



GEF/C.64/03/Rev.02  
June 29, 2023

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64<sup>th</sup> GEF Council Meeting  
June 26-29, 2023  
Brasília, Brazil

Agenda Item 03

## **GEF BUSINESS PLAN AND CORPORATE BUDGET FOR FY24**

### **Recommended Council Decision**

The Council, having considered document GEF/C.64/03/Rev.02, GEF Business Plan and Corporate Budget for FY24, takes note of the business plan, and approves an FY24 corporate budget from the GEF Trust Fund of US\$37.201 million, comprised of:

- (a) US\$30.534 million for the GEF Secretariat, of which US\$2 million will be paid from GEF-7 administrative budget underruns
- (b) US\$3.135 million for STAP; and
- (c) US\$3.532 million for the Trustee

The Council also approves a total FY24 administrative budget for the Nagoya Protocol Implementation Fund (NPIF) of US\$22,400, comprised of the following allocations from the NPIF to cover the Secretariat's and Trustee's expenses for NPIF administration and implementation:

- (a) US\$17,500 for the GEF Secretariat; and
- (b) US\$4,900 for the Trustee

The Council also approves a total FY24 administrative budget for the Capacity Building Initiative for Transparency (CBIT) from the CBIT Trust Fund of US\$0.436 million, comprised of:

- (a) US\$0.412 million for the GEF Secretariat; and
- (b) US\$0.024 million for the Trustee

The Council calls upon the IBRD as administrative host of the GEF to work with the GEF Secretariat to speedily resolve the GEF office space lease, enabling the Secretariat and the IEO to remain in the current office premises to ensure that the GEF work and administrative budget is not further disrupted by temporary measures.

The Council decides that, in the context of the Secretariat's analysis, the level of 11% indirect charge as set out in this document is the upper limit for the GEF, provided that the World Bank provides a sufficient justification for this level, and otherwise may be adjusted to the level of 7%.

The Council requests the World Bank to provide a written report setting out the justification and basis for the proposed increase in indirect costs by no later than 30 September 2023, preferably earlier if possible, and attend a subsequent Council meeting to enable a discussion with Council on the matter.

The Council requests the Secretariat to report to Council on the status of the above-mentioned elements of this Decision on office space and indirect charge.

The Council requests the Secretariat, in consultation with STAP and the Trustee, to present a combined FY25 corporate budget and business plan for discussion at its June 2024 meeting.

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## GEF SECRETARIAT FY24 BUDGET REQUEST, ACTIVITIES, AND OUTPUTS

1. This section reports on the execution of the FY23 administrative budget approved by Council, as well as the four-year GEF-7 administrative budget overall (FY20-23). It then sets out the FY24 administrative budget request of the Secretariat.<sup>1</sup>

### Overview

2. **Projected Actuals for FY23 and GEF-7:** The Secretariat’s FY23 expenses are projected at US\$25.647 million,<sup>2</sup> or 95% of the approved FY23 budget of \$26.990 million. See Tables 1 and 2. The underrun (savings) is due principally to lingering restrictions on travel and in-person meetings due to COVID-19, and savings from staff turnover vacancies in the current fiscal year.

3. With the projected FY23 actuals now available, the Secretariat can report an updated accounting of administrative budgeting and expenses in GEF-7 (FY20-23). As shown in Table 1, the Secretariat stayed carefully within the four-year GEF-7 administrative budget envelope of \$103.5m agreed during the GEF-7 Replenishment negotiations, with projected savings (underruns) of close to \$10 million over the four-year period. These savings are due mainly to restrictions from the COVID-19 pandemic together with careful planning and efficiencies.

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

GEF-7 budget 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	22.555	25.647	1.700	93.814	9.686

4. **GEF-8 Delivery within the GEF-8 Administrative Budget Envelope:** The GEF-8 Replenishment included a significant increase in budgetary resources for the GEF Secretariat to enable delivery of the GEF-8 agenda, corresponding to the higher ambition and funding volumes agreed at the Replenishment.<sup>3</sup> The four-year GEF-8 budget envelope is US\$127 million, compared to US\$103.5 million in GEF-7 (noted above).<sup>4</sup>

<sup>1</sup> FY24 is the first year of the GEF-8 administrative budget cycle and second year of the GEF-8 operational cycle. The lag of one year assures that administrative funding needs can be met at the outset of the operational cycle.

<sup>2</sup> The projection of FY23 actual expenditures include data for actual spending through March 31, 2023, and a projected spending during the remaining weeks of the fiscal year, which ends on June 30, 2023.

<sup>3</sup> As noted to Council last year, this reflected two main factors: (i) the Replenishment provided for a significant increase in funding for projects/programs and set major new priorities and demands for delivery and associated supporting activities; and (ii) Secretariat staff have experienced essentially no growth over the past two replenishment cycles and are at or beyond the limits of capacity across all areas of the Secretariat. See Business Plan and Corporate Budget for FY23, GEF/C.62/Rev.01, June 01, 2022, paragraph 6.

<sup>4</sup> See Summary of the Negotiations of the 8<sup>th</sup> Replenishment of the GEF Trust Fund, GEF/C.62/03, p. 247. The GEF-8 amount is the same percentage level as GEF-7 relative to the total replenishment amount.

5. Within this budgetary framework, the Secretariat committed to Council last year that it would assess its specific needs for additional staffing and capacity to deliver GEF-8 beginning FY24, building on the experience and lessons learned in the work in FY23 to date, and present them to Council at this session.<sup>5</sup> This assessment is presented below.

6. As a complement to this assessment, the Secretariat has also just completed its internal review of the Secretariat’s organizational structure. As described further below, this is leading to a planned internal restructuring to better align the Secretariat to the work demands and priorities of GEF-8, and further enhance staff capacity for delivery via efficiencies and savings.<sup>6</sup>

7. These efforts are designed to fit within the larger framework of actions to **reform the GEF**, in support of efficient and effective delivery of GEF-8 and beyond (see Box 1 below).

### Box 1 – GEF Reform Initiative

The **GEF Reform** covers a range of activities, including the following:

- **Institutional re-organization** – restructure the Secretariat for optimum efficiency and delivery of GEF-8 and beyond
- **Institutional mandates** – prepare to establish and implement the Kunming-Montreal Global Biodiversity Framework Fund, the new Treaty (not yet in force) on Biodiversity Beyond National Jurisdiction (BBNJ), and whatever else may be on the international horizon in terms of global environmental financing
- **Institutional processes** - revisit and streamline policies and procedures for greater ease of access, while maintaining high quality projects, safeguards, and project implementation
- **Institutional decision-making** – more routinely prepare and use the extraordinary wealth of data, information, and lessons learned from GEF’s three decades of work, and associated analytics, in support of internal decision-making and external conversations
- **GEFSEC staffing-up process** – a direct function of the historic GEF-8 replenishment, expand staffing in critical areas to enable the Secretariat to deliver the ambitious GEF-8 agenda and live up to the needs of the expanding GEF family of funds
- **Engaging with civil society, indigenous peoples and local communities, women, youth, private sector, philanthropies, and other non-state actors** – strengthen engagement to a more inclusive partnership and *movement* for the global environment, and consider whether amendments to the GEF Instrument might be needed for GEF to expand and grow in these relationships

8. **New Global Treaty Mandates:** The FY24 budget request also reflects an assessment of needs to fulfill two major high-priority new mandates for the GEF that have arisen since conclusion of the GEF-8 Replenishment negotiations:

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<sup>5</sup> Id., note 3, paragraph 10. This follows initial steps to enable delivery in the current transition year of FY23 (within the GEF-7 administrative budgetary envelope) through additional consultants in priority work areas (paragraph 9).

<sup>6</sup> The reorganization will produce several efficiencies, including through a “one-GEF” structure to avoid duplication in internal work processes and promote more efficient cooperation (integration). See paragraphs 42-43, below.

- *The Kunming-Montreal Global Biodiversity Framework Fund*: As described in separate documents presented to Council, in December 2022 the Conference of the Parties (COP) of the Convention on Biodiversity requested GEF to establish and operationalize the new Kunming-Montreal Global Biodiversity Framework (GBF) Fund with “urgency” commensurate with the ambition of the work. The Secretariat is working intensively to support delivery of this high priority new mandate, for consideration by GEF Council.
  - *From a budgeting perspective*, while this is a significant new work demand this year, the establishment of the Fund will also benefit from strong efficiencies in building on existing GEF governance and systems as set out in the mandate of the COP. Once established, subject to Council approval, the budget for its operational work needs would be financed from the new Fund itself, rather than the GEF Trust Fund.<sup>7</sup>
  
- *The Treaty on Biodiversity Beyond National Jurisdiction (BBNJ)*: In March 2023, an agreement was reached on draft text for a new Treaty on BBNJ, which includes the GEF as part of its financial mechanism. This would be the first expansion in GEF’s Convention responsibilities since 2013 with the Minamata Convention on Mercury. There is now a period for deposit of instruments of ratification to a level for the new Convention to enter into force. The Secretariat engaged in the process and is initiating work to identify priority needs and actions to deliver this additional high priority new mandate.
  - *From a budgeting perspective*, this is a major new work demand, which will also benefit from strong efficiencies of building on existing GEF governance and systems, including the existing GEF Focal Area on International Waters.<sup>8</sup>

9. As described further below, and consistent with the expanded GEF-8 administrative budget envelope, the FY24 budget request includes an increased budget for staff salaries (see Table 2 and below) to enable the Secretariat to have the capacity to deliver the ambitious GEF-8 agenda, immediate-term actions to establish the new Kunming-Montreal GBF Fund, and initial pre-ratification support for action on BBNJ.<sup>9</sup>

10. Related to the above, the FY24 budget request reflects a *decrease* in *consultant* support compared to FY23.<sup>10</sup> As staff capacity is enhanced under the FY24 request, if approved by Council, the need for consultant support is correspondingly reduced (see also below).

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<sup>7</sup> This follows the long-standing budgeting approach for other Trust Funds within the GEF family of funds, including the LDCF/SCCF, CBIT and NPIF.

<sup>8</sup> GEF staff are also engaged in ongoing international negotiations for a new Legally Binding Agreement on Plastic Pollution, for which GEF is being considered as a financial mechanism.

<sup>9</sup>The request also reflects the regular annual Salary Rate Increase (SRI) decided by the World Bank (see below).

<sup>10</sup> In line with the budget approved by Council last year, the Secretariat retained extra consultant support in the “transition year” of FY23 to support a fast launch of GEF-8, pending decisions on additional staff beginning FY24.

11. **Variable Costs:** With respect to other variable costs and requirements shown in the FY24 budget request, the Secretariat projects that it will be able to manage the higher demands efficiently with no increase in variable costs overall compared to the approved FY23 budget, and a decrease in costs for consultants (as noted above). In sum:

- *On travel*, the Secretariat budget proposal continues to balance the higher demands of the GEF-8 agenda with new opportunities for savings by using digital connections, building on experiences and practices in current FY23. The travel budget reflects higher needs in supporting the Conventions and working with countries and partners to deliver the GEF-8 programming agenda.
- *On consultants (STC and ETC)*, as noted above, the projected need and associated costs for consultants will decrease in FY24 compared to FY23, as staff capacity is enhanced.
- *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 to balance against the higher demands for outreach and communication in GEF-8, producing savings wherever possible
- *On civil society engagement*, the FY24 budget includes for a second year the 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.

