



GLOBAL ENVIRONMENT FACILITY  
INVESTING IN OUR PLANET

GEF/C.60/03  
May 19, 2021

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60th GEF Council Meeting  
June 14 - 18, 2021  
Virtual Meeting

Agenda Item 14

## **GEF BUSINESS PLAN AND CORPORATE BUDGET FOR FY22**

### **Recommended Council Decision**

The Council, having reviewed document GEF/C.60/03, *GEF Business Plan and Corporate Budget for FY22*, takes note of the business plan, and approves an FY21 corporate budget from the GEF Trust Fund of US\$30.768 million, comprised of:

- (a) US\$24.708 million for the GEF Secretariat;
- (b) US\$2.725 million for STAP; and
- (c) US\$3.335 million for the Trustee, including its core budget and Special Initiative

The Council also approves a total FY22 administrative budget for the Nagoya Protocol Implementation Fund (NPIF) of US\$18,500, comprised of the following allocations from the NPIF to cover the Secretariat's and Trustee's expenses for NPIF administration and implementation:

- (a) US\$13,500 for the GEF Secretariat; and
- (b) US\$5,000 for the Trustee

The Council also approves a total FY22 administrative budget for the Capacity Building Initiative for Transparency (CBIT) from the CBIT Trust Fund of US\$421,000, comprised of:

- (a) US\$392,000 for the GEF Secretariat; and
- (b) US\$29,000 for the Trustee

The Council requests the Secretariat, in consultation with STAP and the Trustee, to present a combined FY23 corporate budget and business plan for discussion at its June 2022 meeting.

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## GEF SECRETARIAT FY22 BUDGET REQUEST, ACTIVITIES AND OUTPUTS

1. This section reports on the execution of the FY21 administrative budget approved by Council and sets out the FY22 administrative budget request of the Secretariat.<sup>1</sup>

### Overview

2. The Secretariat's FY21 expenses are projected at US\$20.950 million,<sup>2</sup> or 89.2% of the approved FY21 budget. See Table 1. As shown in Table 1, the underrun is due to the prolonged effects of COVID-19 on travel and representation, outreach events and the hosting of Council meetings (virtual rather than in-person) throughout the current fiscal year. These effects were beyond projections made at this time last year, due to the extended nature of the pandemic.

3. The Secretariat's FY22 budget request is US\$24.708 million, a 5.2% increase compared to the FY21 budget. See Table 1. This follows a decrease of 0.3% in the Secretariat budget for FY213 compared to FY20, and reflects the work demands and needs for FY22.

4. The FY22 request is consistent and well within the four-year GEF-7 budget envelope of US\$103.5 million for the Secretariat set out in the final Replenishment document endorsed by Council,<sup>4</sup> as shown in the GEF-7 budget table and related information on this envelope in Annex I.<sup>5</sup> In fact, the reduced costs in the current fiscal year due to the continuation of COVID-19 has generated underruns and additional savings for the Trust Fund vis-à-vis original GEF-7 overall projections.<sup>6</sup> At this stage it is anticipated that the GEF-7 administrative costs will be well within the budget envelope negotiated as part of the GEF-7 replenishment.

5. As set out in the Business Plan further below, the request will enable the Secretariat to deliver its core responsibilities in the coming year in support of Council and the Partnership. These include: (i) continued implementation of the GEF-7 programming and policy agenda; (ii) supporting the GEF-8 replenishment discussions; and (iii) responding to risks and needs presented by the COVID-19 pandemic.

6. *Implementation of the GEF-7 agenda:* The Business Plan sets out priority deliverables for next year for the continued implementation of GEF-7. These include work program delivery, policy development and implementation, servicing and supporting Council, the Conventions

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<sup>1</sup> FY22 is the third year of the GEF-7 administrative budget cycle and the fourth year of the GEF-7 operational cycle.

<sup>2</sup> The projection of FY21 actual expenditures include data for actual spending through March 31, 2020, and a projected spending during the remaining weeks of the fiscal year, which ends on June 30, 2021.

<sup>3</sup> Developed in May 2020 just after the onset of the pandemic.

