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Agenda Item 12

GEF FY03 CORPORATE BUDGET

Recommended Council Decision

The Council reviewed document GEF/C.19/12, GEF FY03 Corporate Budget, and approves the proposed FY03 corporate budget of \$23.400 million, subject to the comments made during the Council meeting, comprising:

- (a) an amount of \$21.042 million for the resource requirements of the six GEF units (the three Implementing Agencies, GEF Secretariat; Trustee and the Scientific and Technical Advisory Panel) in the provision of corporate management services; and
- (b) an amount of \$2.358 million to support the proposed special initiatives of (i) the Second GEF Assembly and (ii) and Strategic Collaboration and Framework for Capacity Building for the Global Environment.

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EXECUTIVE SUMMARY

1. Council approval is sought for a proposed FY03 Corporate Budget of \$23.400 million comprising: \$21.042 million for the resource requirements of the GEF Units (GEF Secretariat, the three Implementing Agencies, Trustee, the Scientific and Technical Advisory Panel); and \$2.358 million for Special Initiatives to be task-managed and implemented by the GEF Secretariat.
2. The FY03 Corporate Budget supports the planned activities and deliverables for the first year of the GEF FY03-FY05 Corporate Business Plan by providing the GEF units with the budgetary resources for their corporate services for the fiscal year. To address the earliest challenges of the GEF Business Plan period in implementing GEF's Operational Strategy to meet the threats to the global environment, the FY03 Corporate Budget will fund GEF's efforts in achieving positive and measurable impact, strengthening country ownership, deepening the commitment of its Implementing Agencies, broadening partnerships with a wide range of organizations and improving its institutional effectiveness and efficiency.
3. The budget is based on the resource requirements of the GEF Units for their planned corporate management activities (i.e., institutional relations; policy and program development and coordination; outreach, knowledge management, and external relations; management and finance; and monitoring and evaluation) in support of GEF's operational activities and special initiatives. The proposed budget incorporates a volume increase of 1.7 per cent to meet costs of implementing the new Monitoring & Evaluation modality of Secretariat Managed Project Reviews; and a price adjustment for some units of 3.0 per cent to accommodate the impact of annual price increases.
4. The proposed FY03 special initiatives are (i) the Second GEF Assembly – Phase II; (ii) the Strategic Collaboration and Framework for Capacity Development for the Global Environment.

I. INTRODUCTION

Proposed FY03 Corporate Budget

5. Council approval is sought for a proposed FY03 Corporate Budget of \$23.400 million comprising:
- (a) \$21.042 million for the resource requirements of the six GEF units (GEF Secretariat, the three Implementing Agencies, Trustee and the Scientific and Technical Advisory Panel) in the provision of corporate management services for Fiscal Year 2003 (July 1, 2002 - June 30, 2003); and
 - (b) \$ 2.358 million for FY03 Special Initiatives for: (i) the Second GEF Assembly; and (ii) the Strategic Collaboration and Framework for Capacity Building for the Global Environment.

Formulation of GEF Annual Corporate Budget

6. The GEF Annual Corporate Budget is determined by the rolling three-year GEF Business Plan for implementing GEF's Operational Strategy. This annual corporate budget provides the six GEF organizational functions¹ (GEF Units) with the budgetary framework and resources for programming their corporate services for the fiscal year². The FY03 Corporate Budget supports the planned activities and deliverables for the first year of the GEF FY03 - FY05 Business Plan³, which responds to the recommendations of the Second Overall Performance Study of the GEF (OPS2) and may be revised to take into account the policy recommendations for the Third Replenishment of the GEF, which are being considered by Council.

7. The corporate budget provides the annual funding for the core corporate activities and special initiatives, which support the accomplishment of the objectives of the Business Plan. These core corporate activities (i.e., institutional relations; policy and program development and coordination; communications and outreach; management and finance; and monitoring and evaluation) are commonly carried out by the GEF Units, as further discussed in Section II. The expense categories covered by the GEF annual corporate budget, typically and commonly experienced by all GEF Units, are examined in greater details in Section IV.

¹ GEF Secretariat (including the Monitoring & Evaluation Team); the three Implementing Agencies' coordination functions; Trustee; and the Scientific and Technical Advisory Panel (STAP)

² Additionally, during the year, as appropriate, the GEF CEO may authorize supplemental budgetary resources, within the existing approval authority given to him by Council,² on the basis of estimated year-end expenditures.

³ *GEF Corporate Business Plan FY03-FY05*. GEF/C.19/11.

II. PROPOSED FY03 CORPORATE BUDGET BY CORPORATE MANAGEMENT ACTIVITIES

8. This section discusses the proposed FY03 Corporate Budget in terms of the GEF Units' resource requirements for the planned corporate management activities that support GEF's business and operational work program. The proposed FY03 budget incorporates a volume increase of 1.7 per cent to meet GEF Secretariat's costs of implementing the new Monitoring & Evaluation modality of Secretariat Managed Project Reviews; and a price adjustment for some units of 3.0 per cent to accommodate the impact of annual price increases.

Common Corporate Management Activities

9. This section outlines (i) the typical yearly proceedings and events supported by each corporate management activity; and (ii) the corporate tasks, specifically programmed for FY03, that will be carried out in common by the GEF Units with the exception of Trustee.

10. Institutional Relations: GEF Units collaborate in their participation in GEF policy paper development, reviews and discussions, conferences (including the GEF Council, COP and STAP meetings) and in servicing GEF corporate responsibilities vis-à-vis the global conventions, their secretariats and subsidiary bodies. In FY02, the GEF Units substantially contributed to and participated in various meetings and conferences and documentation pertaining to the Third Replenishment of the GEF, the 2002 World Summit on Sustainable Development (WSSD), the Second GEF Assembly and the two Council Meetings. In FY03, staff from the GEF Units will participate in key Convention meetings and conferences, the WSSD in September 2002 and the Second GEF Assembly in October 2002.

11. Policy and Program Development and Coordination: GEF Units contribute to operational policy and program development through participation in inter-agency task forces on operational and technical issues (e.g., streamlining of project-cycle and incremental costs methodology; development of operational criteria for reviewing GEF project proposals; increasing private sector involvement in GEF operations); promote partnerships and project development with the executing agencies under the expanded opportunities initiative; and seek to leverage and mobilize additional external resources.

12. Outreach and Communications: To increase awareness of GEF, GEF Units participate in corporate GEF outreach efforts at major international events (e.g., workshops, exhibits, production and dissemination of communication material, press releases) and coordination of publications.

13. Management and Finance: In FY03, the GEF Secretariat collaboratively with the Implementing and Executing Agencies will focus major efforts on: (i) development and execution of an action plan for GEF's information and data-sharing initiative; and (ii) development and implementation of initiatives to strengthen co-financing and leveraging of external resources; and (iii) the implementation and operation of any enhancements of the fee-based system and, if appropriate, review and agree on the use of relevant project implementation service agreements;

14. Monitoring and Evaluation: GEF Units will devote resources to corporate monitoring & evaluation activities, including the Project Implementation Review, GEF Lessons Notes, M&E Standards and Guidelines, thematic reviews and the development and revision of program-level indicators. Additionally, in FY03, GEF Units will participate in the newly- implemented Secretariat-Managed Project Reviews and in the implementation of an action plan for the recommendations of the Second Study of GEF's Overall Performance (OPS2). GEF Units also undertake activities to generate and disseminate lessons learnt and best practices in order to improve GEF portfolio quality and enhance project replication efforts.

GEF Secretariat

15. GEF Secretariat's estimated FY02 expenditures and proposed FY03 Corporate Budget are summarized in Table 1, and are discussed in the following paragraphs.

Table 1: Proposed FY02 GEF Secretariat Budget

<i>FY01 Actual</i>		Corporate Management Activity	<i>FY02 Budget</i>		<i>FY02 Estimated</i>		<i>FY03 Proposed</i>	
<i>StfYrs</i>	<i>\$m</i>		<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>
3.1	1.077	Institutional Relations	3.6	1.205	3.6	1.205	3.6	1.241
13.4	3.790	Policy & Program Development	14.9	4.140	14.9	4.140	14.9	4.264
3.2	0.844	Outreach & Communications	3.4	1.284	3.4	1.284	3.4	1.323
4.0	1.242	Management & Finance	4.7	1.393	4.7	1.393	4.7	1.435
23.7	6.953	TOTAL	26.6	8.022	26.6	8.022	26.6	8.263

FY02 Performance Highlights

16. GEF Secretariat, in consultation and collaboration with the Implementing Agencies, substantively managed and coordinated the (i) two Council meetings, four Work Programs, and expedited approvals; (ii) four meetings of the Third Replenishment of the GEF Trust Fund; (iii) Preparatory and Roundtable meetings for the WSSD; and (iv) preparations for the Second GEF Assembly; including preparation of the relevant papers and documentation. Capacity building activities were organized, including national assessments of capacity building needs. A strategy was developed to enhance NGO participation in GEF activities at strategic, policy and project levels. A NGO news letter was published and NGO outreach was undertaken at meetings dealing with the global environment, including the conventions and WSSD prepcoms, both regional and global. Outreach to countries was strengthened through the CDW Steering Committee, coordinated assistance to focal points through Implementing Agencies' country offices, publication of a newsletter and organization of a first regional meeting of national focal points. GEF Secretariat coordinated biosafety capacity building activities – including participation in Steering Committee of UNEP umbrella project, assistance in organizing expert meeting in Havana, and participation in INC meetings. The Secretariat organized the independent review of the fee system. A major country best practices regional workshop has been organized for Africa focal points in June 2002, hosted by Senegal.