12. **Fixed Costs:** With respect to fixed costs, there have been two unexpected developments relevant to the budget lines on office space and cross-support from the World Bank that are not yet resolved.<sup>11</sup> These are summarized below, with further details in Annex I.

**(a) Office Space**

13. As reported to Council in June 2022, the GEF and the World Bank were cooperating well last year to renew the lease of GEF's existing office space of many years.<sup>12</sup>

14. At the end of the year, however, the World Bank unexpectedly reversed course and decided not to sign the lease renewal.<sup>13</sup> This action was directly at odds with the decision of GEF

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<sup>11</sup> These same issues also apply to the GEF Independent Evaluation Office and the Adaptation Fund Secretariat.

<sup>12</sup> See GEF Business Plan and Corporate Budget for FY23 (paragraphs 42 -43) and further description in Annex I. As host institution, the World Bank has always signed the lease on GEF's behalf.

<sup>13</sup> They informed GEF Secretariat, IEO and AF Secretariat that they would need to leave their existing offices and move instead into an office building owned by the World Bank. As explained in Annex I, however, the GEF made a deliberate decision to move away from a WB-owned building in 2012 for reasons of independence and core business need. Since then, the WB has consistently respected GEF's decision on office space and signed the lease arrangements based on the decisions of GEF.

Council in June 2022 confirming the plan to renew GEF’s existing office space,<sup>14</sup> the GEF business needs reflected in that decision, and long-standing cooperation and practice. It happened after months of cooperation to finalize the lease on highly favorable cost terms (see Annex I).

15. Following some difficult discussions in December, the GEF CEO reported the situation to the GEF SRC. As explained in Annex I, the World Bank subsequently agreed to sign only a one-year lease extension. This short-term lease did not include several favorable cost terms of the longer-term lease. See Annex I

16. There is an available resolution: the World Bank signs the longer-term lease (already negotiated and reviewed), as in the past, or it can confirm that the GEF CEO may do so under the existing authority of WB Policy on Signature Authority. This will align to the previous decision of GEF Council, GEF business needs, and return to the favorable cost terms negotiated last year. It also disentangles the decision on office space (made under GEF governance, paid for by the GEF Trust Fund) from World Bank corporate decisions on real estate strategy.

17. As further background for Council consideration, Annex I includes information on the comparative cost picture of the longer-term lease renewal and WB-owned office space.<sup>15</sup> As indicated in the Annex, while the space per person in a WB-owned building might be less than our current space and so potentially cheaper from that perspective, the overall costs financially, in terms of productivity, and reputationally, could likely be much higher.

18. The budget presented in this document (Table 2 and related text, below) includes costing figures for office space based on the longer-term lease negotiated last year, for Council consideration. Due to the favorable cost arrangements in the longer-term lease, this results in significant projected savings compared to the approved FY23 budget under the previous lease (see Table 2). This arrangement, however, still needs to be agreed by the World Bank.

#### **(b) Cost of Administrative Support from the World Bank**

19. Per GEF governance, the fixed and variable administrative costs of the GEF Secretariat are paid for from the GEF Trust Fund, based on budgets approved annually by GEF Council. This covers most administrative items covered in the World Bank indirect charge rate for other World Bank units, but not applicable to GEF (see Annex I).<sup>16</sup>

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<sup>14</sup> See GEF Business Plan and Corporate Budget for FY23, paragraph 43 (further set out in Annex I).

<sup>15</sup> As further explained in the Annex, the World Bank has not provided to GEF detailed information on the WB-owned office space.

<sup>16</sup> These include development finance, external and corporate relations, strategy and performance, audits, and others, in addition to office space, IT equipment and systems tailored to GEF business needs, services of the Trustee, and an Agency fee of 9.5% of total project amounts (averaging nearly US\$8 million per year for the World Bank from 2014 – 2021) to cover its costs as a GEF Partner Implementing Agency. See Annex I for further details.



20. As reflected in these annual budgets, GEF also receives certain much appreciated administrative support from the World Bank. The GEF has a long-established approach to pay directly for this support, worked out cooperatively with the World Bank in line with GEF governance and business needs, in an amount of approximately \$1.3 million per year.<sup>17</sup> The World Bank budget unit, however, is now proposing that GEF pay an amount of \$7 million per year,<sup>18</sup> based on an indirect charge rate of 18% of total administrative costs (direct and indirect) or 22.6% of direct costs.

21. The analysis of the GEF Secretariat, IEO and AF Secretariat presented to the World Bank indicates that this proposal is based on an inappropriate methodology that does not fit GEF governance and business needs and would result in a significant overcharge to the GEF Trust Fund – for some services multiples higher based on data and experience (see Annex I).<sup>19</sup> The impact on GEF work and funding would be very large, undercutting the needed capacity to deliver the ambitious GEF-8 agenda and even country allocations in GEF-8.

22. This past January, in search of common ground, the Secretariat informed the World Bank budget unit that subject to Council approval it could consider a rate of close to 11%. The Secretariat noted its view, based on its analysis, that the World Bank proposal would not be convincing to Council, and 11% was the maximum it could justify for Council consideration. The Secretariat also proposed the idea of a review in three years' time, with the benefit of additional data and in advance of the next GEF replenishment, to determine whether any further adjustment (up or down) would be warranted.

23. The budget presented in this document (Table 2 and related text, above) is based on a figure of 11% of total costs (other than the indirect charge), for Council consideration. As indicated below, this would amount to an increase of approximately 300% percent compared to FY23.<sup>20</sup>

24. The budget further includes a recommendation to cover these additional costs, which were not anticipated at the time the GEF-8 budget envelope was negotiated, from underruns

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<sup>17</sup> The amount varies per year as it is on a payment-for-service basis. It has increased in the past two years, for example, with higher costs of the Basic IT package (see below). The amount is allocated between GEF Secretariat, GEF IEO, and the AF Secretariat on a 70-20-10 ratio, reflecting relative size and uses of the three offices. The payments are made by direct payment and chargebacks for support in specific areas, including budget, legal, and IT (Basic-Optional Package), paid from the GEF family of Trust Funds. For the Secretariat, it is reflected in the cost lines on cross support and IT systems. See also discussion below and Annex I.

<sup>18</sup> This amount is calculated in FY21 values and would be higher today. It applies to the GEF Secretariat, GEF Independent Evaluation Office, and the Adaptation Fund Secretariat (treated collectively by the WB).

<sup>19</sup> The Secretariat's analysis indicated that a 7% charge would be appropriate, based on these and other considerations and information, in line with GEF's unique governance, situation and business needs. See Annex I.

<sup>20</sup> See Table 2 and related text. In comparison, a rate of 7%, in line with GEF's analysis, would amount to an increase of 188% (see below).

(savings) in the GEF-7 administrative budget (see Table 1 above).<sup>21</sup> It is also recommended to review this indirect charge in three years, with the benefit of additional experience and in advance of the GEF-9 Replenishment, to determine whether any adjustment (up or down) is warranted.

25. The Secretariat and IEO have done their best to work this out cooperatively with the World Bank with the goal of a fair and fitting arrangement on all sides, and present it for review and decision of Council.

26. ***Staying within GEF-8 Administrative Budget Envelope:*** As indicated above, the FY24 budget request will provide sufficient resources to enable the Secretariat to deliver the high ambition of GEF-8, establish and operationalize the new Kunming-Montreal GBF Fund, support initial pre-ratification steps of countries relating to the BBNJ, and continue to support and deliver on projects and programs already under implementation from GEF-7 and before.

27. As has been done in the past, the request is designed to keep the Secretariat within its four-year GEF-8 administrative budget envelope (FY24-27) of \$127 m. To cover the increased cost of WB services noted above, which were not anticipated at the time of the Replenishment, it is proposed to apply the projected underruns (savings) in the GEF-7 administrative budget. In this way, the higher costs for these services provided by the World Bank will not cut into the agreed GEF-8 programming and the needed administrative budget envelope and resources to deliver GEF-8.

28. The FY24 request is shown in Table 2 below, with additional explanation in the sections that follow.

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<sup>21</sup> They could also be covered, optionally, by savings from projects recently returned to the GEF TF following the Secretariat's recent comprehensive portfolio review identifying completed projects with overdue financial closure by the implementing agency. This led to the result of reaching financial closure in fiscal 2023 for 31 World Bank projects, returning a value of \$79 million of unutilized project financing to the GEF-managed funds. This review addressed GEF-8's commitment to further engage with partner agencies bilaterally on portfolio challenges.

**Table 2 – GEF Secretariat FY23 Budget Execution and FY24 Budget Request from GEF Trust Fund**

	FY23	FY23	FY24	FY24 changes to	
	Approved	Projected	Budget	FY23 Budget	
	Budget	Actuals	Request		
	\$ Mil		\$ Mil	\$ Mil	%
<b>Staff Costs</b>	18.426	17.527	20.092	1.666	9%
<b>Variable Costs</b>	<b>4.916</b>	<b>4.328</b>	<b>4.913</b>	<b>-0.003</b>	<b>0%</b>
- Of which Travel	1.705	1.442	1.858	0.153	9%
- Of which Outreach	0.900	1.015	1.000	0.100	11%
- Of which Short term consultants	1.207	1.309	1.180	-0.027	-2%
- Of which Extended term consultants	0.929	0.474	0.730	-0.199	-21%
- Of which Staff Training and Representation	0.125	0.068	0.095	-0.030	-24%
- Of which Support for Civil Society	0.050	0.020	0.050	0.000	0%
<b>Fixed Costs</b>	<b>3.648</b>	<b>3.792</b>	<b>2.503</b>		
- Of which Office lease*	1.422	1.755	1.203	-0.219	-15%
- Of which Office equipment and IT systems	0.956	0.963	0.775	-0.181	-19%
- Of which WB cross support**	0.570	0.574	n/a		
- Of which Council	0.700	0.500	0.525	-0.175	-25%
<b>Total (without indirect charge)</b>	<b>26.990</b>	<b>25.647</b>	<b>27.508</b>		
<b>WB Admin Support (11% indirect charge)**</b>			<b>3.026</b>		see notes
<b>Total</b>	<b>26.990</b>		<b>30.534</b>	<b>3.544</b>	<b>13%</b>
<b>Total (net) after Savings***</b>			<b>28.534</b>	<b>1.544</b>	<b>6%</b>

\* The reduction of 15% in FY24 assumes agreement to longer-term lease.

\*\* The WB cross support line and some costs under Office Equipment and IT systems (Basic IT package - see text) are replaced by the new 11% indirect charge.

**The charge of 11% of the total costs (\$27.508 m) equals \$3.026 m, an approximately 300% increase in FY24 for WB admin support (see text).**

A rate of 7% would be \$1.926 m, an increase of 188%.

\*\*\* Savings from underruns in GEF-7 administrative budget (see text)

## (1) Staffing

29. In line with the expanded GEF-8 corporate budget envelope and workload, the Secretariat’s assessment indicates the need to bring on additional staff in a staggered manner over the next two years in a range of junior, middle, and senior staff. These positions will be aligned to the business needs articulated during the GEF-8 replenishment and also in light of the GEF’s increasing mandate. As elaborated further below, they are expected to be in the five focal areas, the Small Grants Program (SGP), blended finance, integration, portfolio management, engagement with non-state actors, Conventions, LDCF/SCCF, policies, communications, data and

analytics, and logistics, alongside any other expansions that may be determined to be necessary.  
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30. The current restructuring exercise will identify the new positions that are needed. The restructuring exercise will also identify where existing staff may be re-aligned to new activities, versus new hires. The Secretariat also has several unfilled positions at the moment that will be repurposed to the new operational structure and filled accordingly.