<sup>4</sup> See Summary of Negotiations of the Seventh Replenishment of the GEF Trust Fund, GEF.C.54.19.Rev.03, 54<sup>th</sup> GEF Council Meeting, Da Nang, Viet Nam, June 26, 2018, Table 1 – GEF-7 Resource Allocation Framework, p. 160.

<sup>5</sup> The annex also indicates figures for the STAP, Trustee and IEO, aligned with the overall GEF-7 administrative budget envelope for the four entities together of US\$151.9 million. Ibid.

<sup>6</sup> As anticipated in discussions with Council last year, the savings from holding Council sessions remotely in FY21 will go back as savings for the Trust Fund.

and Agencies, engagement with governments, civil society, indigenous communities and the private sector, and outreach and capacity-building actions in support of the GEF-7 agenda.

7. This upcoming last year of GEF-7 will include several actions beyond the usual yearly workload in this pillar of the Business Plan. These include the once-every-four-year assessment of compliance by all GEF Partner Agencies with GEF policies (Fiduciary Standards, Safeguards, Gender Equality and Stakeholder Engagement), building on the current third-party review relating to UNDP, and actions to implement the new Private Sector Engagement Strategy.

8. In addition, the Secretariat will continue to enhance its approach to monitor and report strategically on the project portfolio, in line with recent updates to GEF Policy on Monitoring. The budget will also support expanded dialogue and capacity-building with governments, agencies, stakeholders and the Conventions, in support of full delivery of the GEF-7 agenda.

9. These GEF-7 implementation actions are reflected in the requested increase in FY22 for consultants, travel and outreach, shown in Table 1. A more complete description of these and other priority deliverables is in the Business Plan, further below.

10. *Support for the GEF-8 Replenishment:* The FY22 request will also enable support to the final phase of the 8<sup>th</sup> replenishment process of the GEF (hereafter GEF-8), which also comes once every four years. The work will intensify in the coming months, during FY22, building on events to date.<sup>7</sup> It will include, among other activities, additional formal meetings of the Replenishment process concluding in the 7<sup>th</sup> GEF Assembly next year.

11. These meetings and negotiations will be supported by extensive consultations with Council, governments, agencies, experts, civil society and other partners, further development of core replenishment documents, and the development of communication and outreach products throughout the year to build momentum and visibility for the most successful outcome. An additional part of this effort will be to dialogue and work with partners to lay the foundations for a rapid and successful launch of the GEF-8 programming and policy agenda as soon as replenishment negotiations conclude, taking into account the lessons and continuing risks and needs presented by the pandemic - - to hit the ground running. This work is also reflected in the request figures shown in Table 1 on consultants, travel and outreach.

12. As in the past, the Replenishment negotiations will conclude with the once-every-four-years meeting of the GEF Assembly. The projected costs for the hosting of this 7<sup>th</sup> GEF Assembly, previously anticipated and included as part of the overall GEF-7 administrative budget, will be submitted to Council once further details in the planning are available.

13. *Impacts related to COVID-19:* The FY22 request reflects several different positive (because of innovative working modalities) and negative impacts and influences of the pandemic on upcoming work and budgeting needs. On the one hand, it assumes that the

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<sup>7</sup> These include the meetings of the Technical Advisory Groups in February of this year, and the first formal meeting of the Replenishment negotiations in late April.

current restrictions on travel (stopped with strictly limited exceptions) will continue through the second semester of this year, with a significant but gradually lower level of restrictions (reducing travel) likely to remain in place through the end of the year. On the other hand, the coming fiscal year is expected to bring forward key events that were postponed from the current fiscal year due to the pandemic, including re-scheduled COP meetings – generating a higher than usual workload demand.<sup>8</sup>

14. The coming fiscal year also will require continued work to address challenges brought by the pandemic to GEF programming and operations. Significant actions are well underway to meet these challenges, supported by the COVID-19 Task Force, assessment of pandemic-related issues in project proposals, and ongoing dialogue with Council, agencies and governments.<sup>9</sup> Going into FY22, the Secretariat will continue to support the partnership in assessing and coping with risks brought by the pandemic, addressing and responding to its root causes, and helping to prevent future pandemics from happening.