17. GEF Secretariat participated in meetings of the UN Framework Convention on Climate Change (UNFCCC), most notably COP 7 at Marrakech, where the role of the GEF was an important issue in several decisions impacting upon future GEF activities under the Convention, including administration of three new funds and an expanded role in supporting adaptation to climate change. Consultations were undertaken with least developed countries in response to requests for expeditious implementation of one of the new funds, to assist these countries to prepare national adaptation programs of action. Operational programs and policies were refined based on learning from experience, in cooperation with the M&E Team and STAP.

18. Relevant Memoranda of Understanding and Financial Procedures Agreements have been signed with the greater majority of the executing agencies under expanded opportunities; and a number of funding allocations have been made to some in respect of enabling activities and PDF-Bs. GEF Familiarization Seminars have been held for new GEF staff and for new Council members. The Project Management Information System became fully operational, with the database administration function have been mainstreamed. GEF's information and data-sharing initiative was further pursued through co-chairing a workshop on Bio-Diversity data-sharing in Cuba and consultations with the Convention Secretariats and OECD.

19. The GEF's FY02 program of outreach and communication activities focused on the production, presentation and dissemination of displays and targeted publications, expansion of the GEF website, arrangement of project workshops/site visits at international meetings, and public/media relations; including support activities for Conference of Parties meetings of the Conventions. The GEF partnership with the International Television Trust for the Environment continued to produce and release programs on GEF projects through BBC World and the National Geographic television channels. Events leading up to the WSSD have justified an additional work program of support material for the five regional and the four global WSSD preparatory committee meetings. At the final such meeting in Indonesia in May/June 2002, the 2002 Global Environment Leadership Award will be presented. Five Experts' Roundtables were sponsored and arranged by the GEF (one each on energy, forests, and land, water and food security, and two on financing the environment and sustainable development). Three videos were produced to kick off the roundtables on energy, forests, and land; together with the placing of newspaper op-eds and supplements.

FY03 Proposal Highlights

20. In FY03, GEF Secretariat will continue to substantively manage and coordinate the (i) two Council meetings and four Work Programs; (ii) the immediate events, including preparatory and roundtable meetings leading up to the WSSD in August/September 2002; and (iii) the final preparations for and the holding of the Second GEF Assembly in October 2002; in consultation with the Implementing Agencies. To ensure broader coverage prior to the Assembly, in early FY03, two regional workshops of GEF focal points to share experiences and best practices in the coordination of GEF activities will be held; one in Asia and one in Latin America.

21. GEF Secretariat will oversee the implementation an action plan to follow up on the recommendations of OPS2 and the Policy Recommendations agreed in the process of the Third Replenishment. This will include among other matters: the development and implementation many specific policies such as those on cofinancing, stakeholder participation, and private engagement; participation in the Secretariat Managed Project Reviews led by the M&E Unit; streamlining approval procedures and reviewing the Project Review Criteria; continued refinement of the fee system; program and portfolio management to ensure quality and maximize results according to strategic priorities; dialogue with the conventions on priorities and enabling activities in particular; operationalization of up to two new focal areas (POPs and land degradation); review, revision, and piloting of principles of the incremental cost agreement process; review and rationalization of the operational programs; and review of the use of transboundary diagnostic analyses.

22. Strategies will be developed for implementation of UNFCCC decisions, particularly with respect to adaptation and other elements of the new funds. Other important focal areas activities will include outreach at the WSSD and the Assembly with respect to the contribution of clean energy to sustainable development and increased focus on strategies for collaboration with the private sector.

23. GEF Secretariat will work with the three implementing agencies and seven executing agencies to implement enhancements to the fee-based system taking into account the outcome of the recent independent review; including developing and agreeing relevant implementation service agreements as appropriate. An action plan will be developed and implemented with participating agencies and organizations to achieve more concrete progress and deliverables in establishing a framework for sharing information and data covering environment projects funded by GEF and other development and funding agencies. Based on the outcome of Council's discussion of GEF Secretariat's paper on co-financing, increased efforts will be made to identify and develop modalities to leveraging co-financing resources and mobilizing external sources of funding for GEF projects. Further refinement will be made to the Project Management Information System (PMIS) in conjunction with a revision of the GEF website; and a financial management database will be developed to enhance and support GEF financial management.

24. Highlights of communication and outreach activities will be the WSSD in Johannesburg (August/September 2002) and the GEF Assembly in Beijing (October 2002). As approved by the GEF Council, a robust outreach program consisting of exhibits, publications, side events, audiovisual presentations, billboards, film festival participation, and activities sponsored in conjunction with various partners will mark a very high level of GEF family engagement with the summit. a GEF-financed 'greening of the WSSD' project will provide added opportunities for raising the GEF profile at WSSD. Much of the preparation for WSSD will feed in to the GEF Assembly, but there are specific Assembly-focused products, including a new GEF video and an Assembly book. The rest of the fiscal year will see a return to more traditional outreach activities, undoubtedly given new impetus by proposals from the GEF Council and Assembly regarding expanded outreach initiatives for the years 2003-2006.

GEF Secretariat – Monitoring & Evaluation

25. GEF Secretariat's Monitoring & Evaluation estimated FY02 expenditures and proposed FY03 Corporate Budget is summarized in Table 2, and discussed in the following paragraphs..

Table 2: Proposed FY03 GEF Secretariat: Monitoring & Evaluation Budget

<i>FY01 Actual</i>		Corporate Management Activity	<i>FY02 Budget</i>		<i>FY02 Estimated</i>		<i>FY03 Proposed</i>	
<i>StfYrs</i>	<i>\$m</i>		<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>
3.0	0.860	Studies, Reviews/PIR, methodology	1.8	0.603	2.8	0.936	2.6	0.875
1.4	0.370	Communication/Dissemination	1.4	0.468	1.4	0.468	1.5	0.490
-	-	Secretariat-Managed Project Reviews	1.4	0.468	0.4	0.135	1.5	0.510
4.4	1.230	TOTAL	4.6	1.539	4.6	1.539	5.6	1.875

FY02 Performance Highlights

26. A report on GEF's monitoring & evaluation (M&E) work program in FY01 was submitted to Council December 2001⁴. The main activities during FY02 were the management of the Second Overall Performance Study (OPS2) of the GEF, which was completed in January 2002; the Evaluation of Medium Sized Projects (GEF/C.18/Inf.4); and four Working Papers in Climate Change and International Waters, based on material collected as part of the focal area program studies initiated in early FY01. Two other evaluations were initiated and will be continued in FY03. The development of program level indicators in biodiversity and International Waters have progressed well during this period, and will be completed in early FY03. The Project Implementation Review for FY01 will be submitted to the May 2002 Council meeting. Work has been initiated on developing a knowledge management system for M&E, in addition to the normal dissemination of evaluation results through reports, GEF Lessons Notes and the GEF website. All M&E activities have been carried out with good cooperation and support from the Implementing Agencies.

FY03 Proposal Highlights

27. During FY03, the annual Project Implementation Review (PIR) will be revamped with (i) certain minimum standards being established for mid-term reviews and terminal evaluations (ICRs); (ii) Secretariat Managed Project Reviews (SMPRs) being conducted by the M&E Unit with the participation of the GEF Secretariat and the Implementing Agencies; and (iii) Implementing Agencies assuming greater accountability for the quality of their PIR processes. The Implementing Agencies will participate in supportive, training and development assignments within the context of the SMPR. For the purpose of this new review modality, it is proposed that a new position be added to the GEF Secretariat M&E team. Two evaluations are already underway but which will require major efforts in

⁴ "Progress Report on Monitoring and Evaluation Activities"; GEF/C.18 /Inf.5

the budget period are the studies of “Financial Instruments for Sustainability in Biodiversity” and “Social Impact of GEF Projects”. Towards the end of FY03, initial work will have commenced on the methodology and design of new broad program studies in two GEF focal areas in preparation for the Third Study of GEF’s Overall Performance in FY04-05. The work on extended dissemination of evaluation results and lessons will be carried out in a broader framework of knowledge management. This will also include improvements in electronic searchable databases and new ways of involving project staff, project managers and others in sharing lessons.

