup>22</sup>
- Support in the development of the updated Knowledge Management and Learning Strategy for the GEF, and actions to leverage existing knowledge management systems already in use across the partnership.<sup>23</sup>
- Support for the preparation and convening of the Seventh GEF Assembly, scheduled for Vancouver, Canada in July of 2023.<sup>24</sup>

34. As in past years, consultants are retained only where needed to supplement and support the expertise and capacity of the existing staff, to enable full delivery of the work

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<sup>20</sup> This includes support to manage the corporate website and support IT solutions to related GEF online products. This support is needed also due to an extended illness affecting a member of the small team.

<sup>21</sup> As noted above, this also includes costs to cover the cost of a consultant who will take over the work program of a staff person on externally funded Development Assignment in FY23. These costs represent a saving compared to the full staff cost and will thus be offset by savings to the salary cost line.

<sup>22</sup> As noted previously, per Policy this extensive assessment process occurs only once every four years, at the end of a Replenishment Cycle GEF Policy on Monitoring Assessment of Agency Compliance, at [www.thegef.org](http://www.thegef.org), Documents, Policies. This consists of independent review of compliance by all 18 GEF Partner Agencies, including the additional independent review of compliance by UNDP in respect to Fiduciary Standards as set out in decisions of GEF Council at its 61<sup>st</sup> Session in December 2021.

<sup>23</sup> This will include continued support for analytical work needed to assess gaps and needs and identify opportunities to better connect the extensive knowledge assets of the partnership in support of the GEF-8 agenda. It will also include support for new e-courses to be developed in line with the updated strategy.

<sup>24</sup> This will include retaining consultant support to deliver this task in the light of the planned upcoming retirement of a senior member of GEF staff.

program. All consultants are hired using World Bank policies and procedures aimed at ensuring efficient contracting and delivery, and according to fees are set annually by the World Bank.<sup>25</sup>

**(d) Additional support for civil society engagement**

35. In line with discussions during the GEF-8 Replenishment negotiations, and related consultations, the FY23 budget includes a new line to provide additional basic support for engagement and capacity-support needs of the GEF civil society network. The need for this support has been highlighted by representatives of the GEF Civil Society Network, in the light of the significant costs and capacity requirements to engage in actions relating to the GEF at the local, national, regional and international levels where the work occurs and where the needs for civil society engagement can be most crucial for the work to achieve what it is meant to do.

36. The new funding support is in addition to other types of support already provided, including funding for participation in regional workshops, dialogues and meetings of the GEF's governing bodies, as envisioned in the GEF's Updated Vision for Engagement for Civil Society. As in earlier years,<sup>26</sup> the Secretariat will follow-up directly with the GEF Civil Society Network and others in civil society to identify specific needs for which the funding would be most effective – including, for example, in supporting a civil society website to help coordinate and bring together efforts and actions at various levels.

**(e) Staff training and Representation**

37. These costs cover training for staff development and initiatives to promote efficiency and effectiveness in the workplace, as well as official representation.<sup>27</sup> They are projected to underrun in FY22 due to the prolonged impacts of COVID-19 preventing opportunities for in-person training and meetings. See Table 2. As in the previous years, the GEF Introduction Seminar of Agencies and Operational Focal Points and GEF Agency Retreats were again held virtually due to continuing effects of the pandemic.

38. For FY23, these costs are requested at zero growth from the pre-pandemic FY21 budget. This anticipates a return to in-person representation activities as the restrictions due to the pandemic begin to subside in the coming months. As in previous years, the Secretariat

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<sup>25</sup> Additional measures agreed as part of the World Bank Capital Package negotiations include further efforts at savings and cost avoidance in the procurement/negotiation of corporate contracts by better benchmarking, targeting, and tracking of savings at the contract level.

<sup>26</sup> Many years ago the GEF provided a similar level of basic support to the GEF Civil Society Network, with support also from a donor country. The new proposal in the FY23 budget is intended to resume on the good purposes of that earlier engagement on a more regular basis and in support of the GEF's Updated Vision on Engagement with Civil Society, GEF Policies on Stakeholder Engagement, Gender Equality and Environmental and Social Safeguards, and the GEF-8 agenda for greater inclusion as set out in the GEF-8 Replenishment.

<sup>27</sup> The workplace development includes organization of training events to provide up-to-date briefings and materials on new policies, capacities and requirements in the institution relating to a safe workplace, sexual exploitation and abuse, and diversity and inclusion.

continues to achieve cost savings on training through internal policy which requests staff to consider first training services offered at no charge by the World Bank, as host institution

### **(3) Fixed Costs**

39. In FY22, fixed costs are projected at US\$3.284 million or 92.4% of the budgeted amount. The underrun is due mainly to holding the last session of GEF Council virtually rather than in-person, in December 2021.

40. For FY23, fixed costs are projected at US\$3.668 million, or 3.2% above the FY22 budget. The components of these costs are explained in more detail below.

#### **(a) Office lease**

41. The FY22 actuals for office lease costs are slightly above the budgeted amount.<sup>28</sup> As indicated in previous Budget documents presented to Council, the expenses for office lease were reduced in the middle of FY20 thanks to a successful negotiation in November and December 2019 led by the World Bank Global Corporate Solutions (GCS, formerly General Services Division) Office of the continuation of the current GEF office space under the relevant provisions of its existing lease.<sup>29</sup>

42. This earlier negotiation led to savings compared to the previous costs beginning in February 2020, and a reduction in office space costs in the past two fiscal years.<sup>30</sup> The Office space is well-suited to the GEF's needs, separated from the main WBG headquarters and buildings in full respect of the GEF's accountability to Council and operational independence from the World Bank.

43. In FY23, as envisioned in the lease, an additional negotiation is being completed to update and extend the terms of the existing lease beyond December 31, 2022. As in the earlier phases, the World Bank is supporting the GEF in finalizing this lease extension. The FY23 budget reflects the anticipated costs for the space, including for the period to be covered by the lease extension beginning January 1, 2023. As shown in Table 1, and in line with advice of the World Bank negotiators, it is projected that the costs will stay at (or below) a steady rate and not go above projections based on the previous re-negotiated arrangement back in 2019.<sup>31</sup>

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<sup>28</sup> It includes an additional cost to open up a large office area to provide additional common space for staff on the return-to-office and install some visual wall images to reflect GEF's work in a scientific and educational way.