15. The FY22 request also reflects regular annual cost factors, including the annual Salary Rate Increase (SRI) per World Bank rules and contractual costs for office space and equipment. There is one new element in respect to salaries. Since last year when the budget was submitted, the World Bank Board adjusted SRI calculations under the conditions of the pandemic and remote working conditions. The net effect of this adjustment was that staff at the World Bank, which includes GEF Sec staff, received an additional SRI increase of up to 1.6%, on top of the 3% originally projected. This additional increase accounts for the additional increment in the FY22 budget request for staff salaries.

16. As in the past, the request is based on continued action of the Secretariat, Trustee and STAP for strict efficiencies and controls per the commitment developed during the GEF-7 replenishment negotiations.<sup>10</sup> As part of this commitment, the Secretariat is continuing to explore maximizing opportunities for greater use of digital connections to support the work. The past year helped to demonstrate that many types of connections can be made without the need to get on airplanes or trains. While there remains a strong business need for in-person events and contacts, the digital world offers new opportunities and sometimes add-on benefits, for example to connect larger numbers of participants in partnership meetings. The Secretariat will pursue such opportunities and possible additional cost savings that they might provide, and report on these in the next budget cycle to Council.

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<sup>8</sup> These include the 15<sup>th</sup> Conference of the Parties of the Convention on Biological Diversity, scheduled for October in Kunming, and the 26<sup>th</sup> Conference of the Parties of the UN Framework Convention on Climate Change (UNFCCC), scheduled for November 2021 in Glasgow.

<sup>9</sup> These are described in more detail in other documents reviewing actions related to COVID-19 presented to Council. Actions include surveys and dialogues with agencies and OFPs to understand the extent of issues and risks posed to operations, the provision of exceptions to deadlines under the GEF Cancellation Policy to enable and support the work going forward, integration of COVID-19 analysis into the project proposal and review process, and the ongoing work of the COVID-19 Task Force.

<sup>10</sup> This commitment is indicated in more detail in Annex 1, per the Replenishment.

17. In sum, the budget request for FY22 accommodates the core working priorities of the Secretariat, in support of Council and the Partnership. It is within the GEF-7 four-year budget envelope and built on the best estimation of anticipated impacts of the COVID-19 on expenditures, with allowance for continued uncertainty to account for the continuously evolving situation. In line with the vision of the new GEF CEO, it puts a strong focus on efficiency, results, and strong implementation of the GEF-7 agenda, working together with partners going forward.

**Table 1. Secretariat FY21 Budget Execution and FY22 Budget Request from the GEF Trust Fund**

	FY21 Approved Budget	FY21 Projected Actuals	FY22 Budget Request	FY22 changes to FY21 Budget	
	\$ Mil		\$ Mil	\$ Mil	%
<b>Total Budget/Project Actual</b>	<b>23.478</b>	<b>20.950</b>	<b>24.708</b>	<b>1.230</b>	<b>5.2%</b>
<b>Staff costs</b>	<b>16.86</b>	<b>16.900</b>	<b>17.545</b>	<b>0.685</b>	<b>4.1%</b>
<b>Variable costs sub-total</b>	<b>3.134</b>	<b>1.640</b>	<b>3.609</b>	<b>0.475</b>	<b>15.2%</b>
- Of which travel	1.425	0.030	1.554	0.129	9.1%
- Of which outreach	0.750	0.700	0.800	0.050	6.7%
- Of which consultants	0.834	0.850	1.130	0.296	35.5%
- Of which staff training and representation	0.125	0.060	0.125	0.000	0.0%
<b>Fixed costs</b>	<b>3.484</b>	<b>2.410</b>	<b>3.554</b>	<b>0.070</b>	<b>2.0%</b>
- Of which office lease	1.324	1.371	1.374	0.050	3.8%
- Of which office equipment and IT systems	0.890	0.880	0.910	0.020	2.2%
- Of which WB Cross Support	0.570	0.560	0.570	0.000	0.0%
- Of which Council	0.700	0.090	0.700	0.000	0.0%

**Note:** The travel increase of 9.1% is from the FY21 budget (based on estimated conditions of COVID-19 last year) but is a 5.7% decrease compared to the pre-pandemic FY20 travel line (\$1.650 m) (further explanation below).