Implementing Agencies Corporate Management Activities

28. The Implementing Agencies’ corporate budget is expressed in terms of the staff-year efforts and corresponding dollar-value for the five corporate management activities. The respective Implementing Agency’s FY03 budgets continue to reflect ongoing stabilization of the resource requirements for their core corporate services encompassing institutional relations, policy & program development/coordination, outreach and communications, management & finance and monitoring & evaluation. It is worthwhile to note that the Implementing Agencies’ annual corporate budgets cover their respective corporate management activities; while project fees allocated to the Implementing Agencies cover their provision of project implementation services in respect of GEF projects. The proposed FY03 corporate budget for the three Implementing Agency coordination units, totaling \$8.292 million, is summarized in Table 3 and further discussed in the following paragraphs.

Table 3: Proposed FY03 GEF Implementing Agencies’ Budgets

FY02 Budget		Corporate Management Activity	Implementing Agencies							
Total			UNDP		UNEP		IBRD		Total	
StYrs	\$m		StYrs	\$m	StYrs	\$m	StYrs	\$m	StYrs	\$m
2.7	0.720	Institutional Relations	1.1	0.279	1.5	0.359	1.30	0.441	3.2	0.901
17.9	4.625	Policy & Program Development / Coordination	5.1	1.292	5.3	1.269	5.40	1.403	17.5	4.426
2.1	0.494	Outreach & Communications	0.6	0.152	0.9	0.215	1.00	0.358	2.5	0.722
5.9	1.546	Management & Finance	2.3	0.582	2.1	0.502	2.20	0.489	6.1	1.466
2.8	0.700	Monitoring & Evaluation	1.5	0.380	1.2	0.287	1.10	0.284	3.3	0.777
31.4	8.086	TOTAL	10.6	2.685	11.0	2.632	11.0	2.975	32.6	8.292

UNDP-GEF

29. UNDP-GEF’s estimated FY02 expenditures and the proposed FY03 Corporate Budget is summarized in Table 4; and, discussed in the following paragraphs.

Table 4: Proposed FY03 UNDP-GEF Budget

<i>FY01 Actual</i>			<i>FY02 Budget</i>		<i>FY02 Estimated</i>		<i>FY03 Proposed</i>	
<i>St/Yrs</i>	<i>\$m</i>	Corporate Management Activity	<i>St/Yrs</i>	<i>\$m</i>	<i>St/Yrs</i>	<i>\$m</i>	<i>St/Yrs</i>	<i>\$m</i>
1.1	0.264	Institutional Relations 1/	0.4	0.098	1.1	0.275	1.1	0.279
5.1	1.225	Policy & Program Development	6.8	1.703	5.1	1.275	5.1	1.292
0.6	0.144	Outreach & Communications	0.6	0.145	0.6	0.150	0.6	0.152
2.3	0.553	Management & Finance	1.8	0.461	2.3	0.575	2.3	0.582
1.5	0.360	Monitoring & Evaluation	1.0	0.200	1.5	0.375	1.5	0.380
10.6	2.547	TOTAL	10.6	2.607	10.6	2.649	10.6	2.685

FY02 Performance Highlights

30. UNDP-GEF continued to assume an increased number of corporate service activities during FY02 and was actively engaged in operationalizing the expanded opportunities initiative for executing agencies, which included high-level engagements with the regional development banks by providing technical support to them on individual project development and submission to the GEF Council. UNDP/GEF actively participated in and supported the OPS2 review and various policy and corporate papers for the Replenishment meetings, as well as other ongoing and new GEF corporate initiatives during FY02. UNDP-GEF provided biodiversity and climate change support and coordinated the Small Grants Programme. UNDP-GEF was proactive in efforts to streamline the GEF project cycle, adopt the fee-based system and employ greater emphasis on driving for results. UNDP-GEF supported GEF's effort to strengthen the coordination of the GEF Government Operational Focal Point in over 65 countries by assisting them in the retrieval and dissemination of GEF documents from the GEF website. UNDP-GEF continued to provide overall management and technical support to the Country Dialogue Workshops, National Communications Support and Biodiversity Planning Support Programs, and the Small Grants Programme. Additionally, UNDP-GEF developed and secured Council endorsement of a work program of about US\$150 million, while mobilizing an equal amount of co-financing, including building partnerships with the European Commission and other bilateral development agencies.

FY03 Proposal Highlights

31. UNDP-GEF will continue to develop partnerships with the regional development banks, private sector, NGOs, and other UN Agencies. UNDP-GEF will support the development of a portfolio in the POPs, Biosafety and Land Degradation in response to country demand; and mobilize an estimated US\$200 million in co-financing resources. UNDP-GEF will continue to carry out outreach activities covering: the publications of UNDP-GEF contributions to outreach products sponsored by GEF Secretariat; the development and distribution of materials such as press releases and Guidebooks; and inputs to WSSD. For the WSSD, UNDP-GEF will continue to collaborate in specific functions to reflect the GEF partnership with the Implementing Agencies; highlighting its projects in South Africa,

including an Ubuntu Village Exhibition (UNDP-GEF/SGP), a SABONET event (UNDP-GEF), and a Film and Documentary Festival co-sponsored by UNDP-GEF/SGP and UNDP-LIFE.

32. In monitoring and evaluation activities, UNDP-GEF will continue to undertake (a) participation in the study on financial mechanisms for sustainability in biodiversity and the evaluation of social impacts of GEF projects; (b) GEF Secretariat managed project reviews; (c) knowledge management/dissemination strategy; (d) Biodiversity and International Waters Program Indicators; and (e) the Project Implementation Review (PIR) exercises.

UNEP-GEF

33. UNEP-GEF's estimated FY02 expenditures and proposed FY03 Corporate Budget are summarized in Table 5 and discussed in the following paragraphs.

Table 5: Proposed FY03 UNEP-GEF Budget

<i>FY01 Actual</i>			<i>FY02 Budget</i>		<i>FY02 Estimated</i>		<i>FY03 Proposed</i>	
<i>St/Yrs</i>	<i>\$m</i>	Corporate Management Activity	<i>St/Yrs</i>	<i>\$m</i>	<i>St/Yrs</i>	<i>\$m</i>	<i>St/Yrs</i>	<i>\$m</i>
1.4	0.313	Institutional Relations	1.5	0.332	1.5	0.332	1.5	0.359
5.2	1.181	Policy & Program Development	5.3	1.303	5.3	1.303	5.3	1.269
0.8	0.145	Outreach & Communications	0.9	0.179	0.9	0.179	0.9	0.215
2.0	0.481	Management & Finance	2.1	0.485	2.1	0.485	2.1	0.502
1.1	0.193	Monitoring & Evaluation	1.2	0.255	1.2	0.255	1.2	0.287
10.5	2.313	TOTAL	11.0	2.554	11.0	2.554	11.0	2.632

FY02 Performance Highlights

34. UNEP-GEF took a leading role in the preparation of the GEF documents addressed to the Second and Third meeting of the Intergovernmental Committee on the Cartagena Protocol on Biosafety and, in close cooperation with the GEF Secretariat, convened the International Workshop on Financial support for National Biosafety Frameworks, held in July 2001. UNEP took an active part in the preparation and implementation of GEF corporate activities in relation to the three meetings of the preparatory committee of the World Summit on Sustainable Development, held during FY02. In addition, during FY02, UNEP-GEF initiated a number of corporate activities for the preparation of the Second GEF Assembly to be held in October 2002 in Beijing. During FY02, UNEP-GEF finalized the reconstitution of STAP for the third phase of the GEF; submitting two documents in this regard to the GEF Council at its May and December 2001 meetings.

35. UNEP-GEF actively participated in the country dialogue workshops convened during FY02 and has served as a member of the Steering Committees for this important corporate activity and for the GEF Capacity Development Initiative. In addition, national workshops on UNEP-GEF collaboration were held at the request of governments in two eligible countries. During FY02, UNEP continued to

actively pursue the implementation of the Council policy on expanded opportunities for Executing Agencies.

36. In FY02, UNEP participated in the communications interagency task force discussions, and contributed to corporate outreach activities. UNEP provided exhibits to, and organized workshops for, relevant bodies and events to provide information on the GEF and the role of UNEP in GEF. Major side events were held at the margins of the Fifth meeting of the Conference of the Parties to the Convention to Combat Desertification, the second and third meetings of the Intergovernmental Committee of the Cartagena Protocol on Biosafety, as well as during the International Workshop on Financial Support for National Biosafety Frameworks. UNEP-GEF also organized, in cooperation with the GEF Secretariat, a major side event on its GEF intervention in support of the New Partnership for African development (NEPAD), with the participation of more than 350 Ministers and high level officials at the margins of the African preparatory Committee for the World Summit on Sustainable Development held in Nairobi in October 2001. Exhibits were organized and special brochures in the relevant United Nations languages were prepared and distributed. UNEP-GEF also participated in the round tables convened in FY02 in the context of the GEF contribution to the World Summit on Sustainable Development.