<sup>29</sup> Office costs were based on the lease rate negotiated by the GCS when the Secretariat and IEO were forced to relocate from the previous location in FY16 due to major demolition and reconstruction of that building. As noted in past Council budget documents, the lease required a re-pricing of annual rental amounts to market rate, beginning in January 2021. The negotiations ensured that the costs to the GEF of the new lease during four-year GEF-6 budget period were kept below the costs of the lease in the old building during the same period.

<sup>30</sup> The Secretariat also achieves savings with re-usable supplies and occupies a LEED-certified building with highly efficient lighting and lower eco-footprint, to save costs and go green.

<sup>31</sup> The office space planning is taking full account of opportunities and efficiencies for remote working and flexible work arrangements going forward, learning from the lessons of work during the pandemic.

**(b) Greening and Sustainability Initiative at GEF workplace**

44. For FY23, the GEF also is requesting a small amount to support and advance its ongoing efforts to “green” its workplace. The GEF is in close dialogue with counterparts at the World Bank, our host institution, to share ideas about efficient and effective opportunities for this effort.

45. In the coming year, these funds would support an initiative to seek to develop continuous carbon accounting relating to GEF’s work, support actions and measures to reduce the carbon footprint, explore opportunities to place solar panels on the rooftop, cover incremental additional costs associated with the elimination of single-use plastic in the office and at events organized by the Secretariat (to source all events sustainably), and support further training and work on an e-course on environmental sustainability to be developed jointly with the World Bank. As reported to Council previously, the GEF is committed to continuing action toward these ends, to practice fully in our offices what we work for and support outside.

**(c) Office Equipment and IT System**

46. The cost of office equipment and IT systems is on budget for FY22 and expected at regular annual increase in FY23 based on expected annual charges from the World Bank. It covers costs of computers, telephones, printing and supplies, etc. provided on a charge-back basis by the World Bank, and IT systems including the GEF website and GEF Portal. The requested increase in FY23 is slightly above last year to cover the costs to update GEF Portal systems and entry fields to align to the GEF-8 replenishment directions, and related changes to support streamlining and efficiency in the project review process to be built into the system.

47. The Secretariat applies efficiency measures associated with the World Bank Expenditure Review to achieve savings, including use of pool printers and reductions in AV equipment in the main offices and for events held at World Bank HQ; use of ID-systems in printers to track and manage use for greater efficiency; and updated policies on phones and other devices to reduce numbers and costs.

**(d) Cross-support**

48. The cost of cross-support is projected to be close to on-budget in FY22 and is expected to increase at a nominal level in FY23. This consists of support from the World Bank on an as-needed basis for IT, legal services, and support by the Ethics Officer in the World Bank Office of

Ethics and Business Conduct<sup>32</sup> under the *GEF Policy on Ethics and Conflict of Interest for Council Members, Alternates and Advisors*.<sup>33</sup>

**(e) Council Sessions**

49. The FY22 budget assumed that both the December 2022 and June 2023 Sessions of Council would be held in-person and budgeted accordingly.

50. As it turns out, due to continuing conditions of the pandemic, the December 2022 Council session was again held virtually, and the only costs associated with it related to licensing of video-conferencing equipment and (virtual) language interpretation services, at \$45,000. This resulted in a significant savings compared to the projected cost of \$350,000. By comparison, the Council Session in June is planned to be held in-person. It is anticipated that the budgeting will thus be at the level initially envisioned, of \$350,000. This is shown in Table 2.

51. For FY23, it is assumed that Council sessions will be in-person or ‘hybrid’, rather than virtual. The hybrid modality creates its own opportunities for savings, which the Secretariat will seek to achieve building on experience with digital connections. The budget request is kept steady with past years, and the Secretariat will report to Council next year in the event additional savings are produced. This is reflected in the budget request shown in Table 2.

**FY23 Business Priorities and Deliverables – transitioning into GEF-8**

52. The core areas of Secretariat work responsibilities will continue into FY23, with additional new demands and priorities to reflect the ambitious GEF-8 programming and policy agenda as set out in the GEF-8 Replenishment package.

53. This section highlights in more detail the priority actions and deliverables for the Secretariat in FY23, the first year in implementing the GEF-8 programming and policy agenda, within the framework of the core areas of work responsibility of the Secretariat overall.

**(1) Supporting GEF Assembly and GEF Council**

54. In line with the Replenishment, for FY23 this will include the following priority actions and deliverables.

55. *GEF-8 Programming and Work Program Delivery.* FY23 marks the launch of the ambitious GEF-8 programming architecture, including new and higher commitments for Integrated Programs, Focal Areas, NGI, Innovation, and SGP 2.0. This will involve strategic and multi-level consultations, engagement and work with countries, partners and stakeholders to establish the new architecture and lay a strong foundation for its full delivery, as envisioned in

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<sup>32</sup> As per this Policy, implementation is supported by an Ethics Officer drawn from staff at the World Bank Office of Ethics and Business Conduct (EBC). This is reflected in the cross-support line item of the Secretariat budget.

<sup>33</sup> The Secretariat currently is engaged in a dialogue with counterparts at the World Bank to review these cost arrangements for support from the World Bank to determine if any adjustments are needed, and to what extent. This is a discussion that is looking ahead to the GEF-8 administrative budgeting period, beginning in FY24.

the Replenishment documents and the new Country Engagement Strategy (see also below). The Secretariat will present its Work Programs to Council within this new framework, with an aim for transformative results in full support of the ambitious new GEF-8 programming agenda.

56. GEF-8 Policy Recommendations. The Secretariat will work actively in FY23 to fulfill the GEF-8 Policy Recommendations from the Replenishment, including preparation of requested reports and information for Council on the topics of concentration, results and monitoring, inclusion agenda, sustainability of GEF investments, resource allocation (STAR), optimizing the use of resources and ensuring equitable access. These recommendations include a Timeline for Implementation, which sets out several key deliverables for the coming year, FY23.<sup>34</sup>

57. Policy implementation (ongoing). Consistently with the GEF-8 agenda, this will include support for full implementation and compliance with updated GEF Policies, including on Stakeholder Engagement, Gender Equality, Environmental and Social Safeguards, Fiduciary Standards, Monitoring, and STAR. It will also involve enhanced fiduciary and oversight functions, including expanded monitoring and reporting and greater focus on early action to identify and address issues and risks as they arise during project implementation, including at the key stage of Mid-Term Review.

58. Organizing sessions, meetings, and dialogue; support for other decisions and priorities. The Secretariat's work in FY23 also will include the needed actions to organize and convene the regular sessions of Council, the upcoming Seventh GEF Assembly, and the full range of meetings and dialogues for the work of the Partnership. The Secretariat will also implement and support other decisions and requests of Council as they arise in the coming year.