## (1) Staffing

18. In FY21, staff costs are projected to be US\$16.900 million, or almost exactly on budget.<sup>11</sup> For FY22, staff costs are expected to be US\$17.545 million, or a 4.1% increase compared to the FY21 budget. This is based on zero growth in staff, in line with the replenishment discussions for GEF-7. The increase is due to the regular annual Salary Rate Increase (SRI) approved by the Board of the World Bank for staff, expected to be 3%, and an additional up to 1.6% increase

<sup>11</sup> As in previous years, budgeted staff cost includes a downward adjustment factor to account for estimated staff turnover during the fiscal year, i.e., cost savings during time needed to fill vacated positions. In FY21, these savings were somewhat higher than projected, which offset the additional SRI amount of 1.6% in FY21 noted above.

approved by the Bank Board earlier in this current fiscal year in the context of remote work conditions and the COVID-19 pandemic (as noted above).<sup>12</sup>

## **(2) Variable Costs**

19. In FY21, variable costs are projected to come in at US\$1.640 million, or 52.3% of the budgeted amount. As noted above, this significant underrun is due to the prolonged and major effect of COVID-19 on cost lines relating to travel, outreach events and representation.

20. For FY22, variable costs overall are expected to be US\$3.609 million, an increase of 15.2% compared to the FY21 budget. The extent of this increase is due mainly to factors noted in the overview section above, including certain one-time and additional work requirements of the upcoming fiscal year. This is set out further below.

### ***(a) Travel***

21. Travel costs for FY21 are predicted at US\$0.030 million, essentially a near total underrun compared to the FY21 budget. As indicated above, this is due to the prolonged period throughout the fiscal year of curtailed travel due to COVID-19. The Secretariat has taken very few trips in the fiscal year, focused strictly on supporting the new CEO to meet with the GEF leadership team to prepare for the Replenishment, lead a two-day virtual meeting with GEF Partner Agencies, and convene the two-day formal Replenishment meetings at the end of that month.<sup>13</sup>

22. Travel costs are projected at \$1.554 million in FY22, an increase of 9.1% compared to the FY21 budget, but a 5.7% reduction compared to the pre-COVID budget in FY20. See Table 1 (note). The FY22 request reflects the following.

23. First, it assumes that COVID-based travel restrictions will continue through the second semester of this year, with a significant but gradually lower level of restrictions (reducing travel) likely to remain in place through the end of the year, as the fight against the pandemic hopefully continues to gain ground. As this happens, it will again be possible to travel to carry out core business needs of the partnership to support the Conventions, Agencies and governments, provide strategic planning and support for governments to advance implementation of the GEF-7 agenda, and other related duties (see Business Plan, further below). Should this not be the case, additional savings that are generated will be unused and returned to the Trust Fund, as with this current year.

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

<sup>13</sup> The trip and related meetings were carried out in careful compliance with strict protocols and safety procedures at the World Bank and of the relevant governments and local authorities.



24. Second, the request is needed for additional travel demands in the coming year to engage in key meetings that were postponed from 2020, including COP15 of the CBD and COP26 of the UNFCCC.

25. Third, there will be higher than usual work and travel requirements to support the final phases and conclusion of the GEF-8 replenishment negotiations. This will include support for Replenishment meetings and needed dialogue and consultations with partners. It will also include strategic meetings with governments, agencies and other partners and stakeholders to help lay the foundations for a strong start to GEF-8 at its very beginning on July 1, 2022.

26. 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 the Replenishment meetings, Conferences of the Parties (COPs), other GEF-relevant meetings, and country dialogue. The Secretariat will continue strict adherence to World Bank Expenditure Review efficiency measures, and the additional measures developed during the recent World Bank Capital Package negotiations.

27. In addition, as indicated in the introductory section above, the Secretariat also is committed to pursue maximizing opportunities to reduce travel requirements and costs through virtual meetings and digital connection technologies, building on lessons and technical platforms developed during the pandemic. The FY22 request builds in the potential for savings based on these options, together with expected continuation of some travel restrictions over the summer, recognizing that it will take some time to identify the optimal means to apply these new ways of doing work. This will also help to reduce the environmental footprint of our work.

28. As noted above, to the extent that additional savings are achieved during the year beyond those reflected in the requested budget, these will be applied as savings back into the Trust Fund.