37. In addition to UNEP-GEF's regular monitoring and evaluation activities, emphasis was placed on the annual GEF PIR and contributions to focal area task force meetings and interagency meetings. UNEP-GEF supported and contributed to the OPS2 process, and the preparation and finalization of the second review of the effectiveness of the financial mechanism prepared by the Secretariat of the Convention on Biological Diversity. Furthermore, UNEP-GEF actively participated in a number of corporate evaluation activities including the Medium Sized Project Review, development of program indicators, review of financial mechanisms for sustainability of biodiversity projects, and study of knowledge management.

38. At the end of FY02, UNEP GEF's total work programme portfolio will amount to \$259 million, which includes \$119 million of GEF financing.

FY03 Proposal Highlights

39. During FY03, UNEP-GEF will continue to be actively involved in GEF corporate activities; and contribute to the implementation of the GEF Business Plan. UNEP-GEF will support the implementation of the recommendations of the OPS2, the policy recommendations associated with the Third Replenishment of the GEF and of the decisions adopted by the Second GEF Assembly. UNEP-GEF will also participate substantially in the preparation and execution of the Second GEF Assembly. UNEP-GEF will ensure that its operational activities submitted during FY03 will be fully in line with the new GEF priorities, as defined in the GEF FY03-05 Business Plan, and the comparative strengths of UNEP's intervention in GEF. With regards to corporate monitoring and evaluation activities, UNEP-GEF will contribute to the study on financial mechanisms for sustainability in biodiversity, the evaluation of social impacts of GEF projects, GEF Secretariat managed project reviews, the development of GEF Program-level Indicators and the Project Implementation Review (PIR) exercises. UNEP-GEF will

continue furthering the implementation of the initial activities under the UNEP/GEF Strategic Partnership including the strengthening of its Environment Directory for improving accessibility of environmental information for GEF purposes.

IBRD-GEF

40. IBRD-GEF's estimated FY02 expenditures and proposed FY03 Corporate Budget are summarized in Table 6, and discussed in the following paragraphs.

Table 6: Proposed FY03 IBRD-GEF Budget

<i>FY01 Actual</i>			<i>FY02 Budget</i>		<i>FY02 Estimated</i>		<i>FY03 Proposed</i>	
<i>St/Yrs</i>	<i>\$m</i>	Corporate Management Activity	<i>St/Yrs</i>	<i>\$m</i>	<i>St/Yrs</i>	<i>\$m</i>	<i>St/Yrs</i>	<i>\$m</i>
0.9	0.280	Institutional Relations	1.0	0.290	1.21	0.350	1.30	0.441
5.7	1.541	Policy & Program Development	6.0	1.620	5.60	1.510	5.40	1.403
0.8	0.160	Outreach & Communications	0.8	0.170	0.80	0.200	0.80	0.286
2.3	0.576	Management & Finance	2.2	0.600	2.20	0.589	2.20	0.489
0.8	0.226	Monitoring & Evaluation	0.8	0.245	1.05	0.276	1.30	0.356
10.5	2.783	TOTAL	10.8	2.925	10.86	2.925	11.00	2.975

FY02 Performance Highlights

41. IBRD-GEF's FY02 corporate program will be delivered largely as planned and within budget. IBRD-GEF staff also participated in the search committee for a reconstituted STAP. Program coordination efforts included delivery of an IBRD-GEF program expected to total approximately \$250 million for 30 full-size and 20 medium-size. New programs for POP's and Biosafety were launched with the first projects being submitted for GEF Council approval in FY02. In an ongoing effort to align GEF business products and procedures with IBRD Internal Operational Policies and Procedures, several policy papers were prepared and operational procedures were redrafted and finalized for IBRD senior management approval. Underpinning the alignment of operational policies and procedures were efforts to align project information between IBRD's systems and GEF Secretariat's Project Management Information System, and to validate, review and revise reference data in both systems, where necessary. In FY02, IBRD-GEF also concluded a financial procedures agreement with the Trustee for commitment, disbursement and reporting of GEF resources.

42. IBRD advanced work on its Work Program Agreements with its regional operational groups, in terms of both content and system improvement, in order to capture better IBRD-GEF work program progress and delivery in a mainstreamed planning and implementation environment. IBRD-GEF continued its efforts to operationalize collaborative arrangements with new Executing Agencies under the Expanded Opportunities initiative; with the first proposals being prepared for GEF approval in FY02. Towards that end, Memoranda of Agreement were finalized with ADB, AfDB, and IFAD; and discussions were initiated with IDB and EBRD. FY02 contributions to GEF's FY02 Corporate M&E

Program included inputs to the FY02 Project Implementation Review and OPS2. IBRD thematic specialists participated in several reviews including: the Medium Size Project evaluation; Biodiversity, Climate Change and International Waters Program Studies; and program indicators work. IBRD-GEF staff also participated in the development of the new GEFSEC-managed project reviews, and in the revamping of the annual Project Implementation Review exercise. IBRD staff participated in the Capacity Development Initiative and in eight GEF Country Dialogue Workshops. IBRD-GEF continued its support to GEF Focal Points through IBRD country offices.

FY03 Proposal Highlights

43. The IBRD-GEF FY03 program is planned to focus on the following corporate management activities:

- i. Contributions to the WSSD and the GEF Assembly. IBRD-GEF will continue its contribution to the GEF partnership's engagement with the WSSD process as well as planning and organization of the GEF Assembly in Beijing. IBRD expects to support GEF 's enhanced program of outreach to countries, in order to strengthen country level coordination by GEF focal points and to raise awareness of emerging strategic priorities for GEF funding.
- ii. Management of Work Program Agreements between the IBRD-GEF Coordination Unit and IBRD's regional vice presidencies in order to deliver a projected IBRD-GEF work program of \$250-275 million for GEF approval as well as to manage an active portfolio of over 160 projects with commitments worth \$1.5 billion. The core of IBRD's business as an Implementing Agency is the delivery of a GEF work program that (a) reflects the GEF's eligibility criteria and strategic priorities, (b) is increasingly mainstreamed with IBRD's country dialogue on sustainable development, and (c) meets or exceeds IBRD standards for quality at entry and supervision.
- iii. Continued work on IBRD's GEF-related operational policies and procedures to (a) reflect new IBRD and GEF business products and procedures; (b) streamline processing where possible; and (c) incorporate new strategic directions and institutional arrangements in IBRD, particularly with regard to the decentralization of GEF operations to the IBRD's regional vice presidencies.
- iv. Enhanced efforts at generation and dissemination of lessons learned to project task teams and clients. Drawing on experience gained in 10 years of managing GEF operations, IBRD intends to invest more in improving portfolio quality and fostering replication through knowledge management activities, building on the on-going institutional programs for quality assurance and portfolio management.
- v. Contributions to the FY03 GEF Corporate M&E program, including participation in the program studies on financing for biodiversity, social impacts of GEF projects, and

program indicators in the focal areas, as well as the new Secretariat Managed Project Reviews.

44. Overall, it is expected that nearly 50% of IBRD-GEF budget resources will be allocated for policy and program development/coordination, consistent with IBRD's core business as an Implementing Agency. In order to accommodate FY03-specific priority areas, resource shifts among corporate management activity are expected result in (a) an increase for institutional relations and outreach (and related travel) to reflect the effort required for WSSD and the Assembly; and (b) an increase for M&E and knowledge management (and related consultants and workshops costs), with a view to a greater emphasis on portfolio quality and implementation results.

45. IBRD-GEF plans to deliver its FY03 corporate program within a budget envelope only 1.7% higher than its FY02 budget. The increase in corporate activities within this envelope is possible as a result of efficiencies realized in IBRD's GEF business processes related to: decentralization of GEF operations coordination to regional vice presidencies; continued mainstreaming of GEF activities into Bank processes and systems; and benefits from information technology applications.

Scientific and Technical Advisory Panel

46. The Scientific and Technical Advisory Panel's (STAP) estimated FY02 expenditures and proposed FY03 Corporate Budget is summarized in Table 7, and discussed in the following paragraphs.