**(a) Priority areas of need**

31. In line with the GEF-8 agenda and corporate budget envelope, and building on the experience in FY23, the Secretariat has identified the following priority business needs and expanded work demands for which additional staff capacity is required.

32. ***The simple financial envelope of GEF-8 represents a 30% increase in resources:*** This translates into an almost 30% increase in number of projects coming to the Secretariat for review and processing. The work includes multiple actions and demands to engage with countries and agencies, review project proposals for consistency with GEF programming strategy and related policies, and to bring strong work programs to GEF Council for consideration and approval. The higher volume is well beyond what can be handled by existing staff levels to do the needed work.

33. ***The ambitious GEF-8 strategy of integrated programs.*** The Replenishment agreed to a greater focus on integration to drive system-level change, including 11 Integrated Programs (IPs) that cover the major critical environmental challenges facing the planet and humanity. The experience in FY23 underlines the much higher workload for the Secretariat to engage upstream with agencies, countries, and partners to design, review and present to Council for approval the PFDs and eventual child projects for the IPs, and to move forward as swiftly as possible toward eventual implementation. This is a very large task for which significant additional staff capacity is needed, including technical expertise in key areas to strengthen Secretariat role in responding to demands from countries, agencies, and technical partners.

34. ***Other high-ambition GEF-8 programming priorities:*** The GEF-8 agenda includes several other higher-ambition GEF-8 programming priorities, including GEF's Blended Finance program, private sector engagement strategy, SGP 2.0, LDCF/SCCF,<sup>23</sup> enhanced engagement with

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<sup>22</sup> This reflects the Secretariat's in-depth assessment of staffing needs, noted above, taking into account the benefit of experience gained in the transition year of FY23, to identify in more detail the priority needs and most efficient and effective way to meet them. The assessment included a detailed internal mapping and review of staff roles and a stock-taking on staff capacity vis-à-vis existing and projected workload. The Secretariat also commissioned an intensive review of the Secretariat's existing structure by expert consultants.

<sup>23</sup> For Climate Adaptation and LDCF/SCCF, the GEF-8 programming strategy requires to handle the doubling of GEF support to the LDCs, SIDS, and for innovation. The team needs to be reinforced to address the growing portfolio, the

indigenous peoples and local communities, women, youth and other stakeholders, and Convention-related priorities. The experience so far in FY23 confirms that each of these requires substantially increased capacity at the Secretariat:

- *The work on blended finance*, for example, requires additional expertise and capacity to support new financial arrangements and tools to shift the arc of financing and capital toward climate and nature-positive investments and solutions. These projects require extra involvement and specialized expertise in financial due diligence, and more interactions with the Trustee and Agencies on financial analysis and delivery. The work will be wide-ranging and intensive.
- *The work on private sector engagement* requires sustained additional action by the Secretariat to engage strategically with private sector actors and transform the work of the GEF to be nimbler and more supportive of such engagement, including in the IPs and associated multi-stakeholder platforms.
- *An ambitious framework of social inclusion*. During the GEF-8 Replenishment negotiations, the participants highlighted the importance of enhancing social inclusion through engagement of non-state actors and by strategically engaging new organizations and partners at the global and local levels to deliver on the GEF-8 Strategy. In this context, active and respectful engagement with indigenous peoples and local communities (IPLCs), women, youth and other stakeholders is core to GEF programming and policy and stronger results for the global environment. The Secretariat will need to build on existing capacity to foster and enhance this engagement in the context of expanded programming and a growing fund.

35. ***New and expanding Convention-related mandates:*** There are also immediate specific needs to enhance capacity to deliver the new mandates from the Conventions, as noted above. This work comes on top of the high-priority work to engage with and support the Conventions for which GEF already serves as a financial mechanism. These workstreams are politically sensitive and complex, with multiple needs and tasks.<sup>24</sup> This is another large and expanding area of work for which additional staff capacity is needed

36. ***Enhanced capacity building and engagement with countries and partners:*** As noted above, GEF-8 gives high priority to actions to support OFPs, countries and stakeholders, including youth, women, indigenous communities to engage more effectively with the GEF. The new GEF-8 Country Engagement Strategy (CES) has a much higher ambition for this work compared to the previous Country Support Program, as set out in the Council Decision in December 2022. This

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Dedicated Programs, and to further elevate GEF's visibility for this important subject of significant political attention. These inter-related staffing needs are addressed in the LDCF/SCCF Budget Request for FY24 submitted to the LDCF/SCCF Council.

<sup>24</sup> Staff with relevant experience and political acumen are needed, including in the relevant focal areas (IW/BD/CW) and with cross-cutting functions across MEAs.

creates greater demands on Secretariat staff to foster and support engagement, strengthen South-South exchange and sharing of knowledge and lessons learned, and build capacity for greater ownership and higher results. While many activities will be funded separately under the CES, their delivery requires additional staff capacity beyond current levels.

37. ***Enhanced portfolio management for results:*** As the portfolio of GEF-financed projects and programs grows both in size and complexity, the GEF is also raising the bar to put more focus on managing for environmental results. To this end, the Secretariat will review and utilize portfolio data and information, in partnership with agencies, not only for high accountability and compliance but also to take a more proactive role in portfolio management. This includes the following:

- ***Delivery Support and Portfolio Performance.*** The scale of GEF-8 requires a higher level of portfolio monitoring and tracking of performance to clearly inform Council on progress, opportunities, and challenges. It also requires more proactive and strategic engagement with Agencies, OFPs and stakeholders to identify challenges faced by projects on the ground and facilitate action for higher results, learning from the lessons of portfolio management overall, including at the key implementation stage of Mid-Term Review (MTR).
- ***Results, Monitoring & Evaluation and Accountability.*** The larger portfolio also requires stronger analytical capacity to help hold GEF partners accountable to GEF-8 programming goals and GEF policies, and a greater ability to structure routine work for adaptive management and project turnaround. As an example, a recent bilateral review of the portfolio of one of the GEF Partner Agencies identified some \$79 million in unused resources following project completion, to be returned to the GEF-managed Trust Funds – funds now available to the partnership. A heightened focus on results, M&E and risk management will also support the ability of the GEF to better demonstrate its impact.

38. ***Policy implementation and fiduciary areas:*** The GEF-8 agenda puts a priority focus on implementation of existing policies, including on Environmental and Social Safeguards, Fiduciary Standards, Gender Equality and Stakeholder Engagement.<sup>25</sup> The higher volume of projects and programs in GEF-8 translates directly into higher requirements for due diligence reviews at PIF and CEO endorsement, and a more strategic review of policy aspects during project implementation, as required by the updated GEF Policy on Monitoring.

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<sup>25</sup> The GEF-8 policy agenda encompasses adjustments to policy and guidelines to streamline operations, further the inclusion agenda, reflect needs in fragile and conflict-affected situations, and optimize both results and geographic and thematic coverage of agencies in the partnership. The updated GEF-8 templates in the GEF Portal simplify and facilitate entry of information by GEF agencies, while carrying forwards the critical need to address these core policy requirements during project design and preparation.

39. ***Inclusion agenda:*** There is also a priority need to achieve the GEF-8 inclusion agenda, and to implement decisions of Council for the new Kunming-Montreal GBFF and to support additional GEF reforms. The existing staff are not sufficient to meet these demands under the expanded volumes of work in GEF-8.

40. ***Outreach, Communication and GEF Visibility:*** The GEF-8 agenda, expanding Convention-related mandates and greater emphasis at working at the country level also highlights the need for stronger and more systematic action to enhance awareness and visibility of the GEF's work at the local, national, and global level. Effective communication on GEF priority areas and initiatives has an important role in both focusing attention on these issues and publicizing the GEF's impacts and results.

- While the GEF's visibility has grown in recent years, there is a need to further raise awareness about its role and reach. Ensuring that the full breadth and impact of GEF-funded activity is visible and understood is critically important to maintaining and accelerating international momentum in support of goals related to biodiversity loss, climate change, pollution, and strains on land and ocean health. It is equally important that all GEF-funded activities are understood as responses to multiple international agreements on resource mobilization in the context of the implementation of Multilateral Environmental Agreements (MEAs).
- This work will build on a recognition that effective communications is central to everything the GEF does, and the findings of a recent meeting convened by the GEF Secretariat communications team with the corresponding teams at all GEF Agencies, to map out the needed ways to meet these objectives. The budget request presented in this document includes an addition to existing staff levels to enable this priority work, including a greater focus on digital communications, media relations and country level communications

41. ***Projected needs:*** The assessment indicates the need for new staff positions at appropriate grade level aligned with priorities outlined above, to be added in the next two fiscal years, in line with the expanded GEF-8 corporate budget. This is reflected in the FY24 budget request on staff costs in Table 2 above.

#### **(b) Internal reorganization**

42. In complement to the above, the Secretariat has undertaken a careful review, with the support of expert consultants, of organizational structure and opportunities to enhance efficiencies. Based on this review, the Secretariat has begun steps to put in place a new organizational structure aligned to the GEF-8 agenda and for higher results.

43. This is the first reorganization of the Secretariat structure since the beginning of GEF-6 in 2015. The intent is to enhance efficiency and integration of core work responsibilities through more clear and integrated lines of reporting and responsibility, as part of GEF reform aligned to the high ambition of GEF-8.<sup>26</sup> The vision is to work as “one GEF” with ever-higher efficiency to enable stronger and more integrated focus on the technical and substantive elements and priorities of the work, complemented by well-focused systems for efficient management and administration, to best serve the enormous ambition of GEF-8 and beyond.

**(c) Regular SRI salary adjustment**

44. The increase in cost shown in the staff salaries line in Table 2 also reflects the regular annual Salary Rate Increase (SRI) approved by the Board of the World Bank for staff, expected to be 4.9%.<sup>27</sup>

**(2) Variable Costs**

45. In FY23, variable costs are projected to come in at US\$4.328 million, or 88% of the budgeted amount. The underrun results principally from higher than anticipated restrictions on travel and in-person meetings due to COVID-19, and timing to hire ETCs which was delayed in part due to intensely heavy workloads for staff.

46. For FY24, variable costs overall are expected to be US\$4.913 million, a steady-state (zero increase) compared to the FY23 budget. This balances out needs and efficiencies in the different cost lines, including through absolute reductions in the consultant lines, as set out further below.

**(a) Travel**

47. Travel costs for FY23 are predicted at around US\$1.442 million, or 84.6% of the FY23 budget. The underrun results mainly from lingering restrictions on travel and in-person meetings due to COVID-19.

48. Looking ahead to FY24, travel costs are projected at \$1.858 million. See Table 2. This is an increase of 9% compared to the FY23 budget. The request reflects the following main factors.