## **(2) Supporting the Conventions**

59. In line with the Replenishment, for FY23 this will include the following priority actions and deliverables.

60. Implementing COP guidance. This work includes implementing guidance and relevant decisions of the Conferences of the Parties (COPs), building on the ambitious GEF-8 agenda, reporting on actions in support of the guidance and decisions from the COPs, including to the Conventions directly and to GEF Council, and building visibility and understanding of the ambition and content of the GEF-8 agenda, for best consideration and use at the level of the Conventions in support of their mandates going forward. The Secretariat will also continue to organize the Relations with Conventions session at each Council, including preparation of a decision document that summarizes key developments under each Convention and responses to COP guidance and decisions, and an organization of a session with Executive Secretaries.

61. Technical support and cooperation. As in past years, it also includes the full range of technical support at meetings and working sessions convened under the auspices of the

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<sup>34</sup> This includes new reporting on expanded Rio Markers; trends in the use of STAR funds for different Focal Areas under updated rules on flexibility; private sector engagement and co-financing; multiple co-benefits; "gaps" to address in support of the expanded GEF inclusion agenda; and data and trends on Agency concentration.

Conventions. In FY23, this will include CBD COP 15, UNFCCC COP 27, subsidiary body meetings, as well as relevant committees and engagements.<sup>35</sup> More broadly, this work includes multiple actions in fulfillment of GEF's responsibility as a financial mechanism to the Conventions, continued actions under existing Memoranda of Understanding, Furthermore, the Secretariat will follow ongoing multilateral negotiations on topics of GEF relevance and provide information as requested. It also is reflected in the high priority work on Enabling Activities, to support full engagement of countries in the work and advancement of the Conventions and their goals and obligations.

62. Cooperation with other funding mechanisms. The work in FY23 will also include priority efforts to implement and progress on cooperation between the GEF and the GCF, as agreed in the Long-Term Vision on Complementarity, Coherence, and Collaboration between the GCF and GEF, including the development of major initiatives, joint investment plan roll-out, joint national/regional consultation organization, communication and outreach efforts including a joint GEF-GCF Pavilion at UNFCCC COPs, and an analysis of policies and processes with a view to facilitate collaboration.<sup>36</sup> Collaboration with other funds, in particular the Adaptation Fund, will be further explored.. The Replenishment and the urgency of the challenges that we face underscore the importance of these efforts, to achieve full complementarity of actions for highest results.

### **(3) Engagement with GEF Partner Agencies**

63. In line with the Replenishment, for FY23 this will include the following priority actions and deliverables.

64. Streamlining and operational efficiency. Of high priority will be enhanced action to identify opportunities to streamline operations at all levels, to simplify and speed up projects and their implementation, aligned with GEF policies and high quality, for highest results.

65. Cooperation and coordination for higher results. The engagement with Partner Agencies will also put priority on facilitating cooperation, coordination, communication, sharing of information and capacity-building where needed to support strong and efficient implementation of the GEF-8 programming and policy agenda and mandates.

66. This will include active dialogue at all levels on programming, policy and operations, and communications, through periodic meetings and video-calls, Retreats and Introductory Seminars for new Agency personnel to build understanding and familiarity with the work of the GEF and opportunities for higher impact, taking full advantage of digital connection technology

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<sup>35</sup> In FY22 the Secretariat participated in-person and/or remotely in a number of Convention-related meetings, including UNFCCC COP 26 (in person) and subsidiary body meetings (virtual), CCD COP 15 (in person), Minamata COP 4 (virtual segment and in-person segment), Stockholm COP 10 (virtual segment and in-person segment), CBD subsidiary body meetings (virtual segment and in-person segment) and open-ended working groups.

<sup>36</sup> GEF, 2021, Long-Term Vision on Complementarity, Coherence, and Collaboration between the Green Climate Fund and the Global Environment Facility, Council Document GEF/C.60/08.

according to situation. It will also include engagement of GEF Partner Agencies in country and stakeholder engagement activities (noted below). Operational platforms such as the GEF Portal will also be updated to integrate programming and policy elements of the GEF-8 agenda, as a practical means to further support implementation of the GEF-8 agenda.

#### **(4) Country Engagement and Support, Building Capacity**

67. In line with the Replenishment, for FY23 this will include the following priority actions and deliverables.

68. Enhanced and expanded action to engage civil society and key stakeholders. Per the Replenishment, this will include development and implementation of the new Country Engagement Strategy (CES). These will provide a core foundation to support the roll-out of the GEF-8 agenda, build greater capacity, and empower recipient country governments, OFPs and all stakeholders to engage in and support the mandate of the GEF. It will include enhanced dialogue and engagement with civil society, indigenous peoples, private sector and other partners and stakeholders at all levels.

69. Enhanced capacity building. As noted above, there will be a priority focus on enhanced capacity building as part of the work of the new CES. This will include expanded action to empower and support OFPs and recipient governments in the core work of the partnership, including on programming and use of available GEF funds, in choosing among partner agencies for their proposed projects, and on policy and project implementation. It will put a focus on expanding opportunities for South-South and country-based dialogue to share lessons, information and experience across countries, regions and stakeholders, and to multiply avenues for capacity support.

70. Support for a strong enabling environment and policy coherence. Consistent with country priorities and choice, there will also be a focus on capacity-building work to enhance institutional and policy-related enabling environments at the national level, and opportunities to achieve greater policy coherence, in support of higher results from GEF-funded investments.

71. As part of this work, and under the leadership of the GEF CEO, the Secretariat will explore a new initiative to foster opportunities for use of the tool of Payment for Environmental Services (PES), in support of the GEF-8 agenda and global environmental benefits.<sup>37</sup> With the right domestic enabling conditions tailored to the local context, this tool holds high potential to give market value to environmental services and create revenue streams to help countries become more self-sufficient in funding and meeting their environmental priorities. The Secretariat will support focused dialogue and south-south exchange of lessons, information and capacity-building to provide an opportunity to expand the use of this practical tool.

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<sup>37</sup> A reference example for this tool is in earlier years of GEF financing to Costa Rica, where support was provided to the government to expand the use of this tool as part of a blended finance project intervention (known as Eco-markets).

72. Support for civil society participation. This priority for FY23 of country engagement and support is also reflected in the proposed funding support for the GEF Civil Society Network for FY23 (see above), and continued support for civil society participation in meetings of GEF governing bodies and the Country Support Program, in accord with the Updated Vision for Engagement with Civil Society, GEF Policy, and the GEF-8 Replenishment.