***(b) Outreach***

29. Outreach costs in FY21 are expected at \$0.700 million, or 93.3% of the FY21 budget. The slight underrun on this budget line is due to restriction of in-person outreach events and travel beyond what was anticipated due to the prolonged impacts of COVID-19.

30. The budget for Outreach activities is expected at \$0.800 million in FY22. It includes information and awareness-building activities in both electronic and print media, communication aimed at the GEF partnership and external audiences, storytelling and brand management. These budgeted funds cover: planned outreach at key international events, including COPs; maintenance of the GEF website, and GEF's social media presence; an

important one-time migration of the website to a new technical platform<sup>14</sup>; publication and video production; strategic media partnerships, story-telling, and related activities.

31. There will also be an emphasis in FY22 on communication and outreach activities and products in support of the GEF-8 Replenishment, as well as the GEF 30<sup>th</sup> Anniversary. Tight cost controls will be achieved via ongoing efficiency gains, including the continued transition, where relevant, to more digital forms of communication.

**(c) Consultants**

32. Consultant costs in FY21 are projected to be US\$0.850 million during FY21, slightly above budget.<sup>15</sup>

33. In FY22, they are requested at \$1.130 million, an increase of 35.5% compared to the FY21 budget. There are two main reasons for this significant increase in the cost line on consultants. First, as described below, there are some significant exceptional assignments in the upcoming fiscal year that are above and beyond the usual annual workload. Secondly, the consultants provide an expansion of the skill mix needs beyond what the Secretariat currently has, given the strict limits followed on the number of staff position throughout GEF-7.

34. The requested budget will enable the Secretariat to carry out several key work requirements that arose in FY21 and will continue, and in some cases intensify, in FY22. It will also cover some other higher than usual work responsibilities in the upcoming year. Key work requirements to be supported by consultants include:

- Continued work with the COVID-19 Task Force to support GEF's response to the pandemic and to prevent the future risks linked to emerging infectious diseases and other environmental degradation issues;<sup>16</sup>
- Continued support for the GEF-8 replenishment process, including studies by and consultation with experts and stakeholders on strategy and policy work. This will require expert support at different levels, including to assess the feasibility of updating the GEF results framework to better capture socio-economic co-benefits.
- Completing the independent Third-Party review of compliance with one of the GEF Implementing Partner Agencies with GEF Policy on Fiduciary Standards, according to the accelerated timetable decided by GEF Council at its Session in December 2020.
- Conducting the independent Third-Party review of all other GEF Partner Agencies to assess compliance with GEF Policies on Fiduciary Standards, Environmental and Social Safeguards and Gender Equality. As noted previously, per Policy this

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<sup>14</sup> Consistently with the budget document presented to Council last year, the cost of this migration was split between the budget line on Outreach and the Special Initiative on GEF Management Information Systems set out in Annex 2.

<sup>15</sup> Work delivery by consultants has continued through remote connectivity in the current period.

<sup>16</sup> Further details are provided in the Section on FY21 Business Priorities and Deliverables, below.

extensive assessment process occurs only once every four years, at the end of a Replenishment Cycle.<sup>17</sup>

- Enhanced portfolio monitoring and data tracking and analysis to enable more targeted actions to develop a new “Early Warning” System to help speed up project delivery and more proactively address issues and problems arising during project implementation, under the updated GEF Policy on Monitoring.
- Expert support to implement the new GEF Private Sector Engagement Strategy and updated approaches for Blended Financing
- Expert support to continue actions to implement the GEF Policy and Guidelines on Gender Equality, and integrate gender responsiveness throughout GEF programming and capacity-building actions
- Engaging with partner Agencies and the IATI global system to enhance data and dashboard information on the project portfolio
- Reviewing and processing projects for the Capacity-Building Initiative for Transparency (CBIT); and
- Supporting the enhanced knowledge sharing platform and system to more effectively and efficiently share knowledge and information in the partnership, including through the on-line tool of Kaleo and the production of e-courses and training materials to build capacity and support the needs of the partnership.