Table 7: Proposed FY03 STAP Budget

<i>FY01 Actual</i>			<i>FY02 Budget</i>		<i>FY02 Estimated</i>		<i>FY03 Budget</i>	
<i>StfYrs</i>	<i>\$m</i>	Corporate Management Activity	<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>
		STAP Secretariat -						
0.6	0.130	Institutional Relations	0.6	0.194	0.6	0.194	0.6	0.196
0.5	0.108	Policy & Program Development/Coordination	0.5	0.156	0.5	0.156	0.5	0.164
0.7	0.152	Outreach & Communications	0.7	0.213	0.7	0.213	0.7	0.229
0.2	0.043	Management & Finance	0.2	0.071	0.2	0.071	0.2	0.065
2.0	0.433	Sub-Total	2.0	0.634	2.0	0.634	2.0	0.654
		STAP Members -						
	0.388	Honoraria & Logistical/Secretarial Support		0.384		0.384		0.500
	0.168	STAP Meetings/Workshops		0.531		0.531		0.610
0.0	0.556	Sub-Total	0.0	0.915		0.915	0.0	1.110
2.0	0.989	TOTAL	2.0	1.549	2.0	1.549	2.0	1.764

47. Three meetings of the Scientific Technical Advisory Panel (STAP), a joint meeting between the outgoing and incoming STAP, one expert group meeting on Adaptation to Climate Change, one brainstorming on Sustainable Transport and two meetings of the Editorial Committee for the preparation of the Sourcebook on Integrated Land and Water Management, were convened in FY02. Preparation for a STAP workshop on POPs was also initiated during FY02. In addition, STAP continued to (i) work with the wider scientific community, particularly in Africa, in the preparation of a Sourcebook on Integrated Land and Water Management; (ii) provide scientific and technical advice and input on a wide cross-section of issues emerging from GEF operations, such as targeted research projects; choice of technological options particularly in the climate change focal area, and the operationalization of the new GEF operational programs. STAP continued to maintain the STAP Roster of Experts and contributed substantively to GEF monitoring & evaluation activities, namely, the Second Overall Performance Study, PIR and the choice of performance indicators. Furthermore, the STAP Secretariat was closely associated to the activities of the search committee for the reconstitution of STAP for the third phase of the GEF.

FY03 Proposal Highlights

48. The membership of STAP will be increased from 12 to 15 members to reflect the increasing areas being addressed by the GEF. In direct response to the corporate priorities of the GEF Secretariat, STAP will undertake a number of additional activities during FY03 to support the Protocol on Biosafety, the recently adopted Convention on Persistent Organic Pollutants (POPs); and integrated land and water management. Strengthening the scientific and technical soundness of GEF projects through the STAP Roster of Experts will be intensified through the process of filling the gaps in the Roster (i.e. expertise in traditional knowledge, integrated land and water management, etc.); as well as a review of the Operational Guidelines for the management of the Roster so as to develop and integrate criteria for improving the Roster. STAP will continue to develop and build strong relationships with the wider scientific and technical community particularly in recipient countries.

Trustee

49. Trustee's estimated FY02 expenditures and proposed FY03 Corporate Budget are summarized in Table 8; and, further discussed in the following paragraphs.

Table 8: Proposed FY03 Trustee Budget

<i>FY01 Actual</i>		<i>FY02 Budget</i>	<i>FY02 Estimated</i>	<i>FY03 Proposed</i>
<i>\$m</i>	Corporate Management Activity	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
0.400	Resource Mobilization and Management	0.423	0.425	0.436
0.070	Legal services	0.074	0.074	0.077
0.197	Accounting & Reporting	0.174	0.174	0.180
0.117	Investment Management	0.117	0.117	0.117
0.000	External Audit on the GEF Trust Fund	0.035	0.035	0.038
0.784	TOTAL	0.823	0.825	0.848

FY02 Performance Highlights

50. In FY02, building on the extensive assessment of the financial risks and controls associated with the resource management of the GEF Trust Fund that was completed during FY01, the Trustee continued implementing a control framework, which includes bringing the Financial Statements in closer compliance with GAAP/International Accounting Standards, streamlining financial procedures (commitments and disbursements) for Implementing and Executing Agencies and entering into financial procedures agreements with new Executing Agencies, building new modules in SAP to modernize the financial management of the Trust Fund, reduce unnecessary business/financial risks, and to improve the Trustee's capacity to project commitment capacity and liquidity needs/uses.

51. In collaboration with the GEF Secretariat, the Trustee coordinated and participated in the second, third, fourth and fifth meetings for the Third Replenishment of the GEF (GEF-3), including drafting the replenishment resolution, reviewing burden-sharing and exchange rate issues associated with donor contributions, and undertaking studies to seek and assess effective mechanisms for preventing arrears

FY03 Proposal Highlights

52. Apart from the routine ongoing work program, the Trustee will substantially focus on the implementation of GEF-3, including closely monitoring the steps that make the GEF-3 effective (effectiveness of the Advance Contribution Scheme as well as the overall effectiveness of the Replenishment). The Trustee will continue its effort in making the Financial Statements more informative and more in compliance with GAAP/International Accounting Standards; automating the financial management of the GEF Trust Fund; implementing and improving the newly developed Commitment Authority management tool; and streamlining the financial control and financial procedures across all Implementing and Executing Agencies.

III. SPECIAL INITIATIVES

Review of FY02 Special Initiatives

Second GEF Assembly

53. During its meeting in May 2001, the GEF Council approved the activities that the GEF Secretariat should take to continue the organization of the Second Assembly over FY02 and FY03, and the budgetary resources needed to cover the relevant costs in FY02⁵. The GEF Secretariat has collaborated closely with the Government of China in preparing for the second Assembly to finalize the venue, advance logistical arrangements; and to continue discussions on the Memorandum of Understanding for hosting the meeting. Pre-Assembly publications and an information booklet, which will be translated into six languages, are currently being prepared.

World Summit on Sustainable Development

54. At its meeting in May 2001, the Council approved the activities to be undertaken by the GEF as its contribution to the World Summit on Sustainable Development (WSSD) and its preparatory process⁶. Accordingly, the GEF was represented at all five regional preparatory meetings⁷ and shared information on the GEF with the meeting participants, including through wide dissemination of publications especially targeted at each meeting. Also, GEF financed up to 10 NGO representatives from each region to attend the regional preparatory meetings.

55. The GEF also organized a series of four roundtables on critical environmental and sustainable development issues as a contribution to the WSSD. The roundtables looked at energy, forest, land/water and food security, and financing environment and sustainable development. The latter roundtable is being convened at ministerial level and in two sessions. Recommendations emerging from the first session of roundtables have been submitted for the consideration of the second session, planned in Bali for June alongside the preparatory process of the WSSD. The results of the forest roundtable were also presented to the United Nations Forum on Forests and the Sixth Meeting of the Conference of the Parties to the Convention on Biological Diversity. A series of videos on energy, forests and land/water and food security were produced for these roundtables.

Follow-up to the Capacity Development Initiative

56. In December 2001, the Council approved a sum of \$289, 800 for the GEF Secretariat to undertake various activities⁸ to carry out the Council's May 2001 decision on "*Elements of Strategic*

⁵ "A Note on GEF Assembly and Associated Meetings"; GEF/C.17/10

⁶ "CEO Note on GEF Activities related to the World Summit on Sustainable Development"; GEF/C.17/9

⁷ Regional Prepcoms were organized for the following regions: ECE (Geneva, Switzerland, Sep. 24 and 25, 2001), Africa (Nairobi, Kenya, Oct. 15 – 18, 2001), LAC (Rio de Janeiro, Brazil, Oct. 23 and 24, 2001), West Asia (Cairo, Egypt, Oct 24 – 25, 2001), and Asia-Pacific (Phnom Penn, Cambodia, Nov.27 –29, 2001).

⁸ "Note on the Follow-up to the Capacity Development Initiative"; GEF/C.18/11

*Collaboration and a Framework for GEF Action for Capacity Building for the Global Environment*⁹. These resources were for personnel, consultations, publications, communications, and technical and managerial support to countries undertaking their national capacity needs self assessments (NCSAs).

57. These resources have been used to prepare operational guidelines for expedited funding of NCSAs, the preparation and updating (by UNITAR) of a guide for carrying out country level needs assessments, consultations with select developing countries on the NCSA process, translation into UN languages and publications, and preparations for technical support for NCSAs.

58. On September 11th and 12th, 2001, the GEF Secretariat organized a consultative meeting to discuss operational guidelines and a guide for NCSAs. In October 2001, operational guidelines for NCSAs were finalized and these have become operational. In March 2002, GEF has begun to receive first NCSA project proposals for approval.

59. A briefing document for *Elements of Strategic Collaboration and a Framework for GEF Action for Capacity Building for the Global Environment* was prepared and presented at relevant convention meetings for discussion¹⁰. The GEF Secretariat has also consulted with intergovernmental and non-governmental organizations participating in capacity building activities through kind collaboration of OECD and NGO networks.