73. Knowledge and Learning. The Secretariat will also work to develop and implement the anticipated new Strategy on Knowledge and Learning in support of the Partnership and higher results. This will be done in close consultation with partners and stakeholders, to build on and leverage the knowledge assets of the partnership in support of better and stronger projects and the overall GEF-8 ambition.

#### **(5) Outreach, Communication and Awareness-Building**

74. In line with the Replenishment, for FY23 this will include the following priority actions and deliverables.

75. Information and updates on Partnership work. These will be provided through the GEF website, digital media, publications, and other strategic communication activities involving the GEF's partners. Also, direct feeds of project portfolio information from the GEF Portal to the website, as well as through the platform of the new CES and CSP.

76. Building visibility of the GEF and ways to make a difference for the global environment. The Secretariat will further raise the visibility of the GEF, with an emphasis on building awareness of what the GEF is and does, and the environmental issues and challenges and the significant opportunities to address them through the work of the partnership. This focus builds on experience in GEF programming, and will provide an opportunity to place higher focus and ambition on the environmental agenda at national and regional levels, in support of national priorities and the global environment.

77. Supporting major events and initiatives, including the 7<sup>th</sup> GEF Assembly. The work on outreach and communication will also support visibility and action associated with major meetings, events, and reports in the upcoming year, including UNFCCC COP 27 and subsidiary body meetings, CBD COP 15, GEF program launches and activities, and priority partner communication campaigns in support of the GEF8 strategy.

#### **(6) Accountability, integrity, transparency and grievance response**

78. In line with the Replenishment, for FY23 this will include the following priority actions and deliverables.

79. Implementation of GEF Policies relating accountability and grievance response. This will include updated reporting (real-time and annually) on cases and new developments involving fiduciary and safeguard-related matters. It involves facilitation of actions across the Partnership to respond effectively and well to complaints and concerns from affected people

and local communities. It also includes sharing information with Agencies and reporting to Council on lessons for future work, to support better projects and implementation going forward and proactive response to prevent issues that arise from growing into larger problems for people and the environment.

80. Coordination with Agencies, Trustees and Stakeholders, Building Awareness. The includes building awareness of the importance of the core principles of GEF's work, and of avenues for affected people to voice concerns for accountability, transparency, and higher results

#### **(7) Data and systems development and management**

81. In line with the Replenishment, for FY23 this will include the following priority actions and deliverables.

82. Continued advanced development of GEF Portal and other IT-based platforms. This will include an update to align the Portal fields and templates to the GEF-8 programming and policy agenda, and generation of real-time reports, geo-location information and dashboard data on the portfolio, building on the advanced capabilities of the Portal. As noted above, it will also consider opportunities to leverage the functionality of the Portal to support the GEF-8 agenda for knowledge and learning, and to best utilize digital connection functionalities based on lessons learned during the past two years of the pandemic.

#### **Conclusion**

83. In sum, the Secretariat requests a 9.2% increase for the FY23 budget compared with the FY22 budget, which had been adjusted downward to reflect expectations relating to COVID-19. The principal reason for the increase is the need to begin to ramp-up capacity in the Secretariat to deliver the ambitious GEF-8 agenda, as explained in more detail above. It also reflects an assumption that the evolving situation of COVID-19 will allow for a return to travel and in-person meetings and other events with far less restrictions than in the past two years.

84. The request reflects the commitment to tight management and strong efficiency factors throughout the cost structure, including efficiency measures associated with the Capital Package negotiations of the World Bank.<sup>38</sup> The request is well within the GEF-7 budget envelope agreed at Replenishment, to enable delivery of core work and priorities for FY23 and GEF-8 as indicated in more detail the Business Plan set out above.

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<sup>38</sup> These include savings due continued application of efficiency measures for travel, procurement and consultants, administrative transactions and office equipment. These efficiency measures, while not precisely quantifiable, are embedded directly into all transactions and operations of the Secretariat.

## **STAP FY23 BUDGET REQUEST, ACTIVITIES, AND OUTPUTS**

85. In FY22, STAP has provided advice to the Council on the following topics:
- How to design circular economy projects
  - Enabling elements for good project design: a synthesis of STAP guidance for GEF projects
  - Understanding South-South cooperation for knowledge exchange
  - Refining the tracking of co-benefits in future GEF investment
  - Knowledge management and learning: a STAP brief
  - Framing policy coherence for the GEF
  - Achieving transformation through GEF investment: a STAP brief
  - GEF and the Blue Economy
  - Risk appetite
  - Improving GEF investment design by incorporating narratives of the future (scenario planning)
  - Natural Capital
  - A decision tree for adaptation rationale.

### **Future work:**

86. STAP will continue to screen all full-sized projects and present its quadrennial report to the GEF Assembly. STAP will also contribute to the development of the Integrated Programs and continue to engage with the GEF Council, IEO, Secretariat, and Agencies to provide high quality scientific and technical advice, which is relevant, timely, and meets the GEF's needs.

87. STAP's FY23 work program is being developed, and the STAP Chair will report on this to the Council.

**Table 3: FY23 STAP Budget Request (in US\$ million)**

STAP – Secretariat Expense Category	FY 22 Budget \$ millions	FY 22 Estimated expenditures* \$ millions	FY 23 Request \$ millions
Staff Costs	1.246	1.641	1.333
Salaries and Benefits, Travel			
Consultant Costs**, Fees, Travel	0.400	0.250	0.460
General Operating Costs	0.296	0.213	0.330
Office space, equipment, printing/design, communications, supplies, corporate services			
<b>SUB-TOTAL</b>	1.942	2.104	2.123
Panel Members Honoraria, STAP Panel Meetings	0.783	0.483	0.853
<b>SUB-TOTAL</b>	0.783	0.483	0.853
<b>TOTAL</b>	2.725	2.58792	2.976

\*Audited figures not yet available

\*\*Includes costs of work with Implementing Partners

### TRUSTEE FY23 BUDGET REQUEST, ACTIVITIES, AND OUTPUTS

88. 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.

89. 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 meeting, 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.

90. In June 2021, Council approved a core budget estimate of \$3.09 million for FY22 to cover Trustee's services and the cost of external audit of the GEF Trust Fund. Additionally, a Special Initiative of \$250,000 was approved to cover the cost of activities by the Trustee to support the GEF-8 replenishment. The Trustee estimates that expenses for its core services in FY22 will be \$3.3 million, reflecting an increase of \$192,000 compared to the approved budget. The budget increase arose from the increase of investment management fees, which is a variable cost that is calculated based on 4.5 basis points of the average annual balance of the Trust Fund.