35. Consultants are retained only where needed to supplement and support the expertise and capacity of the existing staff, to enable full delivery of the work program. All consultants are hired using World Bank policies and procedures aimed at ensuring efficient contracting and delivery, and according to fees are set annually by the World Bank.<sup>18</sup>

***(d) Staff training and Representation***

36. These costs cover training for staff development and initiatives to promote efficiency and effectiveness in the workplace, as well as official representation.<sup>19</sup> They are projected to underrun in FY21 due to the prolonged impacts of COVID-19 preventing opportunities for in-person training and meetings. See Table 1. As examples, the GEF Introduction Seminar of Agencies and Operational Focal Points in January of this year, and the GEF Agency Retreat in April of this year, were both held virtually due to continuing effects of the pandemic.

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<sup>17</sup> GEF Policy on Monitoring Assessment of Agency Compliance, at [www.thegef.org](http://www.thegef.org), Documents, Policies.

<sup>18</sup> Additional measures agreed as part of the World Bank Capital Package negotiations include further efforts at savings and cost avoidance in the procurement/negotiation of corporate contracts by better benchmarking, targeting, and tracking of savings at the contract level.

<sup>19</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.

37. For FY22, these costs are requested at zero growth from the FY21 budget. This anticipates a return to in-person representation activities as the restrictions due to the pandemic begin to subside in the coming months. As in previous years, the Secretariat 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**

38. In FY21 fixed costs are projected at US\$2.410 million or 69.2% of the budgeted amount. As noted above, the underrun is due to both sessions of GEF Council being held virtually rather than in-person in FY21.

39. For FY22, fixed costs are projected at US\$3.554 million, or 2% above the FY21 budget. The components of these costs are explained in more detail below.

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

40. As indicated in the Budget document presented to Council last year, expenses for office lease were reduced in the middle of the FY20 fiscal year as a result of a successful negotiation in November and December 2019 led by the World Bank Global Corporate Solutions (GCS, formerly General Services Division) Office of the continuation of the current GEF office space under the relevant provisions of its existing lease.<sup>20</sup>

41. This earlier negotiation led to savings compared to the previous costs beginning in February 2020, and a reduction in office space costs in the FY21 budget and going forward.<sup>21</sup> The Office space is well-suited to the GEF's needs, separated from the main WBG headquarters and buildings in full respect of the GEF's accountability to Council and operational independence from the World Bank.

42. The FY21 actuals are close to budget.<sup>22</sup> In FY22, the costs will rise from this adjusted (lower) rate at the regular contractual amount set out in the updated provisions of the lease, as reflected in Table 1.

#### ***(b) Office Equipment and IT System***

43. The cost of office equipment and IT systems is on budget for FY21, and expected at regular annual increase in FY22 based on expected annual charges from the World Bank. It covers costs of computers, telephones, printing and supplies, etc. provided on a charge-back

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<sup>20</sup> Office costs were based on the lease rate negotiated by the GCS when the Secretariat and IEO were forced to relocate from the previous location in FY16 due to major demolition and reconstruction of that building. As noted in past Council budget documents, the lease required a re-pricing of annual rental amounts to market rate, beginning in January 2021. The negotiations ensured that the costs to the GEF of the new lease during four-year GEF-6 budget period were kept below the costs of the lease in the old building during the same period.

<sup>21</sup> The Secretariat also achieves savings with re-usable supplies and occupies a LEED-certified building with highly efficient lighting and lower eco-footprint, to save costs and go green.

<sup>22</sup> It includes an additional cost to split an existing office into two spaces, to maximize use of existing space.

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

**(c) Cross-support**

44. The cost of cross-support is projected to be close to on-budget in FY21 and are expected to stay flat in FY22. This consists of support from the World Bank on an as-needed basis for IT, legal services, and support by the Ethics Officer (in the World Bank Office of Ethics and Business Conduct) under the *GEF Policy on Ethics and Conflict of Interest for Council Members, Alternates and Advisors*.<sup>23</sup>

**(d) Council costs**

45. The FY21 budget assumed that both the December 2021 and June 2022 Sessions of Council would be held in-person and budgeted accordingly. Given that this was not possible due to the pandemic, and the meetings are instead conducted virtually, the only costs associated with Council in FY21 related to licensing of video-conferencing equipment and (virtual) language interpretation services, at \$82,000. The savings on this cost item, compared to budgeted projections last year, are fully available in the Trust Fund.