49. First, there will continue to be high travel requirements to support implementation of the expanded GEF-8 agenda. This will include strategic meetings with governments, agencies and other partners and stakeholders to advance the GEF-8 programming agenda, including the integrated programs, and to follow-through on the full set of actions needed to enhance capacity-

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<sup>26</sup> For example, the two separate teams working on review of project proposals will be integrated under a single strategic framework, together with the work on integrated programs, support for Conventions, partnerships, and policies. The reorganization will also foster higher coordination and efficiency in overall office management and administration, data and portfolio management, and integrated support of outreach and communication.

<sup>27</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.



building, knowledge sharing and fiduciary oversight in support of the GEF's work and higher results, as called for by the Replenishment.

50. There will also be specific additional travel requirements in support of the new mandates relating to the establishment of the Kunming-Montreal Global Biodiversity Fund, the new Treaty (not yet in force) on Biodiversity in Areas Beyond National Jurisdiction, and the ongoing negotiations for a new Legally Binding Agreement on Pollution from Plastics.

51. 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 secondments of staff made available to the Secretariat by donor countries.<sup>28</sup> As in the past, these costs are reflected in the travel as well as in the line on office costs, below.

52. As before, 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.

53. 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, and complementarities.

## **(b) Outreach**

54. Outreach costs in FY23 are expected at \$1.015 million, about 11% above the FY23 budget of \$0.900 million. This is due mainly to higher than projected demands and costs for outreach and communications support at Conferences of the Parties held in FY23, including the first-ever GEF pavilion organized for the high-visibility COP 15 in Montreal in December.

55. The budget for outreach activities is expected at \$1.0 million in FY24. This includes support for a communications and outreach pavilion at COPs in FY24, a communications campaign to support the GBF, continued expansion of GEF's digital work, roll-out of the new GEF logo, support for new (and additional) communication workshops at the country level,

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<sup>28</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.

enforcement of the updated communications and visibility policy, and implementing a communications partnership strategy in support of GEF-8 and beyond, as requested by the CEO.

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

56. As shown in Table 2, consultant costs in FY23 are projected to be US\$1.309 million for STCs and US\$0.474 million for ETCs. The combined total of these two is within the approved FY23 budget, with slightly higher than projected amounts for STCs and lower for ETCs.

57. The FY24, the budget for STCs is US\$1.180 million, a decrease of 2% compared to the FY23 STC budget of \$1.207m. See Table 2. Similarly, the FY24 budget for ETCs is US\$0.730, a decrease of 21% compared to the FY23 ETC budget of 0.929 million. As noted above, the FY24 consultant request is less than FY23 as staff capacity is enhanced going forward (if approved by Council).

58. As in past years, consultants are retained only where needed to supplement and support the expertise and capacity of the staff, to enable full delivery of the work program. All consultants are hired using World Bank policies and procedures, according to fees set annually by the World Bank. In FY24, the Secretariat also will resume consideration of hiring interns to support key tasks in the work and to build networks and opportunities for career development.

59. The requested consultant support in FY24 is needed in the following priority areas:

- Specific tasks in support of the continued roll-out and implementation of the ambitious GEF-8 programming agenda and its priorities. This includes support to:
  - Implement the Blended Finance Program, given its complexity and required expertise
  - More effectively integrate other key cross-cutting priorities into GEF programming, including actions for indigenous-led conservation, greater engagement of youth and local communities, support for traditional knowledge and expertise, and full integration of policy-based requirements on gender equality.
- Support for GEF engagements and strategic advice on ongoing multilateral negotiations and COPs
- Targeted support for GEF's enhanced oversight and reporting functions per GEF-8 policy recommendations, to help identify and address different types of risks during project implementation and to help speed up project implementation, and a further third-party review of compliance by UNDP with GEF fiduciary policies mandated by Council in FY24
- Support for strategic actions to enhance communication and outreach to stakeholders and the public, outreach at COPs, build up to the 7th GEF Assembly next summer, and to build greater visibility of the GEF and the GEF-8 agenda.

- Support for the new opportunities for policy coherence in support of higher and more enduring results for GEF investments.
- Support for the ongoing implementation of the GEF-8 inclusion agenda, including 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 to implement the GEF Knowledge Management and Learning Strategy, if approved by Council, including actions to leverage existing knowledge management systems already in use across the partnership.

**(d) Additional support for Civil Society Engagement**

60. As shown in Table 2, the projected costs in FY23 for additional support for civil society engagement are approximately US\$20,000. These funds were used to facilitate focused dialogue with civil society stakeholders to support the CSO Network, with the help of an expert consultant, for stronger engagement with the GEF partnership and a broader understanding of opportunities for such engagement.

61. This ongoing initiative will continue in the coming year to further enhance engagement with the CSO Network and civil society more broadly, including youth. The FY24 budget request includes continued funding for this initiative at the same level as FY23.

**(e) Staff Training and Representation**

64. These costs cover training for staff development and initiatives to promote efficiency and effectiveness in the workplace, as well as official representation.<sup>29</sup> They are projected to underrun in FY23 due to lingering effects of COVID-19 in 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 was again held virtually.

65. For FY23, these costs are requested at a slight reduction from the pre-pandemic FY21 budget based on opportunities for additional savings. The request also 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 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**

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<sup>29</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. Representation includes certain official functions and limited hospitality costs associated with official meetings and events, including events at COPs and agency and staff retreats.

66. In FY23, fixed costs are projected at US\$3.792 million, or 3.9% over budgeted amount. The overrun is due entirely the unexpected situation relating to office costs, leading to higher than anticipated costs under the current short-term lease as of February 1, 2023 (described above). These additional costs outweighed the savings on the cost of Council meetings. At the time of the FY23 budget approval, it was projected that both FY23 Council meetings would be held in-person in Washington, D.C. As it turned out, the December 2022 Council meeting was held virtually, due to lingering effects of the COVID-19 pandemic, leading to significant savings against budget, while this current session of Council is planned in-person in Brasilia.

68. For FY24, fixed costs in Table 2 are projected on a line-by-line to reflect the change in costing with the new indirect charge rate, if agreed by Council. The table shows that two items are projected at lower cost: office lease (under the assumption of return to the longer-term lease) and Council (thanks to holding one of the two sessions virtually). These savings are far outweighed, however, by the increase in costs with application of a new charge rate to cover costs for administrative support by the World Bank. As shown in Table 2 (and further explained below) this is projected to result in a cost of \$3.026 in FY24, an increase of approximately 300% compared to the cost in FY23. This is explained in more detail below.

**(a) Office Lease**

69. The FY23 actuals for office space costs are significantly higher than the FY23 approved budget. This is due to the unexpected reversal-of-course by the World Bank at the end of last year on the signing of the longer-term lease renewal. As described in Annex I below, this led to the need to negotiate a last-minute one-year lease extension, which came at a significantly higher cost compared to the longer-term lease that the teams had been working to finalize. This additional cost is reflected in the FY23 actuals.<sup>30</sup>

70. By comparison, the FY24 projected costs for office space are reduced by 15% compared to the approved FY23 budget. This is due to savings under the favorable cost terms of the longer-term lease negotiated last year, assuming it will be revived for FY24 subject to decision of Council and corresponding action by the World Bank. The FY24 budget request reflects the more favorable cost terms of this longer-term lease beginning no later than September 1, 2023, subject to the decision and guidance of Council

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

71. As in FY23, the FY24 request includes 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.

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<sup>30</sup> The question of whether it is appropriate to pay for these higher costs from the GEF Trust Fund or the World Bank budget is set aside and left for separate discussion as appropriate. For present purposes, the costs are reflected in this budget.

72. In the coming year, these funds would support continuing actions and measures to reduce the carbon footprint, explore opportunities to place solar panels on the rooftop (provisions for this were included in the longer-term lease negotiated last year), and 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) 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 Systems**

73. The FY23 projected costs for this item are projected to be on budget, in line with expectations and the approved budget for this fiscal year. As in the past, this the Basic IT package from the WB, computers, telephones, printing and supplies, etc. provided on a charge-back basis by the World Bank, and IT systems tailored to GEF needs including the GEF website and GEF Portal.

74. The request for FY24 adjusts these costs slightly downward to reflect that Basic IT Package costs will be covered by the new indirect charge, but GEF will continue to pay the World Bank separately for equipment (laptops, phones, printers, AV) and for IT work to support customized GEF IT systems (GEF Portal and GEF website).

75. In this latter regard, the FY24 request includes continued strategic investments in the GEF Portal to meet the ongoing and new needs and requirements of the partnership. In FY24, these include work to:

- Adapt its templates to the new GBF Fund, under a simplified approach
- Continue ongoing efforts to simplify its templates and fields, and its interface with its dashboard, advanced reports and new geo-location system, to promote easier self-service access to portfolio information through data visualization, in line with the GEF reform initiative
- Expand its advanced reporting and dashboard functionalities to other users, especially Agencies, OFPs and STAP, and for enhanced data analytics, including for example, on funding support for civil society partners
- Explore the application of tested AI and Machine Learning approaches to coding projects along specific themes, expanding analytics possibilities]

**(d) Cross-support (being replaced in FY24 by indirect charge)**

76. The FY23 projected costs for this item are projected to be on budget to the amount approved, in line with expectations and the approved budget for this fiscal year. As in past years, they included costs for WB legal services, budget support and certain other costs.

77. Beginning in FY24, as shown in Table 2, this budget line is being replaced with the new line on WB Administrative Support. It is thus shown as n/a (not applicable) in Table 2. The new budget line is explained in the section on WB Administrative Support, below.

**(e) Council Sessions**

78. The FY23 projected costs for this item are below budget by 28.6%. This is due to two factors that emerged during the year:

- Due to the continuing considerations of COVID-19, the December Council meeting was held virtually rather than in person, leading to a considerably lower cost compared to projection of last year (which assumed in-person in Washington, D.C.)
- The current June meeting is in Brasilia rather than Washington, D.C., leading to a slightly higher cost compared to projection of last year (which assumed in-person in Washington, D.C.).

79. The FY24 budget request is based on the proposed updated model of having one Council meeting each year virtually and the second in Washington D.C. or in a GEF recipient country (rather than two in-person meetings in Washington, D.C.). The budget reflects the relatively lower cost of holding one meeting virtually compared to the higher cost of convening in-person in a recipient country. The budget projection is based on data with this same model in the current fiscal year, FY23, with a slight increase to allow for some differences in the costs of the in-person session in light of country- location.

**(4) WB Administrative Support**

80. As explained above, the FY24 budget request includes a new cost line to pay for administrative support from the World Bank. This is calculated at an indirect charge of 11% on all direct costs, leading to a cost of \$3.026 million in FY24.

81. This is an increase of approximately 300% compared to costs for support from the World Bank paid in FY23 (and before). As reported in annual budget documents to Council, these costs were reflected in the separate lines of Cross-Support and (as a portion of the total costs) Office Equipment and IT Systems.<sup>31</sup>

82. As noted above, in addition to the new indirect charge rate, the Secretariat would also continue to pay the World Bank for the costs of IT equipment (laptops, printing, etc.) and for work to support and develop IT systems tailored to GEF business needs, including the GEF Portal and GEF website. See Table 2.

82. This major increase in costs has the effect of significantly increasing the costs of the overall budget request, beyond what was anticipated during the GEF-8 replenishment

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<sup>31</sup> These costs include \$0.255 million for legal and budget support and US\$0.770 million for the WB Basic Package of IT Support (FY24 cost), for a total of \$1.025 million

negotiations (as explained above and in Annex I). The FY24 budget request reflects this updated level of cost, for review and decision of Council.<sup>32</sup>

## **FY24 Business Priorities and Deliverables – delivering GEF-8**

83. The core areas of Secretariat work responsibilities will continue into FY24, 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 and new mandates from the Conventions (noted above).