#### *Trustee FY23 GEF Trust Fund Budget*

91. In addition to standard trustee services, the FY23 work program will include the following items:

- (a) Working through the internal World Bank offices to seek approval from the World Bank Executive Directors to facilitate activating the GEF-8 period;
- (b) Implementation of the GEF-8 replenishment resolution, including collaborating with donors to deposit of Instrument of Commitments, and facilitate full effectiveness of GEF-8 replenishment resolution;
- (a) Ensure compliance with the provision of GEF-8 replenishment resolution, and mobilize installment payments for GEF-8;
- (b) On-going negotiations to revise and update the financial procedures agreement (FPA) with the existing GEF Agencies;
- (c) Ensure compliance with approved Council decisions such as those contained in the Policy Measures to Enhance Operational Efficiency, Accountability and Transparency;
- (d) Ensure Agency's compliance under the FPA including periodic financial reports related to GEF-financed activities implemented by the Agencies;
- (e) Administrative support to the GEF Secretariat in implementing policies approved by the Council.

92. The Trustee's core budget estimate for FY23 amounts to \$3.29 million as shown in Table 4 below. This represents a slight increase of \$13,000 or 0.4% compared to the FY22 expected actual fees, largely due to the expected higher costs to cover the Trustee's services to support GEF-8 implementation during FY23, which is offset by expected lower investment management fees. Investment management fees are calculated based on 4.5 basis points (bps) of the average annual balance of the undisbursed cash in the trust fund. The actual investment management costs may vary depending on the actual average liquidity level during FY23.

**Table 4: Proposed Trustee Budget for GEF Trust Fund (FY23)  
(in USD)**

<b>Trustee Services</b>	<b>FY22 Approved</b>	<b>FY22 Expected Actual</b>	<b>FY23 Proposed Budget</b>
<b>Standard Services</b>			
Financial Management and Relationship Management	1,145,000	1,144,000	1,215,000
Investment Management /a	1,585,000	1,778,000	1,708,000
Accounting and Reporting	125,000	125,000	132,000
Legal Services	110,000	110,000	115,000
<b>Sub-total, Standard Services</b>	<b>2,965,000</b>	<b>3,157,000</b>	<b>3,170,000</b>
External Audit of Trust Fund	120,000	120,000	120,000
<b>Total Core Budget</b>	<b>3,085,000</b>	<b>3,277,000</b>	<b>3,290,000</b>
Special Initiatives - Replenishment	250,000	250,000	-
<b>Total Costs, including Special Initiatives</b>	<b>3,335,000</b>	<b>3,527,000</b>	<b>3,290,000</b>
<i>a/ Investment management cost is a variable cost that is calculated based on 4.5 basis points of the average annual balance of the Trust Fund.</i>			

**NAGOYA PROTOCOL IMPLEMENTATION FUND FY 23 BUDGET REQUEST, ACTIVITIES AND OUTPUTS**

93. The GEF Secretariat and the Trustee request a total of US\$13,500 from the NPIF to support their respective activities to administer the NPIF trust fund.

**Table 5: FY 23 Budget Request from the NPIF Trust Fund (in US\$)**

<b>GEF Entities and Budget Items</b>	<b>FY22 Approved Budget</b>	<b>FY22 Projected Actual</b>	<b>FY23 Budget Request</b>
Secretariat - NPIF Administrative Budget	13,500	0	13,500
Trustee NPIF Budget	5,000	4,900	4,900
<b>Total</b>	<b>18,800</b>	<b>4,900</b>	<b>18,400</b>

94. Since the inception of the NPIF in the summer of 2011, the GEF CEO has approved and the NPIF has funded a total of 13 projects, 10 country-based and 2 regional and one global. The total funding for these is US\$15.1 million (including Agency fee) and leveraging US\$32.4 million in co-financing.

95. These projects have benefited a total of 52 countries in support of Nagoya Protocol ratification and have included: 10 country-based projects (in Argentina, Bhutan, Cameroon, Colombia, Cook Islands, Costa Rica, Fiji, Gabon, Kenya and Panama); two regional projects (one in Central Africa, for the 10 member states of the Central African Forest Commission (COMIFAC) and another in the Pacific region for the 12 member countries of the Secretariat of the Pacific Regional Environment Programme (SPREP); and one global project (in 21 different countries).

### **Secretariat NPIF Activities in FY22**

96. The 46<sup>th</sup> GEF Council in May 2014 took note of the GEF Secretariat's good progress in managing the NPIF. The operation of the NPIF was extended to December 31, 2020 for operational reasons to allow continued project preparation and implementation of projects for which a Project Identification Form (PIF) had already been approved.

97. Because all NPIF funds have been allocated to projects, there have been no new approvals since June 30, 2014. This is also consistent with the GEF Council decision on the NPIF from May 2011, not to approve new PIFs after that date.

98. As of the present date, two projects, one in Argentina and one in Gabon, are in their final stages of implementation and scheduled for completion and closure by November 2022 and June 2023, respectively.

99. During FY22, the ongoing pandemic slowed down activities on the ground and hence engagement with the Secretariat, and all Secretariat travel was halted. This is shown in Table 6, below.

### **Secretariat NPIF Activities and Budget for FY 23**

100. As we move forward towards to increased normalization of operations in FY23, the GEF Secretariat will work with the GEF Agencies to carry out the work for the last projects funded by the NPIF not yet completed and closed, with adjustments required for the COVID-19 pandemic. These costs will be incurred either by offsetting existing staff costs or via consultants. The GEF will report on the final operational work and results to the GEF Council, to the CBD COP and to the COP-MOP serving as the Meeting of the Parties to the Nagoya Protocol on Access and Benefit Sharing. To cover this work, as reflected in Table 6, the GEF Secretariat requests an administrative budget of US\$13,500.

**Table 6: Secretariat FY 22 Budget Execution and FY23 Budget Request from NPIF (in US\$)**

GEF Entities and Budget Items	FY22 Approved Budget	FY22 Projected Actual	FY23 Budget Request
Staff Costs (Salaries & Benefits)	10,000	0	10,000
Travel	3,500	0	3,500
<b>Total</b>	<b>13,500</b>	<b>0</b>	<b>13,500</b>

**Trustee FY23 NPIF Budget**

101. As agreed with NPIF donors under the relevant Trust Fund 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.

102. The core elements of the Trustee’s work program in FY23 include: (i) financial and investment management of resources, (ii) commitments and fund transfers to the Agencies, (iii) infrastructure and systems support, (iv) accounting and reporting for the financial and operational activities of the NPIF, and (v) preparations to wind up of the NPIF Trust Fund to include following up on disposition of any remaining funds, receipts, assets or liabilities of the trust fund. Table 7 below shows the breakdown of the Trustee fee by services provided to the NPIF.