46. Looking ahead, these costs are expected to return in FY22 to the pre-COVID level, premised on the assumption that Council sessions will be in-person rather than virtual – including the planned December 2021 Council meeting in Washington, D.C. In the event that this or indeed both sessions of Council need to be held virtually due to continuing conditions of the pandemic, the in-person level of costs will not be incurred and the savings will revert back to the GEF Trust Fund, as is the case for the current fiscal year.

47. In sum, the Secretariat requests a 5.2% increase for the FY22 budget compared with the FY21 budget, taking into account several increased work demands in the coming year and staying well within the four-year GEF-7 budget envelope. The Secretariat is of the view that this request enables the Secretariat to carry out its responsibilities to support full delivery of GEF-7, support and help to finalize the GEF-8 replenishment process, lay the foundations for a rapid beginning to the crucial period of GEF-8, and respond effectively and proactively to the continuing challenges imposed by COVID-19.

48. The request reflects the commitment to tight management and strong efficiency factors throughout the cost structure, including efficiency measures associated with the Capital

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<sup>23</sup> As per this Policy, implementation is supported by an Ethics Officer drawn from staff at the World Bank Office of Ethics and Business Conduct (EBC). This is reflected in the cross-support line item of the Secretariat budget.

Package negotiations of the World Bank.<sup>24</sup> The request is aligned to and well within the GEF-7 budget envelope agreed at Replenishment, to enable delivery of FY222 Business Priorities within the framework of GEF-7 as set out below.

## **FY22 Business Priorities and Deliverables**

49. As noted above, the main priorities supported by the budget request for FY22 are to (1) strongly and efficiently support implementation of the GEF-7 programming and policy agenda, (2) fully support the GEF-8 replenishment process, and (3) simultaneously take action to address risks and needs created by the COVID-19 pandemic. Key priorities for delivery are indicated below.

### **(1) Continued Strong Delivery of GEF-7**

50. Work Program Delivery: The Secretariat will continue delivery of the GEF-7 programming directions and strategies, factoring in risks and needs arising from COVID-19 (as described below). As in the current fiscal year, a key focus in FY22 is implementation of the GEF-7 programming directions and strategies, with partners and stakeholders, to achieve strong and results-oriented programs and projects aligned with GEF-7. The Work Program presented for consideration by Council at the present meeting is a continuation of the intensive collective efforts of the partnership to advance this work.

51. Servicing Council, Policy Development and Implementation: The Secretariat will continue with the core work to service Council, including to develop and implement the GEF-7 policy recommendations set out in the Replenishment. This includes the following deliverables:

- Continued implementation of updated policies on Minimum Fiduciary Standards, Minimum Environmental and Social Safeguard Standards, Gender Equality, Stakeholder Engagement, Co-Financing, and Operations (Fee payment schedule, timing of cancellations to expedite project processing, and closing of projects)
- Consistent with the decisions of GEF Council in December 2020, one element of this work includes completion of the accelerated independent third-party review of compliance with GEF Fiduciary Standards by UNDP, scheduled for completion by October 1, 2021. It also includes support for the full-scale Independent Review of Agency compliance with GEF Policies in the coming year (noted above).
- Continued engagement with partners and capacity building to support this implementation, and help to empower Operational Focal Points to carry out their crucial role for the Partnership, in line with actions and recommendations set out in

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<sup>24</sup> These include savings due to lower year-by-year Salary Rate Increase (SRI) as compared to earlier years, and continued application of efficiency measures for travel, procurement and consultants, administrative transactions and office equipment. These efficiency measures, while not precisely quantifiable, are embedded directly into all transactions and operations of the Secretariat.

the November 2018 Guidance Document on Practical Steps to Improve Coordination and Workflow in the GEF Partnership.<sup>25</sup>