### **(1) Strategic and Operational Objectives**

84. The Business Plan in FY24 and beyond is guided by the following core strategic and operational objectives:

- Strategic positioning of the GEF as the partner of choice
- Roll out and implementation of GEF-8
- Continued and Improved Implementation of the Active Portfolio, with a particular focus on GEF-7
- Enhanced Efficiency and Effectiveness through the Operational Management of the GEF
- Successful Organization of the Seventh GEF Assembly (Vancouver, Canada in August 2023)
- Successful Organization of GEF Council Meetings and LDCF/SCCF Council Meetings
- Strengthening the GEF Partnership
- Enhanced Engagement with the Private Sector
- Enhanced Engagement with CSOs, and the Youth

85. Within this framework, the discussion below highlights key priority actions and deliverables for the Secretariat in FY24, the second year in implementing the GEF-8 programming and policy agenda.

### **(2) Key Priority Actions and Deliverables**

#### **(a) Supporting GEF Council and Assembly**

86. In line with the Replenishment, for FY24 this will include the following priority actions and deliverables.

87. *GEF-8 Programming and Work Program Delivery.* FY24 marks the second year of the GEF-8 programming agenda, including new and higher commitments for Integrated Programs, Focal Areas, blended finance, Innovation, and SGP 2.0. The work will build on and continue ongoing strategic and multi-level consultations, engagement and work with countries, partners, and

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<sup>32</sup> As noted in a footnote to Table 2, the alternative charge rate of 7% would result in a lesser (but still significant) increase of 188%.

stakeholders to submit and request Council approval of the GEF-8 IPs, child projects and other GEF-8 programming priorities.

88. The Secretariat will present its Work Programs to Council within this new framework, as it is doing at the present session of Council, with an aim for transformative results in full support of the ambitious new GEF-8 programming agenda. This requires intensive work and action at multiple levels, both in putting together the work program and in supporting subsequent actions for project preparation, CEO endorsement and approval, and full implementation.

89. Aligned to the GEF-8 ambition, significant time and resources will be deployed to advance key new priority areas of programming - including private sector engagement, blended finance, and the Small Grants Program 2.0. Progress in these work areas is already reflected in the Work Program presented to this session of Council, with much more underway.

90. The Secretariat will also build on a range of initiatives with partners to support and enhance its work and results on programming. This will include continued coordination with the Green Climate Fund under the Long-Term Vision for Cooperation between GEF and the GCF<sup>33</sup>; the High Ambition Coalition for Nature (focused on supporting actions to achieve the 30x30 targets set out in the Kunming-Montreal GBF); and other partner initiatives.

91. In parallel, staff will continue their ongoing work to support and review full implementation of programs and projects approved in GEF-7 and before, in line with the objectives of the Replenishment and for highest results.

92. GEF-8 Policy Recommendations. The Secretariat will work actively in FY24 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 and related analysis of “gaps” in existing policies to support this agenda, sustainability of GEF investments, resource allocation (STAR), optimizing the use of resources and ensuring equitable access.

93. The Secretariat will propose its analysis and recommendations to support further streamlining of the GEF project cycle at the December session of GEF Council, with the aim to improve efficiency and access to GEF resources for recipient countries while maintaining high quality and alignment to GEF policies and standards (see also below – work with Agencies).

94. Policy implementation (ongoing). Consistently with the GEF-8 agenda, this will continue to 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 continued and 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.

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<sup>33</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



95. Organizing sessions, meetings, and dialogue; support for other decisions and priorities. The Secretariat's work in FY24 also will include the work 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. As indicated earlier in this document, the Secretariat is proposing a new model for the twice-a-year meetings of GEF Council – one virtual and one in Washington D.C. or in a GEF recipient country. The Secretariat will also implement and support other decisions and requests of Council as they arise in the coming year.

**(b) Supporting the Conventions**

96. In line with the Replenishment, for FY24 this will include the following priority actions and deliverables.

97. Implementing COP guidance. As in the past, 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.

98. Reporting on Relations with the Conventions, New Mandates. 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. As noted above, this includes the high-priority work to implement the new mandates for the GEF on the Kunming-Montreal GBF Fund and the new Convention (not yet in force) on BBNJ. This current session of Council will provide a major foundation and guidance for the further work in these high priority areas of new work for the partnership.

99. Technical support and cooperation. As in past years, the work includes the full range of technical support at meetings and working sessions convened under the auspices of the Conventions, per GEF's responsibility as a financial mechanism to the Conventions and under existing Memoranda of Understanding. The Secretariat will also 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.

100. Cooperation with other funding mechanisms; GEF "family of funds". The work in FY24 will also include priority efforts 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 (noted above). The Secretariat will also advance important work of cooperation and synergies within the GEF "family of funds", including the LDCF/SCCF, CBIT and NPIF, and the Adaptation Fund. The Replenishment and the inter-related nature of the challenges we face underscore the importance of these efforts, to achieve full complementarity of actions for highest results.

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

101. In line with the Replenishment, for FY24 this will include the following priority actions and deliverables.

102. Streamlining and operational efficiency. As noted above, the Secretariat is working as a matter of high priority to identify opportunities to streamline operations, to simplify and speed up projects and their implementation, and make the GEF as user-friendly as possible to the partnership, aligned with GEF policies and high quality. This work will build on ongoing dialogue and consultations with partners and stakeholders, as well as lessons of experience.

103. The work to establish the new Kunming-Montreal GBF Fund provides another important opportunity to advance this effort. The Secretariat will put a priority focus to identify opportunities for innovation and efficiency in the establishment of this new fund, and to pilot and learn from these experiences in the future work under the GEF Trust Fund and broader family of funds as noted above.

104. Cooperation and coordination for higher results. Related to the above, the engagement with Partner Agencies will 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.

105. As in the past, 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 according to situation.

106. 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 continue to 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.

### **(d) Country Engagement Strategy**

107. In line with the Replenishment and building on the Decision of GEF Council at its 62<sup>nd</sup> session in December 2022, this will include the following priority actions and deliverables in FY24.

108. Enhanced and expanded action to engage civil society and key stakeholders. The new Country Engagement Strategy (CES), adopted by Council in December 2022, provides a strong and expanded foundation to support and implement 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. The Secretariat will support active implementation of the updated goals

and budget lines of the CES for these key partnership objectives, through enhanced dialogue and engagement with civil society, indigenous peoples, private sector and other partners and stakeholders at all levels.

109. Enhanced capacity building. Related to this, 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.

110. 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. This will include actions to facilitate effective and integrated engagement in the work of the GEF at the country level, including through the use of National Steering Committees to support the work and engagement of GEF Operational Focal Points (OFPs), as considered appropriate at the national level.

111. Building on efforts in the current fiscal year, the Secretariat will continue to foster opportunities for use of practical tools in support of this work at the national level. These include, for example, the tool of Payment for Environmental Services (PES), opportunities to reduce environmentally negative investments and subsidies in support of national objectives and the work of the GEF, and for strong and efficient enabling environments more generally. The Secretariat will support focused dialogue and south-south exchange of lessons, information and capacity-building to provide and facilitate opportunities and progress in these areas.<sup>34</sup>

112. Support for civil society participation. As in the current fiscal year, the Secretariat will continue its engagement and specific funding support line for civil society, including 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.

113. As called for in the GEF8 agenda and new GEF Country Engagement Strategy (CES), the GEF is well positioned to catalyze deeper engagement with civil society and placing GEF's engagement with this stakeholder at par with its work with governments in the context of the GEF-8 cycle and the CES. These new partnerships are being forged with global institutions aims

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<sup>34</sup> These and related actions and tasks are elaborated upon in more detail in the separate document being presented to this session of Council on Policy Coherence.

to build the next generation of environmental Conventions negotiators (see also Business Plan below).

114. Building on this and other initiatives, leading up to GEF-9 the GEF will put in motion systems for a substantial increase in financing dedicated to non-state actors of total GEF financing. To achieve this objective, a more systematic and coordinated approach to ramp up engagement with civil society stakeholders including youth, women and IPLCs.

115. Knowledge and Learning. The Secretariat will continue its wide-ranging efforts in this key area of work and, if approved by Council, will focus this work to implement the 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.

**(e) Outreach, Communication and Awareness-Building**

116. In line with the Replenishment, for FY24 this will include the following priority actions and deliverables.

117. Information and Updates on Partnership work. As in the past, 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.

118. 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, and, if approved by Council, will focus this work to implement the anticipated new Visibility Policy for the GEF presented to this session of Council. The work will put 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. It will build on experience in GEF programming, and provide opportunities for higher focus and ambition on the environmental agenda at national and regional levels, in support of national priorities and the global environment.

119. Supporting major events and initiatives, including the GEF Seventh 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 priority partner communication campaigns in support of the GEF8 strategy and the upcoming GEF Seventh Assembly.

**(f) Accountability, Integrity, and Transparency**

120. In line with the Replenishment, for FY24 this will continue to include the following priority actions and deliverables.

121. Implementation of GEF Policies on monitoring and accountability. This involves expanded action on portfolio management and oversight, including under GEF Policies on Project Monitoring, Fiduciary Standards, Environmental and Social Safeguards, Gender Equality, Stakeholder Engagement, and Monitoring Agency Compliance. It also includes facilitation of actions across the Partnership to respond effectively and well to complaints and concerns from affected people and local communities, to support better projects and implementation going forward and proactive response to prevent issues that arise from growing into larger problems.

122. Coordination with Agencies, Trustee and Stakeholders, Building Awareness. This includes continuing actions to ensure full transparency of GEF's work as required by the GEF Instrument and GEF policies, as well as independent and effective avenues of recourse for affected people to voice concerns and obtain appropriate responsive action - for accountability, transparency, and higher results.

**(f) Data and Systems Development and Management**

123. In line with the Replenishment, for FY24 this will include the following priority actions and deliverables.

124. Continued advanced development of GEF Portal and other IT-based platforms. This includes completion of the work to update and simplify Portal fields and templates aligned to the GEF-8, and to promote ease of access to real-time reports, geo-location information and dashboard data on the portfolio. It will also include work to extend and tailor the Portal for use as part of the Kunming-Montreal GBF Fund, to extend advanced Portal functionalities to a larger set of users, and to explore opportunities to leverage the functionality of the Portal to support the new GEF-8 Strategy for Knowledge and Learning, if adopted by Council.

## **STAP FY24 BUDGET REQUEST, ACTIVITIES AND OUTPUTS**

125. In FY23, STAP provided the following advice to the GEF:

- Risk Appetite Framework
- 7<sup>th</sup> GEF Assembly Report
- Policy Coherence
- Co-benefits
- Future Narratives
- Innovation
- Knowledge Management and Learning

126. In addition, STAP worked with the GEF Secretariat on:

- A virtual webinar on Metrics for Transformation (based on previous STAP advice)
- Development of a new PIF, and training
- Selection of lead agencies for the Integrated Programs, and IP design meetings

### **Future work:**

127. STAP will continue to screen all full-sized projects and present its quadrennial report to the GEF Assembly. STAP will also continue to contribute to the development of the Integrated Programs and 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. The FY24 budget request includes a slight increase reflecting inflation, as well as travel to the GEF Assembly in addition to regular travel. The figures for FY23 expenditures are estimates, as final audited results are not yet available.