**Table 7: NPIF: Budgetary Requirements for Services Provided by the Trustee (in USD)**

Trustee Services	FY22 Approved	FY22 Expected Actual	FY 23 Proposed Budget
Financial Management and Relationship Management	2,000	2,000	2,000
Investment Management a/	400	300	300
Accounting and Reporting	1,500	1,500	1,500
Legal Services	-	-	-
Non-Core Central Unit Costs	1,100	1,100	1,100
<b>Total Costs</b>	<b>5,000</b>	<b>4,900</b>	<b>4,900</b>
a/ Investment management cost is a variable cost that is calculated based on 4.5 basis points of the average annual balance of the Trust Fund.			

103. The FY22 fees for Trustee services are expected to be \$4,900 compared to the approved budget of \$5,000.

104. To cover its expenses for FY23, the Trustee requests a budget of \$4,900 which is consistent with the FY22 estimated actual cost. Fees for financial management, investment management, accounting and reporting, and legal services are expected to remain at the same level. Actual investment management fees may vary depending on the actual average liquidity level during FY23.

#### **CBIT TRUST FUND FY23 BUDGET REQUEST, ACTIVITIES AND OUTPUTS**

105. The GEF Secretariat requests \$0.412 million from the CBIT Trust Fund to support its activities to administer the portfolio of CBIT projects supported by the CBIT Trust Fund.<sup>39</sup> The Trustee requests \$0.029 million for its work. The total FY23 budget request from the CBIT Trust Fund is \$0.441 million. These figures are presented in the table below.

106. To enable continuation of implementation of the existing stock of 44 CBIT projects, activities and programs already approved prior to October 31, 2018 by the CBIT Trust Fund,<sup>40</sup> commitments and cash transfers are made until five years after the respective approval date, which is October 31, 2023. Resources have been set aside to cover CBIT Trust Fund administrative costs until the date of the trust fund termination, which will be 18 months after the final Trustee commitment and cash transfer date (currently April 30, 2025). The proposed budget draws from the set aside resources of the CBIT Trust Fund.

**Table 8: FY23 Budget Request from CBIT Trust Fund (US\$)**

<b>GEF Entities and Budget Items</b>	<b>FY22 Approved Budget</b>	<b>FY22 Projected Actual</b>	<b>FY23 Budget Request and Difference</b>	
Secretariat CBIT Administrative Budget	392,000	175,900	412,000	5.1%
Trustee CBIT Administrative Budget	29,000	29,500	29,000	0.0%
<b>Total</b>	<b>421,000</b>	<b>205,400</b>	<b>441,000</b>	<b>4.8%</b>

<sup>39</sup> The Replenishment negotiation decided that the cost to administer this existing stock of CBIT projects would be drawn from the CBIT Trust Fund. See GEF Resource and Allocation Targets, Fourth Meeting of GEF-7 Replenishment, Stockholm, April 25, 2018, Note 11.

<sup>40</sup> The Council, at its 54<sup>th</sup> meeting in June 2018, decided to extend the deadline to receive CBIT Trust Fund contributions and project approval until October 31, 2018, in order to accommodate additional voluntary contributions

## Secretariat CBIT Activities in FY22

107. During this reporting period, the GEF Secretariat continued to carry out tasks associated with the CBIT, such as reviews of CEO approvals of project concepts, monitoring and management of the project portfolio, consultations with countries and Agencies, reporting to UNFCCC, and participation in UNFCCC-related engagements. Twenty-nine projects out of the 44 approved under the CBIT Trust Fund are in the implementation phase, including one project undergoing the CEO approval process as of May 2022. Others have been completed. The Progress Report on the CBIT continued to be presented to every Council, as an information document.<sup>41, 42</sup>

108. A new video that provides an overview of the CBIT was produced in time for the 26<sup>th</sup> Conference of the Parties (COP 26) to the United Nations Framework Convention on Climate Change (UNFCCC), and was used as an information tool at COP side events.<sup>43</sup> The CBIT web page was regularly updated, including relevant links to approved project documents.<sup>44</sup>

109. In spite of the pandemic-related challenges since March 2020, the GEF continued to facilitate coordination with other initiatives supporting transparency, including the Initiative for Climate Action Transparency (ICAT), the Coalition on Paris Agreement Capacity Building, the Partnership on Transparency in the Paris Agreement (PATPA), the NDC Partnership, and others.

110. The GEF CEO and Secretariat personnel engaged in various outreach and knowledge exchange opportunities, including the following:

- (a) High-level panel discussion organized by the GEF Secretariat at COP 26 on November 6, 2021 on “Enhancing Climate Ambition through Increased Transparency: Perspectives on the Progress and role of CBIT”;
- (b) Side event organized by UNFCCC at COP 26 on November 6, 2021 on “Support opportunities available to developing country Parties for implementing MRV and ETF”;
- (c) GEF Secretariat collaboration with #Data4BetterClimateAction campaign at COP 26 event on November 9, 2021 on “The value of transparency to advance national priorities while fulfilling climate reporting”;

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<sup>41</sup> GEF, 2021, [Progress Report on the Capacity-building Initiative for Transparency](#), Council Document GEF/C.61/Inf.15.

<sup>42</sup> GEF, 2022, [Progress Report on the Capacity-building Initiative for Transparency](#), Council Document GEF/C.62/Inf.05.

<sup>43</sup> The CBIT video can be accessed from the GEF website from [this link](#).

<sup>44</sup> The CBIT website can be accessed from [this link](#).

- (d) GEF Secretariat participation in a transparency event at COP 26 on November 10, 2022 on “From the BUR to the Preparation of a First BTR: Challenges and Opportunities for Francophone Countries in Africa” organized by the French cluster of PATPA;
- (e) GEF Secretariat participation on March 15, 2022 at a virtual discussion on the Paris Committee on Capacity Building organized by the UNFCCC; and
- (f) GEF Secretariat participation at a webinar on March 23, 2022 on “Learning from experiences to increase forest data transparency for climate action” organized by FAO.

111. Opportunities for consultations among partners play an increasingly important role as implementation experiences and lessons learned become available. The GEF is committed to discussing ongoing and planned activities and sharing experiences with partners through available means, particularly to enhance coordination of activities at the country and regional level.