An Independent Review of the Fee-Based System

60. At its December 2001 meeting, Council approved a proposal for an independent review of the fee-based system¹¹. This review was carried out and completed during January to March 2002 by the consulting firm of Deloitte & Touche, which was selected through a competitive bid basis. The review involved the GEF Secretariat, the three Implementing Agencies and the seven Executing Agencies under the Expanded Opportunities initiative. The outcome of the Review, which is being presented at the May 2002 meeting for Council discussion and approval as GEF/C.19/13 “*Consultant’s Report on an Independent Review of the Fee-Based System*”, is intended to provide a sound and viable framework for the future application of a Fee-Based System, taking into account the experience so far and the recent introduction of the Executing Agencies.

⁹ “*Elements of strategic collaboration and a framework for GEF action for capacity building for the global environment*”; GEF/C.17/6/Rev1

¹⁰ Convention on Biological Diversity (CBD): a consultation was organized on November 20, 2001, during the Open-ended Intersessional Meeting on the Strategic Plan, National Reports, and Implementation of the Convention on Biological Diversity; UN Framework Convention on Climate Change (UNFCCC): a meeting was organized on October 29, 2001, during the Seventh Session of the Conference of Parties; Convention on Combat Desertification (CCD): a meeting was organized on October 8, 2001, during the Fifth Session of the Conference of the Parties.

¹¹ “*A Proposal for an Independent Review of the Fee-Based System*”; GEF/C.18/10

Review of Special Initiatives Approved Prior to FY02

61. The following paragraphs review a number of special initiatives, approved in previous fiscal years, for which activities were undertaken in FY02.

The Second Overall Performance Study of the GEF (OPS2)

62. The OPS2 was conducted during 2001 by an independent team, which visited 11 countries and involved meetings with government officials, project stakeholders and NGO representatives and held six regional consultations with GEF country focal points and NGO representatives. An interim report was prepared for discussion at the GEF Third Replenishment Meeting held in Edinburgh, Scotland, from October 11-12, 2001. The final draft of the report was submitted for discussion at the December 2001 replenishment and Council Meetings. The final OPS2 report was completed on January 25, 2002, made available for the February 2002 replenishment meeting and is being submitted to the May 2002 Council Meeting. The report is being translated into Arabic, Chinese, French, Russian, and Spanish, and will be published and presented to the Second GEF Assembly in Beijing in October 2002. Following Council request, the report is being submitted to the upcoming Sixth Conference of the Parties of the Convention on Biological Diversity to be held at Hague during April 7-19, 2002. OPS2, now in its dissemination phase, is being implemented within budget.

Country-Level Coordination and Country Ownership of GEF-Financed Activities

63. The Council, at its meeting in May 1999, approved US\$1.815 million to support national focal points and constituency coordination for a three year period. Under this initiative, support is provided to the focal points and recipient country Council Members through the local offices of an Implementing Agency for a three year period. As of mid-FY02, 118 countries received support for their national focal points. To date, two Council members have made use of such constituency support.

64. Provision of support under this initiative was initially delayed as it took some time for recipient countries to identify an Implementing Agency with which to work and to conclude arrangements for providing assistance. Therefore, only 20 countries receiving support in FY02 were benefiting from a second year of assistance. The approved budget for this three-year initiative was based on an estimated cost range of US\$2,000 to US\$8,000 per country/year, with an expectation that most countries needs could be met at an average cost of US\$5,000. Experience from the first and second year of activities, however, makes clear that most countries requested the maximum amount of annual support of US\$8,000. As of mid FY02, approximately US\$1.200 million has been committed of the approved total amount of US\$1.815 million. The remaining funds of US\$0.615 million should be adequate to cover the final requests for support in FY03. It is recognized that the issue of strengthening national focal points and constituencies is addressed in OPS2, and based on the decisions of the Council; the Secretariat will present proposals to the Council in 2003 on procedures for providing assistance. The results achieved through this initiative will be evaluated this year, and the Secretariat's proposals will take into account the conclusions of that evaluation.

Country Dialogue Workshops

65. From April 2000 through March 2002, 31 national and regional Country Dialogue Workshops (CDWs) were successfully conducted. These involved, in total, approximately 3,000 participants from 56 countries. As of March 2002, 99 countries have requested that a workshop be organized in their country. The workshop participants represented a wide range of stakeholders, including government representatives, non-governmental organizations, donor organizations, academic institutions, scientific communities, private sector, and media. The workshops are run by resource persons from the GEF Secretariat and the Implementing and Executing Agencies. The results of workshop evaluations prepared by participants are encouraging and indicate that participants believed the CDWs met or exceeded the objectives of the initiative. The CDW is financed primarily through the three year “GEF Country Dialogue Workshops” project. The project will be evaluated, and lessons learned will be drawn upon in proposing future activities.

Proposed FY03 Special Initiatives

66. The FY03 Corporate Budget incorporates funding for the proposed corporate and operational work program initiatives, which are summarized in Table 9 and described in the following paragraphs.

Table 9: Proposed FY03 Special Initiatives

Special Initiatives	\$m
Second GEF Assembly – Second Phase	2.023
Strategic Collaboration and Framework for Capacity Building for the Global Environment	0.335
TOTAL	2.358

Second GEF Assembly – Second Phase

67. During its meeting in May 2001, the GEF Council approved the activities that the GEF Secretariat should take to continue the organization of the Second Assembly over FY02 and FY03¹². In approving the budget for the FY02 costs the Second GEF Assembly of \$0.266 million, Council took note of the tentative estimates of costs to be incurred in FY03 for convening the Assembly. The budgetary resources needed to organize the GEF Assembly in Beijing in October 2002 total \$2.023 million and are included in the FY03 corporate budget.

¹² “A Note on GEF Assembly and Associated Meetings”; GEF/C.17/10

Strategic Collaboration and Framework for Capacity Building for the Global Environment

68. Given the on-going replenishment negotiations, the development of an action plan to respond to the Second Overall Performance Study of the GEF, and the strategic deliberations and planning that is being undertaken in preparation for the GEF Assembly in October 2002, it would be preferable to postpone a second review of the proposals for follow-up to the Capacity Development Initiative until the first Council meeting after the Assembly in May 2003. An additional benefit in waiting until May 2003 is that the GEF Secretariat, Implementing Agencies and countries will have gain some country-based experience and insights through the NCSAs preparation. For FY03, the GEF Secretariat and the Implementing Agencies will continue to work with countries preparing their self assessment of capacity building needs while also continuing work leading to the presentation of a revised paper on proposed action to strengthen capacity building for review by the Council in May 2003. These activities will include seeking feedback through regional consultations with countries that have launched their NCSAs (about 10 countries per region), consultations with other stakeholders, updating of the UNITAR guide, and managing the NCSA portfolio. Resources required are estimated at \$335,000.

IV. PROPOSED FY03 CORPORATE BUDGET BY EXPENSE CATEGORY

Corporate Expense Categories

69. The proposed FY03 Corporate Budget is further discussed in this section in terms of the corporate expense categories, which are typically and commonly experienced by the GEF Units. These common expense categories, which have been agreed with all GEF Units, are defined and described below. In general, within each GEF Unit, these expense categories are governed by the relevant policies, guidelines and practices of the respective parent agency providing administrative support to that GEF Unit.

- (a) Staff Salaries and Benefits: Salaries and staff benefits pertaining to regular/term staff.
- (b) Staff Travel: Travel related to corporate activities such as Convention-related meetings, Council, inter-agency/bilateral/multi-lateral meetings and international conferences/workshops.
- (c) Consultant Fees and Travel: Long/short-term consultant fees and associated travel to support corporate work program and activities.
- (d) Contractual Services: Contractual provision of goods and services by vendors; primarily related to publications costs (design, printing, translation).
- (e) Meetings/Conferences/Workshops: Meeting services and travel for recipient-country Council members and NGOs to attend GEF Council meetings and workshops convened by GEF Secretariat; and includes costs of interpretation and hospitality.

- (f) Office Equipment: Office technology and communication equipment.
- (g) General overheads: Office occupancy services (e.g., office space, utilities, communications, systems support, and equipment supplies and fixtures) provided by the respective parent agency and charged to each GEF Unit on some agreed basis (e.g., square footage of space occupied).
- (h) Institutional services: Central services (e.g., personnel, treasury, accounting & audit, security, travel, information systems, general services, etc.) provided by the respective parent agency and charged to each GEF Unit on some agreed basis (e.g., a percentage of net staff salaries).

GEF Secretariat

70. GEF Secretariat's estimated FY02 expenditures and proposed FY03 Corporate Budget are summarized in Table 10, and discussed in the following paragraph.