128. STAP's FY24 work program is being developed.

**Table 3 - FY24 STAP Budget Request (in US\$ million)**

<b>STAP – Secretariat Expense Category</b>	<b>FY23 Budget \$millions</b>	<b>FY23 Estimated expenditures* \$millions</b>	<b>FY24 Request \$millions</b>
<b>Staff Costs</b>			
Salaries and Benefits	1.333	1.319	1.574
Travel	**	0.083	0.157
Consultant Costs***, Fees, SSFAs, Travel (excluding PM related costs reflected below)	0.460 ****	0.096	0.225
Panel Members/Senior Advisers Honoraria, STAP Meetings (FY23 Estimated Expenditure and FY24 Request excludes travel & procurement)	0.853	0.626	0.630
Travel	****	0.105	0.239
<b>General Operating Costs</b>			
Office space, equipment, printing/design, communications, supplies, corporate services	0.330	0.205	0.310
<b>TOTAL</b>	<b>2.976</b>	<b>2.434</b>	<b>3.135</b>

\*Audited figures not yet available

\*\*In the FY23 Budget, Travel was included with Salaries and Benefits; however, for the FY23 Estimated Expenditures and for the FY24 Request, we have separated Travel from Salaries and Benefits to provide more detail in the budget.

\*\*\*Includes costs of work with Implementing Partners

\*\*\*\* FY23 Budget for Consultant Costs, Fees, SSFAs and Travel includes PM related travel costs, but the FY23 Estimated Expenditures and FY24 Requests separates these amounts to provide more detail in the budget.

## TRUSTEE FY24 BUDGET REQUEST, ACTIVITIES AND OUTPUTS

129. 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.

130. 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.

131. In June 2022, Council approved a core budget estimate of \$3.29 million for FY23 to cover Trustee’s services and the cost of external audit of the GEF Trust Fund. The Trustee estimates that expenses for its core services in FY23 will be \$3.38 million, reflecting an increase of \$92,000 compared to the approved budget. The budget increase arose only 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 FY24 GEF Trust Fund Budget

132. In addition to standard trustee services, the FY24 work program will include the following items:

- (a) 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; and

133. The Trustee’s core budget estimate for FY24 amounts to \$3.53 million as shown in Table 6 below. This represents an increase of \$150,000 compared to the FY23 expected actual fees, primarily due to increased investment management fee and the increased Trustee services to implement the GEF-8 work program, and to finalize the amendment of the GEF Instrument, following the endorsement by the GEF Assembly. The increase in investment management is as a result of projected higher average annual balance of undisbursed cash in the trust fund. The actual investment management fees may vary depending on the actual average liquidity level during FY24.

**Table 4: Proposed Trustee Budget for GEF Trust Fund (FY24)  
(in USD)**

Trustee Services	FY23 Approved	FY23 Expected Actual	FY24 Proposed Budget
<b>Standard Services</b>			
Financial Management and Relationship Management	1,215,000	1,215,000	1,263,000
Investment Management /a	1,708,000	1,800,000	1,889,000
Accounting and Reporting	132,000	132,000	138,000
Legal Services	115,000	115,000	122,000
<b>Sub-total, Standard Services</b>	<b>3,170,000</b>	<b>3,262,000</b>	<b>3,412,000</b>
External Audit of Trust Fund	120,000	120,000	120,000
<b>Total Core Budget</b>	<b>3,290,000</b>	<b>3,382,000</b>	<b>3,532,000</b>
Special Initiatives - Replenishment		-	-
<b>Total Costs, including Special Initiatives</b>	<b>3,290,000</b>	<b>3,382,000</b>	<b>3,532,000</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 FY24 BUDGET REQUEST, ACTIVITIES AND OUTPUTS

134. The GEF Secretariat and the Trustee request a total of US\$22,400 from the NPIF to support their respective activities to administer the NPIF trust fund.

**Table 5: FY 24 Budget Request from the NPIF Trust Fund (in US\$)**

GEF Entities and Budget Items	FY23 Approved Budget	FY23 Projected Actual	FY24 Budget Request
Secretariat - NPIF Administrative Budget	13,500	0	17,500
Trustee NPIF Budget	4,900	4,900	4,900
<b>Total</b>	<b>18,400</b>	<b>4,900</b>	<b>*22,400</b>

\* Includes revised calculation of total budget request (Rev.01)

135. 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.

136. 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 FY23

137. 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.

138. 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.

139. As of the present date, all projects have completed project implementation, with only one project remaining to be financially closed.

140. During FY23, the Secretariat did not conduct any travel to support portfolio management. This is shown in Table 6, below.

**Secretariat NPIF Activities and Budget for FY 24**

141. GEF Secretariat will work with the GEF Agencies to carry out the remaining aspects of portfolio management of the NPIF. This will include the preparation of a short report on the NPIF 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\$17,500.

**Table 6: Secretariat FY 23 Budget Execution and FY24 Budget Request from NPIF (in US\$)**

<b>GEF Entities and Budget Items</b>	<b>FY23 Approved Budget</b>	<b>FY23 Projected Actual</b>	<b>FY24 Budget Request</b>
Staff Costs (Salaries & Benefits)	10,000	0	10,000
Travel	3,500	0	7,500
<b>Total</b>	<b>13,500</b>	<b>0</b>	<b>17,500</b>

**Trustee FY24 NPIF Budget**

142. 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.

143. The core elements of the Trustee’s work program in FY24 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)**

<b>Trustee Services</b>	<b>FY23 Approved</b>	<b>FY23 Expected Actual</b>	<b>FY24 Proposed Budget</b>
Financial Management and Relationship Management	2,600	2,600	2,600
Investment Management a/	400	400	400
Accounting and Reporting	1,900	1,900	1,900
Legal Services	-	-	-
<b>Total Costs</b>	<b>4,900</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.			

144. The FY23 fees for Trustee services are expected to be \$4,900, in line with the approved budget of \$4,900.

145. To cover its expenses for FY24, the Trustee requests a budget of \$4,900 which is consistent with the FY23 estimated actual fee. 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 FY24.

#### **CBIT TRUST FUND FY24 BUDGET REQUEST, ACTIVITIES AND OUTPUTS**

146. The GEF Secretariat requests US\$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>35</sup> The Trustee requests US\$0.024 million for its work. The total FY24 budget request from the CBIT Trust Fund is US\$0.436 million. These figures are presented in Table 8 below.

147. 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>36</sup> commitments and cash transfers are made until five years after the respective approval date,

<sup>35</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>36</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

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. FY24 Budget Request from CBIT Trust Fund (US\$)**

GEF Entities and Budget Items	FY23 Approved Budget	FY23 Projected Actual	FY24 Budget Request and Difference	
Secretariat CBIT Administrative Budget	412,000	179,509	412,000	0.0%
Trustee CBIT Administrative Budget	29,000	25,000	24,000	-17.24%
<b>Total</b>	<b>441,000</b>	<b>204,509</b>	<b>436,000</b>	<b>-1.13%</b>

\* Includes revisions in FY23 projected actuals and FY24 Trustee budget request (Rev.01)

### Secretariat CBIT Activities in FY23

148. 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. As of May 1, 2023, thirty-three projects out of the 44 approved under the CBIT Trust Fund are in the implementation phase, while eleven projects have been completed. The Progress Report on the CBIT continued to be presented to every Council, as an information document.<sup>37, 38</sup>

149. Efforts to raise awareness continued. A brochure about the CBIT was published for the 27<sup>th</sup> Conference of the Parties (COP 27) to the United Nations Framework Convention on Climate Change (UNFCCC) in 2022.<sup>39</sup> A video that provides an overview of the CBIT was produced in time for COP 26 and was used as an information tool at COP side events, summarized below.<sup>40</sup> The CBIT web page was regularly updated, including relevant links to approved project documents.<sup>41</sup>

150. 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

<sup>37</sup> GEF, 2022, [Progress Report on the Capacity-building Initiative for Transparency](#), Council Document GEF/C.63/Inf.14.

<sup>38</sup> GEF, 2023, [Progress Report on the Capacity-building Initiative for Transparency](#), Council Document GEF/C.64/Inf.06.

<sup>39</sup> The CBIT brochure can be accessed from [this link](#).

<sup>40</sup> The CBIT video can be accessed from the GEF website from [this link](#).

<sup>41</sup> The CBIT website can be accessed from [this link](#).

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.

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

- (a) Side event organized by the UNFCCC at COP 27 on November 9, 2022, in Sharm El-Sheikh, Egypt, titled “Towards climate transparency: national experiences with the Capacity-building Initiative for Transparency”<sup>42</sup>;
- (b) Meeting organized by PATPA back-to-back with the COP 27 on November 10, in Sharm El-Sheikh, Egypt, titled “27<sup>th</sup> Partnership Meeting of the Partnership on Transparency in the Paris Agreement”<sup>43</sup>;
- (c) Side event organized by the GEF Secretariat at COP 27 on November 14, 2022, titled “Towards climate transparency: national experiences with the Capacity-building Initiative for Transparency”<sup>44</sup>;
- (d) Online webinar series organized by the CBIT-Global Support Program (GSP) between February 15 and March 9, 2023, to host the kick-off inception workshops of the CBIT-GSP Regional Networks of Central Asia and the Caucasus, Anglophone Africa, Asia, the Anglophone Caribbean, the Pacific, and Spanish-Speaking Latin America and the Caribbean<sup>45</sup>; and
- (e) Three online webinars co-organized by the CBIT-GSP, UNFCCC, and the GEF Secretariat between May 2 and May 4, 2023, titled “GEF Support for BTR Financing and Access Modalities” for (1) the Asia and Pacific Region on May 2, 2023, (2) Africa and Europe and Central Asia Regions on May 3, 2023, and (3) Latin America and the Caribbean on May 4, 2023.<sup>46</sup>

152. 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.

153. 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

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<sup>42</sup> More information at:

[https://seors.unfccc.int/applications/seors/attachments/get\\_attachment?code=POB0150X1EBCEI1I3LZ4E89IAQJAQSY2](https://seors.unfccc.int/applications/seors/attachments/get_attachment?code=POB0150X1EBCEI1I3LZ4E89IAQJAQSY2)

<sup>43</sup> More information at: <https://transparency-partnership.net/event/2022-27th-meeting-partnership-transparency-paris-agreement>

<sup>44</sup> More information at: <https://gcfgefco.org/programme/towards-climate-transparency-national-experiences-with-the-capacity-building-initiative-for-transparency/>

<sup>45</sup> More information at: <https://www.cbitplatform.org/archived-events?page=1>

<sup>46</sup> More information at: <https://www.thegef.org/events/webinar-gef-support-biennial-transparency-reports-financing-and-access-modalities>

hosted by the Government of Japan, was postponed. While discussions have resumed on the organization of this meeting, it is expected to take place in FY24 with a new host.

154. The Secretariat's FY23 expenses under the CBIT Trust Fund are projected at \$179,509, as shown in the Table 9. The underrun of the approved FY23 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, a consultant that worked on the CBIT portfolio left the Secretariat, and subsequent recruitment and onboarding took time, resulting in lower consultant time charges to the Trust Fund.