112. The pandemic forced some activities to be put on hold during FY21 and FY22. In particular, the Fourth Global CBIT Coordination Meeting and Technical Workshop, planned for April 2020 hosted by the Government of Japan, was postponed. Discussions have recently resumed on the organization of this meeting with the government counterparts.

113. The Secretariat’s FY22 expenses under the CBIT Trust Fund are projected at \$175,900, as shown in the table above. The underrun of the approved FY22 budget is primarily due to the postponement of in-person meetings and consultations and the resultant reduction in cost of associated travel and outreach material production due to the pandemic. Accordingly, the need for related contractual services for such activities diminished significantly. Also, relevant staff that worked on the CBIT portfolio left the Secretariat, and subsequent recruitment and onboarding took time, resulting in lower staff time charges to the Trust Fund.

### **Secretariat CBIT Activities and Budget for FY23**

114. Strengthened and continued engagement of CBIT is expected in FY23. CBIT activities continue to attract significant attention within the UNFCCC process, with a sense of urgency emerging among countries as the 2024 deadline for the submission of the very first biennial transparency reports (BTRs) nears. It is anticipated that there will be a growing demand for CBIT to provide support to developing countries to help strengthen the institutional and technical capacities to meet the Enhanced Transparency Framework (ETF) requirements.

115. While new projects will continue to be supported by the GEF Trust Fund since GEF-7, there is a growing demand and need to facilitate sharing of experiences, tools and metrics, and articulation of systems needs, which need to be informed by more advanced projects supported by the CBIT Trust Fund.

116. In light of the above and to accommodate the resumption of activities that were put on hold due to the pandemic, the GEF Secretariat expects higher needs and demands for CBIT-related activities and GEF engagement to undertake in FY23 compared to FY22.

117. Specifically, the Secretariat will continue to support the implementation of the existing portfolio of CBIT projects, with adjustments to take into account the impacts of the pandemic. The entire portfolio of CBIT projects supported by the CBIT Trust Fund has reached the implementation phase except for one case, and more projects are slated to reach project completion in FY23. The Secretariat will undertake monitoring and review functions of these projects under implementation in collaboration with the GEF Agencies. The Secretariat will also continue to work with the concerned Agency and country to finalize the CEO endorsement of the project undergoing CEO endorsement, so that it can enter implementation.

118. Regular reporting on the CBIT progress and results to the GEF Council, UNFCCC bodies, coordination with partners will continue, with additional focus on implementation progress and lessons learned, sharing of experiences, and articulating CBIT contributions to support countries' reporting system for the enhanced transparency framework.

119. Regarding the reporting system at COP 26, CMA 3 provided guidance to the GEF,<sup>45</sup> including on providing additional information on establishing and enhancing a reporting system, and capacity building for reporting. While there is no agreed definition of what comprises a reporting system, it is generally understood to align with elements such as the institutional arrangements for national inventories; and institutional arrangements for tracking mitigation, adaptation, and support. Countries have utilized the CBIT to support these systemic elements in ongoing projects. In FY23, in preparation for COP 27, GEF Secretariat plans to engage with Agencies and others, to help gather information to respond to this CMA guidance.

120. As pandemic restrictions are lifted, the GEF Secretariat will explore options for convening the CBIT Global Coordination meeting, and associated consultations in FY23. Japan has indicated continued interest in hosting the Fourth Global Coordination Meeting in the near future, with details to be confirmed over the next few months. It is expected that this meeting will be held in FY23.

121. The GEF will continue to facilitate coordination with partners, respond to donor inquiries, and engage with the UNFCCC process and relevant meetings on transparency. A flagship product that highlights CBIT results, impact and lessons learned in its first five years of implementation may be developed, in preparation for the Fourth Global Coordination Meeting. Also, the GEF Secretariat will develop and disseminate targeted communication products on the CBIT and good practices, engage in webinars and events to share results and insights, and partner with major multilateral and bilateral transparency initiatives.

122. To carry out these functions for the existing stock, the GEF Secretariat requests a FY23 budget of \$412,000 from the CBIT Trust Fund. The request is 5.1 percent than the FY22 request.

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<sup>45</sup> UNFCCC, 2021, [Guidance to the Global Environment Facility](#)

The increase is attributed to the IT system (Portal) updates of \$30,000 to be charged to the CBIT Trust Fund. The budget will cover staff and consultancy costs, and travel. As no staff is hired under the CBIT Trust Fund, staff cost enables existing GEF Secretariat staff to allocate part of their time to work on matters related to CBIT Trust Fund, supported by consultancy. A breakdown of these costs is shown in the table below.

**Table 9: Secretariat FY22 Budget Execution and FY23 Budget Request from the CBIT Trust Fund (US\$)**

<b>GEF Entities and Budget Items</b>	<b>FY22 Approved Budget</b>	<b>FY22 Projected Actual</b>	<b>FY23 Budget Request and Difference</b>	
Staff Costs (Salaries & Benefits)	190,000	98,175	180,000	-5.3%
Travel	22,000	-	22,000	0.0%
Consultant Costs	180,000	77,725	180,000	0.0%
IT systems (Portal)	-	-	30,000	new request
<b>Total</b>	<b>392,000</b>	<b>175,900</b>	<b>412,000</b>	<b>5.1%</b>

#### **FY23 Trustee CBIT Administrative Fees**

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

124. The core elements of the Trustee’s work program during FY22 and FY23 include: (i) management of donor contributions; (ii) financial and investment management of resources; (iii) commitments and fund transfers to the Agencies; (iv) infrastructure and systems support; and (v) accounting and reporting for the financial and operational activities of the CBIT. Table 10 below shows the breakdown of the Trustee fee by services provided to the CBIT.

**Table 10. CBIT: Budgetary Requirements for Services Provided by the Trustee  
(in USD)**

<b>Trustee Services</b>	<b>FY 22 Approved</b>	<b>FY 22 Expected Actual</b>	<b>FY 23 Proposed Budget</b>
Financial Management and Relationship Management	14,000	14,000	14,000
Investment Management a/	12,000	12,500	12,000
Accounting and Reporting	3,000	3,000	3,000
Legal Services	-	-	-
<b>Total Costs</b>	<b>29,000</b>	<b>29,500</b>	<b>29,000</b>
a/ Investment management cost is a variable cost that is calculated based on 4.5 basis points of the average annual balance of the Trust Fund.			

125. The fees for Trustee services for FY22 will be \$29,500, which is similar to FY22 approved budget.

126. To cover its expenses for FY23 related to the above work program, the Trustee requests a budget of \$29,000 which is consistent with FY22 approved budget. The actual investment management costs will vary depending on the actual average liquidity level during FY23.