Table 10: Proposed FY03 GEF Secretariat Budget

<i>FY01 Actual</i>	<i>Expense Category</i>	<i>FY02 Budget</i>	<i>FY02 Estimated</i>	<i>FY03 Proposed</i>
<i>\$m</i>		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
4.304	Staff Salaries and Benefits	5.140	5.140	5.294
0.609	Staff Travel	0.560	0.560	0.577
0.290	Consultant Fees and Travel	0.400	0.400	0.412
0.280	Contractual Services	0.320	0.320	0.330
0.550	Meetings/Conferences/Workshops	0.600	0.600	0.618
0.300	Office Equipment	0.350	0.350	0.361
0.440	General Overheads	0.452	0.452	0.466
0.180	Parent Agency Institutional Services	0.200	0.200	0.206
6.953		8.022	8.022	8.263

FY02 Estimated

71. At the end of FY02, GEF Secretariat will have a staff complement of 28 professional level positions and 1 seconded staff from Kreditanstalt für Wiederaufbau (KfW). This is detailed in Annex A. This reflects the addition of a Senior Environment Specialist for the POPs operational program and an Environment Specialist for Private Sector Investments, and the mainstreaming of GEF Secretariat's Database Administrator¹³. Accordingly, expenditures for office occupancy charges, institutional services and office equipment all manifest the impact of the three additional staff.

¹³ GEF/C.15/5 "GEF Corporate Budget FY01"

FY03 Proposed

72. For FY03, any major modification in GEF Secretariat's budgetary resource requirements will result largely from the outcome of a currently ongoing review of its organizational and function structure and staffing; and from Council's decisions on the proposed overall structure, processes and procedure of the GEF to be discussed at the May 2002 Council meeting. In view of recommendation of the GEF Council to the Assembly to designate land degradation as a focal area, GEF Secretariat will strengthen its technical capability in land management through the secondment of a land management specialist from Deutsche Gesellschaft fur Technische Zusammenarbeit (GTZ). Staff benefits, general overheads and institutional services provided by the World Bank, which account for the greater portion of GEF Secretariat's expenses, will accordingly reflect the impact and implications of any policy and cost changes. GEF Secretariat will continue to rely on seconded staff and internees from international agencies and organizations, where appropriate, as additional resources for carrying out their work program.

GEF Secretariat – Monitoring & Evaluation

73. GEF Secretariat's Monitoring & Evaluation estimated FY02 expenditures and proposed FY03 Corporate Budget is summarized in Table 11, and discussed in the following paragraphs.

Table 11: Proposed FY03 GEF Secretariat: Monitoring & Evaluation Budget

<i>FY01 Actual</i>	Expense Category	<i>FY02 Budget</i>	<i>FY02 Estimated</i>	<i>FY03 Proposed</i>
<i>\$m</i>		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
0.630	Staff Salaries and Benefits	0.690	0.696	0.975
0.145	Staff Travel	0.123	0.110	0.160
0.419	Consultant Fees and Travel	0.500	0.500	0.500
0.087	Contractual Services	0.085	0.059	0.060
0.005	Meetings/Conferences/Workshops	0.005	0.007	0.007
0.050	Office Equipment	0.070	0.079	0.081
0.040	General Overheads	0.040	0.046	0.048
0.026	Parent Agency Institutional Services	0.026	0.042	0.044
1.402		1.539	1.539	1.875

FY02 Estimated

74. Expenditures pertaining to staff and consultant, including travel, are estimated to be as budgeted. Contractual outlays are lower than anticipated due to competitive printing prices. The expenditures for office equipment, general overheads and services are as expected.

FY03 Proposed

75. Staff salaries and travel reflect the proposal to augment the M&E Unit by an additional Senior Monitoring and Evaluation Specialist, for the specific purpose of implementing the new M&E modality of Secretariat Managed Project Reviews (SMPR). This will bring the M&E Unit to a total complement of 5 professional-level staff. No real increases are expected for the other expense categories, other than projected price increases, and the anticipated annual salary adjustments associated with existing staff.

Implementing Agencies

76. The proposed FY03 corporate budget for the three Implementing Agency coordination units, totaling \$8.292 million, is summarized in Table 12 and further discussed in the following paragraphs.

Table 12: Proposed FY03 GEF Implementing Agencies' Budgets

<i>Total</i>	<i>Expense Categories</i>	<i>Implementing Agencies</i>							
		<i>UNDP</i>		<i>UNEP</i>		<i>IBRD</i>		<i>Total</i>	
		<i>FY02</i>	<i>FY03</i>	<i>FY02</i>	<i>FY03</i>	<i>FY02</i>	<i>FY03</i>	<i>FY02</i>	<i>FY03</i>
		<i>Budgt</i>	<i>Prosd</i>	<i>Budgt</i>	<i>Prosd</i>	<i>Budgt</i>	<i>Prosd</i>	<i>Budgt</i>	<i>Prosd</i>
<i>\$m</i>		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	
4.773	Staff Salaries and Benefits	1.180	1.213	1.764	1.767	2.048	2.000	4.992	4.980
0.763	Staff Travel	0.263	0.271	0.288	0.280	0.200	0.270	0.513	0.821
0.325	Consultant Fees and Travel	0.161	0.166	0.050	0.050	0.090	0.150	0.539	0.366
0.135	Contractual Services	0.025	0.026	0.047	0.050	0.064	0.065	0.136	0.141
0.031	Meetings/Conferences/Workshops	0.021	0.022	0.000	0.060	0.015	0.030	0.036	0.112
0.090	Office Equipment	0.016	0.016	0.153	0.155	0.022	0.020	0.191	0.191
0.777	General Overheads	0.395	0.407	0.152	0.170	0.287	0.290	0.834	0.867
0.832	Parent Agency Institutional Services	0.549	0.564	0.100	0.100	0.200	0.150	0.849	0.814
7.725	TOTAL	2.607	2.685	2.554	2.632	2.925	2.975	8.086	8.292

UNDP-GEF

77. In general, UNDP-GEF's proposed FY03 expenditures, as summarized in Table 13, have been kept constant in order to accommodate budgetary constraints.

Table 13: Proposed FY03 UNDP-GEF Budget

<i>FY01 Actual</i>	<i>Expense Category</i>	<i>FY02 Budget</i>	<i>FY02 Estimated</i>	<i>FY03 Proposed</i>
<i>\$m</i>		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
1.146	Staff Salaries and Benefits	1.180	1.180	1.213
0.298	Staff Travel	0.263	0.263	0.271
0.156	Consultant Fees and Travel	0.161	0.203	0.166

0.024	Contractual Services	0.025	0.025	0.026
0.020	Meetings/Conferences/Workshops	0.021	0.021	0.022
0.015	Office Equipment	0.016	0.016	0.016
0.384	General Overheads	0.395	0.395	0.407
0.532	Parent Agency Institutional Services	0.549	0.549	0.564
2.574		2.607	2.649	2.685

FY02 Estimated

78. Staff salaries represent 11 full-time professional and 5 full-time support positions performing corporate management and coordination activities (listed in Annex A). The increase in estimated FY02 consultant fee and travel relates to the additional work required under Monitoring & Evaluation. The costs for consultant fees and travel relate to corporate activities, as well as consultant services for the technical advisory tasks in all the thematic areas and in monitoring and evaluation activities.

FY03 Proposed

79. UNDP-GEF's FY03 corporate management and coordination staffing level remains at 11 full-time professional and 5 full-time support positions. The FY03 budget proposal for all the expense categories includes a 3% inflation increase over FY02. UNDP-GEF's budget has been kept constant, in real terms, to accommodate budgetary constraints and stabilization within the GEF.

UNEP-GEF

80. UNEP-GEF's estimated FY02 expenditures and proposed FY03 Corporate Budget are summarized in Table 14 and discussed in the following paragraph.

Table 14: Proposed FY03 UNEP-GEF Budget

<i>FY01 Actual</i>	<i>Expense Category</i>	<i>FY02 Budget</i>	<i>FY02 Estimated</i>	<i>FY03 Proposed</i>
<i>\$m</i>		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
1.647	Staff Salaries and Benefits	1.764	1.764	1.767
0.276	Staff Travel	0.288	0.288	0.280
0.054	Consultant Fees and Travel	0.050	0.050	0.050
0.066	Contractual Services	0.047	0.047	0.050
0.000	Meetings/Conferences/Workshops	0.000	0.000	0.060
0.055	Office Equipment	0.153	0.153	0.155
0.116	General Overheads	0.152	0.152	0.170
0.100	Parent Agency Institutional Services	0.100	0.100	0.100
2.314		2.554	2.554	2.632

FY02 Estimated

81. Staff salaries represent 11 full-time professional and 15 full-time support positions performing corporate management and coordination activities (listed in Annex A). Expenditures in FY02 are in line with projections and any unforeseen variances were accommodated within the overall envelope.

FY03 Proposed

82. The corporate staffing level for FY03 is expected to remain at the same levels as FY02. The FY03 budget proposal for all the expense categories has been kept constant, in real terms, except for a 3% price increase. UNEP-GEF's budget recognizes the stabilization of its corporate management activities.

IBRD-GEF

83. IBRD-GEF's estimated FY02 expenditures and proposed FY03 Corporate Budget are summarized in Table 15, and discussed in the following paragraphs.