#### Secretariat CBIT Activities and Budget for FY24

155. 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. A renewed interest in CBIT from developing countries is expressed to help strengthen the institutional and technical capacities to meet the Enhanced Transparency Framework (ETF) requirements.

156. While new projects will continue to be supported by the GEF Trust Fund in the GEF-8 period, there remains a strong demand and need to facilitate sharing of experiences, tools and metrics, and articulation of systems needs, which need to be informed by more advanced and completed projects supported by the CBIT Trust Fund. This demand is expected to materialize in various in-person engagements in FY24, in part also to account for postponements experienced during FY23.

157. In light of the above, the GEF Secretariat expects high needs and demands for CBIT-related activities and GEF engagement to undertake in FY24 compared to the actual activities that could be completed in FY23 and FY22 during the pandemic period.

158. Specifically, the Secretariat will continue to support the implementation of the existing portfolio of CBIT projects. The entire portfolio of CBIT projects supported by the CBIT Trust Fund has reached the implementation phase, and more projects are slated to reach project completion in FY24 as anticipated. The Secretariat will undertake monitoring and review functions of these projects under implementation in collaboration with the GEF Agencies.

159. 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.

160. Regarding the reporting system at COP 26, CMA 3 provided guidance to the GEF,<sup>47</sup> including on providing additional information on establishing and enhancing a reporting system,

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<sup>47</sup> UNFCCC, 2021, [Guidance to the Global Environment Facility](#)

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 response, the GEF Secretariat organized an online workshop on “Reporting Systems under the Enhanced Transparency Framework” to respond to this CMA 3 guidance on October 12, 2022.<sup>48</sup> In FY24, in preparation for COP 28, GEF Secretariat plans to further engage with Agencies and others, to help gather information to respond to this CMA guidance.

161. As pandemic restrictions are lifted, the GEF Secretariat will explore options for convening the CBIT Global Coordination meeting, and associated consultations in FY24. The Fourth Global Coordination Meeting, which was originally planned in 2020, is expected to be held in FY24 with a new host.

162. 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.

163. To carry out these functions for the existing stock, the GEF Secretariat requests a FY24 budget of \$412,000 from the CBIT Trust Fund. The request is at the same level as the FY23 request. 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, also supported by consultancy. A breakdown of these costs is shown in Table 9 below.

**Table 9: Secretariat FY23 Budget Execution and FY24 Budget Request from the CBIT Trust Fund (US\$)**

<b>GEF Entities and Budget Items</b>	<b>FY23 Approved Budget</b>	<b>FY23 Projected Actual</b>	<b>FY24 Budget Request and Difference</b>	
Staff Costs (Salaries & Benefits)	180,000	120,717	180,000	0.0%
Travel	22,000	11,878	22,000	0.0%
Consultant Costs	180,000	16,914	180,000	0.0%
IT systems (Portal)	30,000	30,000	30,000	0.0%
<b>Total</b>	<b>412,000</b>	<b>179,509</b>	<b>412,000</b>	<b>0.0%</b>

\*Includes revision in FY23 projected actuals (Rev.01)

<sup>48</sup> Information is available at: <https://www.thegef.org/events/workshop-reporting-systems-under-enhanced-transparency-framework>



## FY24 Trustee CBIT Administrative Fees

164. 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.

165. The core elements of the Trustee’s work program during FY23 and FY24 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)**

Trustee Services	FY23 Approved	FY23 Expected Actual	FY24 Proposed Budget
Financial Management and Relationship Management	14,000	14,000	14,000
Investment Management a/	12,000	8,000	8,000
Accounting and Reporting	3,000	3,000	2,000
Legal Services	-	-	-
<b>Total Costs</b>	<b>29,000</b>	<b>25,000</b>	<b>24,000</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.			

166. The fees for Trustee services for FY23 will be \$25,000. These fees are \$4,000 less than FY23 approved budget mainly due to decreased investment management fees. The actual average liquidity balance for CBIT of \$18 million for FY23 was lower than the projected balance of \$27 million which led to less than budgeted investment management fee.

167. To cover its expenses for FY24 related to the above work program, the Trustee requests a budget of \$24,000 which is \$5,000 lower than FY23 approved budget reflecting the winding down of CBIT activities. The actual investment management costs will vary depending on the actual average liquidity level during FY24.

## ANNEX I: UNRESOLVED ISSUES ON OFFICE SPACE AND COST OF ADMINISTRATIVE SUPPORT

1. As noted in the main text, there have been two unexpected developments relevant to the budget lines on office space and cross-support from the World Bank that are not yet resolved.<sup>49</sup> These are set out below.

### *(a) Office Space*

2. **Previous Decision of Council:** As reported in the budget document to Council in June 2022, the GEF and the WB had been cooperating well to renew the lease of the GEF's existing office space.<sup>50</sup> The anticipated renewal of the lease was reflected in the budget decision approved by Council:

*“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.”<sup>51</sup>*

3. **Lease renewal negotiation – highly favorable terms.** Consistently with the above, and after many months of work by the teams, the renewal was ready to be finalized at the end of last year, prior to its expiration on December 19, 2022. The terms of the renewal were very favorable due in large part to market conditions in Washington, D.C. As projected to Council last June, they would have kept the cost of GEF's offices below previous levels.<sup>52</sup> The lease included a very favorable rental rate, several months of free rent per year, and a significant landlord contribution allowing for additional reduction of rental costs.<sup>53</sup>

4. **GEF business needs.** As also reported to Council last year, the existing office space is well-suited to GEF business needs, with modifications over the years for higher efficiency, lower eco-footprint, and to reflect GEF's mission and operations. Per long-standing practice, it is leased office space, not in a WB-owned building, paid by the GEF Trust Fund. This reflects the key element of having a healthy physical and financial distance from the WB, one of 18 GEF Partner Agencies, an arrangement respected by the WB ever since the Secretariat moved away from a

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<sup>49</sup> These same issues also apply to the GEF Independent Evaluation Office and the Adaptation Fund Secretariat.

<sup>50</sup> GEF Business Plan and Corporate Budget for FY23, June 01, 2022, paragraph 43. As in the past, as host institution of the GEF, the WB has taken the formal responsibility to sign such legal agreements with third parties.

<sup>51</sup> Ibid, paragraph 43.

<sup>52</sup> GEF Business Plan and Budget Request for FY23, June 01, 2022, para. 43. The term (6 years) was also a key factor.

<sup>53</sup> The longer-term lease also made possible the option of additional office space on the adjacent 6<sup>th</sup> floor for the Adaptation Secretariat (which has urgent needs) and in the event of GEF Council approval of additional staff for the GEF Secretariat beginning FY24.

WB-owned building for reasons of independence some 12 years ago.<sup>54</sup> As reported to Council in June 2022:

*“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.”<sup>55</sup>*

5. **Unexpected change-in-course.** In late November 2022, however, the World Bank unexpectedly changed course and decided not to proceed on this basis. This also put the GEF Secretariat, IEO and AF Secretariat in a very difficult situation, on the eve of lease expiration.<sup>56</sup> The GEF CEO reported the situation to the GEF SRC.<sup>57</sup>

6. The WB subsequently agreed to sign only a one-year lease extension. Due to the circumstances, this shorter-term extension did not include several of the very favorable cost terms of the lease negotiated last year. The cost for office space is now significantly higher than the provisions of the longer-term lease negotiated last year,<sup>58</sup> with other implications as well.<sup>59</sup>

7. **Available resolution.** There is a readily available resolution: the WB signs the longer-term lease (already negotiated and review) as in the past, or it can confirm that the GEF CEO may do so under the existing authority of WB Policy on Signature Authority. This will align to the previous decision of GEF Council, GEF business needs, and return to the much more favorable terms negotiated last year. It also disentangles the decision on office space (under GEF governance, paid for by the GEF Trust Fund) from WB corporate decisions on real estate strategy.

8. **Comparative cost picture.** The Secretariat also has assessed the comparative costs of the longer-term lease renewal and the space in a WB-owned building. The key data and information available to the Secretariat is shown in the table below:

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<sup>54</sup> The GEF made a deliberate decision to move away from a WB-owned building in 2012 precisely for these reasons of independence. Since then, the WB has consistently respected GEF’s decision on office space and signed the lease arrangements based on the decisions of GEF.

<sup>55</sup> GEF Business Plan and Budget Request for FY23, paragraph 42.

<sup>56</sup> The CEO reported the situation to members of the GEF SRC.

<sup>57</sup> The CEO communicated to SRC as the only standing committee of GEF Council, to help seek resolution.

<sup>58</sup> For GEF Secretariat, the monthly cost of the current one-year lease is approximately \$140,000 per month compared to the first year of the longer-term lease negotiated last year of approximately \$112,000 per month.

<sup>59</sup> The short-term lease also does not include provisions (in the longer-term lease for additional space (on the adjacent 6<sup>th</sup> floor) to meet the urgent needs of the AF Secretariat and potential needs of the Secretariat. In addition, the GEF Secretariat, IEO and the AF Secretariat are at risk of losing our offices at the end of the one-year if another tenant comes in. There would also be significant costs financially and in terms of productivity of uprooting the GEF from our current office spaces of many years which we have carefully designed and adjusted for efficiency, to fit our work needs, to go green and reduce eco-footprint.

**Table 11 - Comparative costs**

	Longer-term lease	WB-owned space	Notes
Size	37,810 square feet (7th and 8th floors)	Not provided to GEF	As noted below, the communication from the MDCAO to GEF SRC in December included a general cost estimate only, made without consultation with GEF  The longer-term lease also had tailored provisions to expand to the adjacent (6th) floor to meet needs of AF Secretariat and (potentially) GEF Secretariat, with added favorable terms
Cost per square foot	\$52.89 in first year; \$58.41 net effective rate over six years (including concessions)	Not provided to GEF	See below
Cost over six years (not including cost factors below)	\$10.86 million – including favorable cost terms noted above	Average cost across WB of \$6 million according to note of MDCAO to GEF SRC members in December 2022	GEF was not consulted on this figure or provided with breakdown, except for a separate data table on indirect cost rates.  This separate table indicates WB office costs of \$1 million per year <i>in FY21 values</i> (at 60% for office space, 40% for depreciation). Multiplied by six, the total equals \$6 million per year mentioned by the MDCAO.  Also, as a WB-wide average, the estimate does not reflect the costs of tailoring the space to GEF’s business need. As shown below, this will be significant.  In addition, to the extent that this average includes non-DC office space, it is likely to not match the relevant situation for GEF.  GEF requested a further independent analysis of costs of the table presented by the WB but this was not accepted.
Cost of move and adjustment to GEF business needs	None - staying in existing offices of many years, designed and adjusted for efficiency, to fit GEF work needs, and reduce eco-footprint	Significant.  As reference, the TIA for the longer-term lease renewal was over \$3 million (see next column)	The longer-term lease renewal negotiated last year contains a tenant improvement allowance (TIA – landlord contribution) of over \$3 million. The original lease from 2016 contained a TIA of \$890,000.  Experience indicates that significant physical and other work and adjustments would be needed to meet GEF business needs, and costs for physical work/adjustments (WB GCS) are high. The needs include:  - Clear physical separation of GEF Sec, GEF IEO and AF Sec for reasons of independence and distinct work needs/identity, and enough privacy to receive clients and stakeholders.  - Meeting spaces tailored to needs of the partnership (e.g., GEF-related forums, BBLs, meetings with IPs other than WB); decor and information to give visibility and information about GEF  - Clear physical separation from WB units and offices