## ANNEX I: GEF-7 ADMINISTRATIVE BUDGET SET DURING THE REPLENISHMENT

1. The GEF-7 administrative budget developed within the ambit of the Replenishment is shown below.

**Table 11: GEF-7 Corporate Administrative Budget (in US\$ millions)**

GEF Entities	GEF-7 FY20 - FY23
GEFSEC	103.500
IEO	24.500
Trustee	12.600
STAP	11.300
Total	151.900

2. The Replenishment documentation provides a breakdown of this US\$103.5 million for the Secretariat. It includes: US\$68.4 million for staff costs (including the costs of the World Bank recovery rate); US\$13.7 million for variable costs (travel, outreach, consultants, staff training and representation) US\$17.8 million for fixed costs (office lease, office equipment, WB cross-support and Council and Assembly), and US\$3.6 million for new GEF-7 priorities.<sup>46</sup>

3. As set out in the Replenishment documentation, the GEF-7 budget envelope is based on the following:

- *Staff*: zero growth in staff numbers except for a new position to enhance engagement with the private sector, as agreed during the Replenishment.
- *Variable costs*: a reduction across all variable costs in the base budget for GEF-7 compared to GEF-6.
- *Fixed costs*: contractually negotiated fixed costs for office space, IT equipment and support, and cross-support services (legal, budgeting, ethics) from the host institution, the World Bank.
- *CBIT*: As noted above, the costs to execute the GEF's mandate for CBIT projects in GEF-7 are integrated into the main GEF Trust Fund beginning in FY20. Per the Replenishment, there is also a budgeted amount to manage CBIT projects already approved in GEF-6 from the CBIT Trust Fund.

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<sup>46</sup> See GEF-7 Replenishment Document, GEF-7 Resource Allocation and Targets, GEF/R.7/22, April 2018 (at [www.thegef.org](http://www.thegef.org), Replenishment). This information is reproduced in the Budget document presented last year to GEF Council, noted above (see footnote 18).

## ANNEX II: SPECIAL INITIATIVES

1. The discussion below reports on activities conducted under Special Initiatives approved by Council. Table 12 provides a summary of the originally approved amount in the Special Initiative account, estimated FY22 expenses in the respective accounts, where incurred, and the available balance remaining under these initiatives through end-March 2022. The text which follows provides additional information on the establishment and purpose of each Special Initiative, and activities to be supported in FY23 under the respective initiatives.

**Table 12: Special Initiatives (in US\$ million)**

Special Initiative Name	Available at July 1, 2014 (Beginning of GEF-6)	Expenses FY14-FY21	Estimated FY22 Expenses	Estimated Available Balance for FY23
Performance Based Allocation System*	1.356	1.293	0.063	0.000
GEF Management Information System*	0.464	0.430	0.034	0.000
Results Based Management	0.408	0.395	0.000	0.000
Rio+20 Special Initiative	0.210	0.120	0.000	0.090
<b>Total</b>	<b>\$2.438</b>	<b>\$2.238</b>	<b>\$0.097</b>	<b>\$ 0.090</b>

\*Repurposed for IT upgrade in FY14

### ***Performance Based Allocation System***

2. Between FY04 and FY07, the GEF Council approved a total of \$1,356,000 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. As indicated to Council in its Business Plan and Budget document in May 2015 (GEF/C.48/05), the Secretariat draws on the available balance of this Special Initiative to support its overall IT upgrade, as described in the Business Plan, as part of further improvements to performance-based approaches to allocation of resources and programming.

3. In FY22, an amount of \$63,000 was used to support and finalize the development of the advanced dashboard and related features of the GEF Portal, to further enhance capabilities to track and monitor trends and results in real-time in the work of the partnership, building on the already advanced functionality of the Portal. The resources of this Special Initiative have now been fully utilized as shown in Table 11 above.

### ***Management Information System***

4. In November 2005, the Council approved \$700,000 to develop a management information system to enable the GEF and its partners to improve effectiveness across all areas of GEF business operations. As indicated to Council in its Business Plan and Budget document in May 2015 (GEF/C.48/05), the Secretariat draws on the available balance of this Special Initiative to help implement the actions mentioned in the main paper to upgrade the GEF's IT platform, together with resources from the previous initiative and the core budget. In FY22, an amount of \$34,000 was used to support additional functionalities of the GEF Portal, including its advanced system for generating reports. The resources of this Special Initiative have now been fully utilized.

### ***Results-based Management***

5. In June 2006 (FY2007 budget) and June 2009 (FY10 budget), the GEF Council approved two special initiatives to further strengthen the GEF's capacity for RBM and learning through specific activities and studies. As indicated to Council in its Business Plan and Budget document in May 2015 (GEF/C.48/05), the Secretariat has been drawing on this account to support further strengthening of RBM. This Special Initiative was closed in 2020 and the balance of \$13,233 was reflowed to the Trust Fund window.

### ***Rio+20 – Special Initiative***

6. 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, including related publications. Since June 2012, the Secretariat has used funding from this special initiative to support follow-on work from the Rio+20 Conference, including travel to meetings relating to the SDGs and post-2015 sustainable development agenda.

### **ANNEX III: TRUSTEE -- FY22 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 FY22 included: implementation of the GEF-7 Replenishment resolution, including working with donors to facilitate deposit of Instruments of Commitment, installments and encashments, addressing donor inquiries regarding GEF-7 cash outlays, credits and discounts; enhancements to the systems and internal controls related to the preparation of financial statements; work with the Secretariat on policy initiatives, implementation of several Council-approved policies in the context of streamlining procedures, coordination and preparation for the GEF-8 replenishment, and working closely with the Secretariat, including logistical arrangements and Co-Chairing of four replenishment meetings, preparation of papers, and consultations with donors..

#### **FY22 Projected vs. Estimated Actual**

3. The fees for FY22 for Trustee's core services is \$3.3 million, reflecting an increase of \$192,000 compared to the approved budget. The increase was only due to the higher investment management fees.

4. Liquidity levels are influenced by donor contributions and cash drawdown by Agencies. Investment management cost is a variable cost that is calculated based on 4.5 basis points of the average annual balance of the Trust Fund. The average liquidity balance during FY22 is higher by \$427 million than anticipated, resulting in increased investment management costs.

#### **FY21 Actual expenses**

5. The actual amount of Trustee expenses incurred for FY21 was \$3.31 million including the cost of audit and the cost for Trustee's activities in preparation of the first GEF-8 Replenishment meeting, which is consistent with the expected actual expenditure that was reported in the Council meeting in June 2021.