Table 15: Proposed FY03 IBRD-GEF Budget

<i>FY01 Actual</i>	<i>Expense Category</i>	<i>FY02 Budget</i>	<i>FY02 Estimated</i>	<i>FY03 Proposed</i>
<i>\$m</i>		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
1.965	Staff Salaries and Benefits	2.048	2.048	2.000
0.189	Staff Travel	0.200	0.200	0.270
0.115	Consultant Fees and Travel	0.130	0.130	0.150
0.045	Contractual Services	0.064	0.064	0.065
0.011	Meetings/Conferences/Workshops	0.015	0.015	0.030
0.020	Office Equipment	0.022	0.022	0.020
0.265	General Overheads	0.287	0.287	0.290
0.173	Parent Agency Institutional Services	0.159	0.159	0.150
2.837		2.925	2.925	2.975

FY02 Estimated

84. IBRD-GEF corporate management activities are delivered by a small coordination unit of 4 full-time professional-level staff, supported by a wide range of specialist inputs drawn from across the institution (detailed in Annex A). IBRD-GEF expects no material deviation in FY02 outcome from its plan.

FY03 Proposed

85. Shifts among expense categories from FY02 levels are expected to be minor. The small decrease projected for salaries and benefits is the result of a change in the mix of technical inputs expected to be required for delivery of the corporate program. Travel is projected to increase largely to planned participation in the GEF Assembly. A small increase in the budget for

meetings/conferences/workshops is planned to accommodate activities related to IBRD-GEF preparations for the WSSD and for knowledge management. As an institution, parent agency institutional services are projected to decrease somewhat due to internal cost efficiencies, and the IBRD-GEF program is expected to benefit from those efficiencies.

Scientific and Technical Advisory Panel

86. The Scientific and Technical Advisory Panel's estimated FY02 expenditures and proposed FY03 Corporate Budget is summarized in Table 16, and discussed in the following paragraph.

Table 16: Proposed FY03 STAP Budget

<i>FY01 Actual</i>	STAP – Secretariat Expense Category	<i>FY02 Budget</i>	<i>FY02 Estimated</i>	<i>FY03 Proposed</i>
<i>\$m</i>		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
0.249	Staff Salaries and Benefits	0.284	0.284	0.293
0.055	Staff Travel	0.100	0.100	0.103
0.000	Consultant Fees and Travel	0.040	0.040	0.041
0.000	Contractual Services	0.027	0.027	0.028
0.001	Office Equipment	0.025	0.025	0.026
0.128	General Overheads	0.158	0.158	0.163
0.000	Parent Agency Institutional Services	0.000	0.000	0.000
0.433		0.634	0.634	0.654
<i>FY01 Actual</i>	STAP – Members Expense Category	<i>FY02 Budget</i>	<i>FY02 Estimated</i>	<i>FY03 Proposed</i>
<i>\$m</i>		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
0.320	Honoraria & Logistical/Secretarial Support	0.384	0.384	0.500
0.236	STAP Meetings	0.531	0.531	0.610
0.556		0.915	0.915	1.110
0.989	STAP Total	1.549	1.549	1.764

FY03 Proposed

87. The GEF Council, at its December 2001 meeting, agreed to increase the membership of STAP from 12 to 15 to accommodate new emerging GEF areas. As a result of this decision, the FY03 budget provides for three additional Special Service Agreements for Honoraria & Logistical/Secretarial Support, including secretarial and logistical support costs. STAP Meetings costs have also been increased to cover the estimated additional travel costs of some extra members attending these meetings. Otherwise costs in FY03 are expected to be in line with FY02, factored for an estimated inflationary increment of 3 percent.

V. PROPOSED FY03 CORPORATE BUDGET SUMMARY

88. The estimated FY02 expenditures and proposed FY03 Corporate Budget for all GEF Units are summarized in Table 17.

Table 17: Proposed FY03 Corporate Budget

<i>FY01 Actual</i>		<i>GEF Units</i>	<i>FY02 Budget</i>		<i>FY02 Estimate</i>		<i>FY03 Budget</i>	
<i>SffYrs</i>	<i>\$m</i>		<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>	<i>StfYrs</i>	<i>\$m</i>
23.7	6.953	GEF Secretariat: Core 1/	26.6	8.022	26.6	8.022	26.6	8.263
4.4	1.230	GEF Secretariat: Monitoring & Evaluation Unit	4.6	1.539	4.6	1.539	5.6	1.875
10.6	2.547	UNDP-GEF	10.6	2.607	10.6	2.649	10.6	2.685
10.5	2.313	UNEP-GEF	11.0	2.554	11.0	2.554	11.0	2.632
10.8	2.925	IBRD –GEF	10.8	2.925	10.8	2.925	11.0	2.975
2.0	0.989	Scientific Technical Advisory Panel	2.0	1.549	2.0	1.549	2.0	1.764
n.a.	0.784	Trustee 2/	n.a.	0.823	n.a.	0.825	n.a.	0.848
62.0	17.741	Sub-Total	65.6	20.019	65.6	20.063	66.8	21.042
		Special Initiatives						
		Country-Level Ownership and Coordination of GEF-Financed Activities - Third Year		0.588				
		World Summit on Sustainable Development		1.399				
		Second GEF Assembly		0.266				2.023
		Collaboration and Framework for Capacity Building 3/		0.290				0.335
		Independent Review of Fee-Based System 3/		0.476				
		Sub-Total	65.6	3.019				2.358
		TOTAL	65.6	23.038			66.8	23.400

1/ FY01 includes adjustments for Council Alternates travel (\$100,000) and Assembly preparation (\$50,000)

2/ Services provided by Trustee cannot appropriately be expressed in terms of Staff years.

3/ Approved by Council in December 2001.

ANNEX A: GEF UNITS – FY02 STAFFING COMPLEMENT

GEF Secretariat

Front Office

CEO & Chairman

Assistant CEO

Operations Officer

Corporate Team

Team Leader

Sr. Environment Specialist, NGO Coordinator

Country Relations Manager

Environment Specialist

Capacity Development Manager

Program Officer

Finance & Administration

Team Leader

Program Coordinator

Resource Management Analyst

Data Administrator

Information Technology Administrator

Communication & Outreach

Team Leader

Sr. Editor & Pub. Manager

Writer/Communications Associate

Bio-Diversity

Team Leader

Senior Social Scientist

Program Manager

Biodiversity Specialist

Senior Environment Specialist

Program Manager

Land & Water Resources

Team Leader

Sr. Adviser International Waters

Env. Specialist, Private Sector Investment

Sr. Environment Specialist.

Program Manager

Climate Change

Team Leader

Program Manager

Program Manager

Program Manager

Monitoring & Evaluation

Team Leader

Sr. M & E Specialist

Sr. M & E Specialist

Sr. M & E Specialist

- Supported by 12 program and administrative assistants

GEF UNITS – FY02 STAFFING COMPLEMENT

UNDP-GEF

Executive Coordinator

Deputy Executive Coordinator

Principal Technical Advisor - Biodiversity

Principal Technical Advisor - Climate Change

Principal Technical Advisor - International Waters

Principal Technical Advisor – Medium-size, Biodiversity Enabling & NGO Partnerships

Chief, Programme Operations Support

Finance Officer

Monitoring & Evaluation Coordinator

Corporate Policy & Strategy Officer

Economist – Environment & Partnerships

- Supported by 5 Program and Administrative Associates/Assistants

UNEP-GEF

Director

Deputy Director

Senior Programme Officer - Biodiversity

Senior Programme Officer - Climate Change

Senior Programme Officer - International Waters

Senior Programme Management Officer

Senior Programme Officer - POPs

Washington Liaison Officer

Data Management Officer

Programme Officer - Biodiversity

Programme Officer - International Waters

Supported by 15 Program and Administrative Secretaries/Assistants

STAP Secretariat

STAP Secretary

Programme Officer

- Supported by 2 Administrative Secretaries/Assistants

GEF UNITS – FY02 STAFFING COMPLEMENT

IBRD-GEF

Program Leader (partially funded by GEF)
Operations Officer, GEF Coordination
Operations Officer, Portfolio Management
Budget Officer
Operations Analyst

- Supported by one Program Assistant

Corporate management activities are carried out by the central GEF coordination team with the support of a wide range of specialist inputs drawn from across the institution. These staff resources are mainstreamed into IBRD's operations and are only partially funded from the GEF corporate budget. These include (a) technical specialists in the Environment Department for biodiversity, climate change, international waters, land degradation, ozone depletion and POPs; (b) GEF regional coordinators in the Africa, East Asia/Pacific, Europe/Central Asia, Latin America/Caribbean, Middle East/North Africa, and South Asia regions; and (c) IFC Environmental Projects Unit staff.