			<p>- Additional space for externally-funded experts (GEF donor-funded programs) who work with Secretariat at significant savings to GEF TF (5 or 6 per year)</p> <p>There would also be significant costs in terms of time and labor, and lost productivity relating to the move.</p> <p>The costs of the move in 2016 (due to demolition at GEF's earlier leased building) were high in time/labor and improvement needs at the new space, in addition to the earlier TIA noted above.</p>
Reputational cost	None - the current offices maintain a healthy physical distance from the WB	Reputational cost to GEF: high.	<p>The GEF Instrument highlights the element of independence of the GEF from the WB</p> <p>The GEF serves as a financial mechanism for several MEAs, where there is high importance on the reality and perception of its independence from the World Bank – one of its 18 implementing partner agencies.</p> <p>There would be a high political and reputational cost of moving to a WB-owned building after the deliberate decision to move <i>away</i> from a WB-owned building back in 2012 precisely for reasons of independence from the WB as one of 18 GEF implementing agencies.</p> <p>The GEF Council confirmed in June 2020 last year the decision to renew the long-term lease. The WB has always respected these independent decisions made by GEF governance, recognizing also that office space is paid for by the GEF Trust Fund. Their reversal in December, linked to WB corporate real estate strategy, already has gone against this governance arrangement and independent decision-making of the partnership.</p>
Other cost/risk factors: conflict of interest, loss of operational independence	The current offices also maintain a healthy financial and operations distance from the WB	Potential risks for GEF: high.	<p>Related to the above, there is significant possibility of conflict of interest in becoming more closely absorbed physically and financially into the World Bank.</p> <p>GEF administrative work could be made more subject to corporate-level decisions of the WB on real-estate strategy, costing, decentralization, and other topics that might fit the needs of the WB but not the GEF. GEF's independent operational control over costs and working arrangements could be affected and diminished.</p>
Opportunity costs			To the extent that there are financial savings in moving to a WB-owned space over a longer term (see above), these could be applied to other GEF operational business needs or programming and project work.

(b) *Administrative Support from the World Bank*

9. Per GEF governance,<sup>60</sup> the GEF Secretariat and GEF Independent Evaluation Office (IEO) budget and pay for fixed and variable administrative costs from the GEF Trust Fund based on budgets approved annually by GEF Council.<sup>61</sup>

10. As reflected in these annual budgets, GEF also receives certain much appreciated administrative support from the World Bank. The GEF has a long-established approach to pay directly for this support, in line with GEF governance and business needs.<sup>62</sup>

11. The GEF also handles and pays separately for most other administrative items in the World Bank indirect charge rate for other World Bank units, but not applicable to GEF. These include development finance, external and corporate relations, strategy and performance, audits, and others,<sup>63</sup> in addition to office space, IT equipment and systems tailored to GEF business needs,<sup>64</sup> and Trustee services and agency fees, as noted above.

12. As reported to Council last year, the GEF has been in dialogue with the World Bank's Corporate Budget Unit (BPS) on the costs for administrative support it provides to the GEF. WB/BPS is proposing that GEF pay an increased amount of \$7 million per year (in FY21 values)<sup>65</sup> based on an indirect charge rate of 18% of total administrative costs (22.6% of direct costs). This amount is more than five-fold above the amount of approximately \$1.25 million per year attributed to GEF (in FY21 values).

13. The analysis of the GEF Secretariat, IEO and AF Secretariat presented to the World Bank indicates that this proposal is based on an inappropriate methodology that does not fit GEF governance and business needs and would result in a significant overcharge to the GEF TF – for some services multiples higher based on data and experience.

14. For example, under the WB/BPS proposal, the World Bank would charge \$400,000 per year for legal support, an amount many times above GEF's business needs. The World Bank would charge \$800,000 per year for administrative budget support, when years of experience

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<sup>60</sup> As set out in the GEF Instrument, the GEF Secretariat shall operate in a "*functionally independent*" manner and be "*supported administratively*" by the World Bank.

<sup>61</sup> This includes all salaries and benefits, consultants, travel, external relations, office space, IT equipment and systems, meetings of GEF Council and Assembly, Country Engagement, etc.

<sup>62</sup> This includes direct payment and chargebacks in support in specific areas, including budget, legal, and ethics, Basic IT package (as well as IT equipment), paid from the GEF Trust Fund.

<sup>63</sup> The GEF has provided BPS with a line-by-line explanation of all these IG&A items (see annex)

<sup>64</sup> This includes substantial payments per year for the GEF Portal and GEF Website – systems which GEF uses for its business needs rather than the WB Operations Portal (to which we do not have access) and WB website.

<sup>65</sup> This amount would be higher today. It applies to the GEF Secretariat, GEF Independent Evaluation Office, and the Adaptation Fund Secretariat (treated collectively by the WB).

show this is also multiples above GEF's business needs. There are other similar examples of significant overcharges in different service categories embedded in the WB proposal.<sup>66</sup>

15. These overcharges arise because the WB proposal does not accurately reflect GEF's unique governance, situation, and business needs, nor adequately reflect the extent to which many of these service categories are already charged directly to the GEF Trust Fund or handled independently by the Secretariat. The Secretariat indicated and explained these concerns several times during the dialogue.

16. The Secretariat has also pointed out the benefits that GEF provides to the World Bank, including its operational units. During GEF-7, the World Bank's operational units received about 16% of the GEF's resources, amounting to some US\$512 million in funding to enable blended approaches and make Bank operations more relevant and attractive to the Bank's clients.<sup>67</sup>

17. World Bank Policy on Trust Funds calls for "*taking into account benefits*" of the Trust Funds (like the GEF) in determining cost recovery rate.<sup>68</sup> The Secretariat is concerned that these benefits of the GEF to the work and mission of the World Bank, and the significant administrative costs paid by the GEF Trust Fund to help realize these benefits, do not appear to have been taken into consideration in the proposal of the Bank's budget administration unit.

18. At the same time, there are certain administrative services provided by the WB that the Secretariat does not pay for currently, which it has readily acknowledged and included in its analysis. These include Health and Safety, Security Services, Internal Justice System, certain types of support provided by HR, and support for various transactions.

19. This analysis and careful mapping of GEF's unique business needs indicates that an appropriate updated charge rate for WB admin support would be around 7% of direct costs, equal to about \$2.2 m per year (for the three offices, in FY21 amounts). This is already a significant increase in the current level of around 4%.

20. This past January, in search of common ground, the Secretariat informed the WB that subject to Council approval it could consider a rate of close to 11%. The Secretariat noted its view that the WB proposal would not be convincing to Council, and 11% was the maximum it could justify for Council consideration (see main text above). The WB budget unit, however, continued to ask for GEF's agreement to reach a level of 18%.

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<sup>66</sup> It would charge GEF an inapt per capita-based amount for HR support, even though many key HR services available to WB staff (e.g., talent board reviews, batch-match rotations across the WB, etc.) are not available to GEF. It would charge a similarly inappropriate per-capita based amount for WB INT support, even though under the GEF governance model the vast majority of INT-type work (responding to allegations of fraud and corruption) is handled by GEF Agencies as part of their responsibility to implement GEF-funded projects, for which they also receive Agency fees amounting to 9.5% of the total project amounts.

<sup>67</sup> This grant funding helps WB member countries achieve environmental benefits that align with and support the broader WB goals and mission and WB objectives in climate change, biodiversity, blue economy, and other work areas of priority to the WB.

<sup>68</sup> Section III.5.f (also annexed to related WB Board document on Trust Fund Policy Reform).

21. The impact on GEF of the WB/BPS proposal would be very large. Within the agreed GEF-8 budget envelope, it could only come at the expense of the needed staffing up of the Secretariat to deliver the ambitious GEF-8 agenda, and even country allocations for action on climate change, biodiversity, and other areas of critical importance to the partnership and the WB.

22. The cost change of an 11% charge rate is also very significant, as indicated in the text above. In addition, the GEF would continue to pay separately for its office space, IT equipment and customized IT support for GEF-tailored systems (GEF Portal, GEF Website), as shown in Table 2. The budget thus also includes a recommendation to cover such unanticipated additional costs from underruns in the GEF-7 administrative budget, as described in the text.



## 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 FY23 expenses in the respective accounts, where incurred, and the available balance remaining under these initiatives through end-March 2023. The text which follows provides additional information on the establishment and purpose of each Special Initiative, and activities to be supported in FY24 under the respective initiatives.

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

<b>Special Initiative Name</b>	<b>Available at July 1, 2014 (Beginning of GEF-6)</b>	<b>Expenses FY14-FY21</b>	<b>FY22 / FY23 Expenses</b>	<b>Estimated Available Balance for FY24</b>
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 12 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.

7. In FY24, the Secretariat is planning to use the remaining balance of this Rio+20 Special Initiative, \$90,000, to collaborate with scientists from all parts of the world in putting together a resource for future leaders. This initiative will be dedicated to the importance of science in informing solid and sustainable policy for the environment as a cornerstone of successful environmental stewardship and to honor the legacy of Gustavo Fonseca.

8. Throughout his career and especially during his tenure in the GEF, Gustavo Fonseca demonstrated a strong commitment and passion for harnessing science to influence policy and mobilize resources for the good of the global environment. To honor and build on this legacy, the GEF Secretariat will mobilize experts from around the world to review and synthesize work on key topical issues where Gustavo played a significant role in this regard. Through peer reviewed work and case studies, the authors will describe the state of play on each issue, the role of science and policy in advancing global outcomes, and the role that the GEF and Gustavo have played in each success story.

9. The compilation will be published as a resource for future leaders on how larger picture of the science of integration and the environment policy nexus can be harnessed to deliver durable and global outcomes for the planet.

### **ANNEX III: TRUSTEE -- FY23 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 FY23 included: working through the internal World Bank offices to seek approval from the World Bank Executive Directors to facilitate activating the GEF-8 period; implementation of the GEF-8 Replenishment resolution, including collaborating with donors to deposit Instruments of Commitment, and facilitate full effectiveness of GEF-8 replenishment resolution; ensure compliance with the provision of GEF-8 replenishment resolution, and mobilize installment payments for GEF-8; on-going negotiations to revise and update the financial procedures agreement (FPA) with the existing GEF Agencies; ensure compliance with approved Council decisions such as those contained in the Policy Measures to Enhance Operational Efficiency, Accountability and Transparency; ensure Agency's compliance under the FPA including periodic financial reports related to GEF-financed activities implemented by the Agencies; and administrative support to the GEF Secretariat in implementing policies approved by the Council.

#### **FY23 Projected vs. Estimated Actual**

3. The fees for FY23 for Trustee's core services is \$3.38 million, reflecting an increase of \$92,000 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 FY23 is higher by \$204 million than anticipated, resulting in increased investment management costs.

#### **FY22 Actual expenses**

5. The actual amount of Trustee expenses incurred for FY22 was \$3.5 million including the cost of audit and the cost for Trustee's activities to support the GEF-8 Replenishment, which is consistent with the expected actual expenditure that was reported in the Council meeting in June 2022.