- Strengthened monitoring and reporting of the project portfolio during the stage of project implementation, in line with the updated GEF Policy on Monitoring. As highlighted in the Annual Monitoring Reports presented to the December meetings of Council in the past two years, the Secretariat has put in place a more strategic and data-driven framework for monitoring progress and results in the portfolio, and reporting to Council. These efforts build on advanced system developments to gather, aggregate and report on project-related data and information enabled by the GEF Portal.
- Continued work and support for countries under the GEF Country Support Program, adjusting content and delivery modalities as needed according to the conditions of the COVID-19 pandemic.
  - The National Dialogue and Constituency meetings and the Extended Constituency Workshops will address consideration of risks, issues and needs based on local demands in response to COVID-19, aligned to the initiative to review programming and operations noted above.
  - A key innovation applied in the current fiscal year was to use virtual digital connection technology to initiate a new Stakeholder Empowerment Series for the partnership. This consists of theme-oriented meetings partners and stakeholders across regions, to share information, provide core training, facilitate south-south dialogue and build capacity on core priority areas of work of the partnership, in support of GEF-7 implementation.
- Continued implementation of updated Project Cycle Guidelines for enhanced operational efficiency and effectiveness. This initiative will take fully into account the multiple risk factors and needs created by the pandemic on project and program operations, building on the deadline extensions already granted by the GEF CEO for projects to obtain CEO Endorsement or Approval under the GEF Policy on Project Cancellation.<sup>26</sup>

52. *Servicing the Conventions:* The Secretariat will continue on in its engagement with the Conventions to respond to guidance and decisions of relevance, help implement the GEF-7 programming directions, report to the Conventions on GEF's work, and engage in Convention-related committees and meetings as part of its core mandate as financial mechanism.

53. This includes work for and leading up to the upcoming COP 15 of the Convention on Biological Diversity, scheduled for October 2021 in Kunming, and COP 26 of UNFCCC scheduled

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<sup>25</sup> One key focus of this new Guidance Document, which responded to a request in the Replenishment, is to build a greater understanding of and support for the critical role of Government Operational Focal Points (OFPs) in the work of the Partnership.

<sup>26</sup> The extension was granted according to provisions in the Policy for exceptions to deadlines due to extraordinary conditions or circumstances, as is the case of COVID-19.

for November 2021 in Glasgow. Several other key meetings in addition to the COPs will also be rescheduled into FY22. As always, the Secretariat will prepare GEF Council decision documents on the Relations with Conventions for upcoming meetings of Council, and engage with the Convention secretariat participants in attendance. Collaboration with the Green Climate Fund will be enhanced based on the Long-Term Vision on Complementarity, Coherence, and Collaboration.<sup>27</sup>

54. *Working with the Agencies to Enhance Operational Efficiency:* With continuing adjustments required for the pandemic, the Secretariat will continue to convene and coordinate engagements with the GEF Agencies and other partners to support programming and policy implementation, in support of the GEF-7 agenda. This includes review of project proposals, strategic dialogue on programming and policy, Agency retreats to review performance and benchmark indicators of efficiency, periodic familiarization workshops for new Agencies, consultations on development and implementation of GEF policies and guidelines and related actions to enhance project-cycle and operational efficiency.

55. This work is framed strategically in the context of updated GEF Policies and Programming and the results and directions set out in the annual GEF Monitoring Report, with a strong focus on actions to enhance effectiveness and efficiency. The timing and nature of these initiatives and ongoing actions will be adjusted based on conditions of the pandemic. The meetings and consultations with Agencies will also provide an important means to carry forth the planned initiative to identify needs in programming and operations to respond to its associated risks.

56. *Data and System Management:* The Secretariat will continue its work to implement GEF-7 recommendations on actions to enhance operational efficiency, transparency and improved management of data and information, taking fully into account the risks and needs generated by the pandemic to administrative work modalities and project operations. The systems-level work will build on the full operational effectiveness of the GEF Portal, including connections for all GEF Political and Operational Focal Points and Conventions, the updated live feed from the GEF Portal to the GEF website to enhance transparency and public availability of GEF project related documentation and information, advanced reporting features based on the tableau platform, and the now completed thorough migration and quality-check of historical project data and information migrated into the Portal.<sup>28</sup>

57. Priorities for FY22 will include full deployment and use of the advanced dashboard based on the advanced reporting features already developed, implementing updated features

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<sup>27</sup> GEF, 2021, [Long-Term Vision of Complementarity, Coherence, and Collaboration between the Green Climate Fund and the Global Environment Facility](#), Council Document GEF/C.60/08.

<sup>28</sup> As noted in past documents, the Portal has replaced the earlier PMIS to provide a modern, efficient and transparent system to receive, review and process project proposals, collect and aggregate data across the portfolio, and generate quality reports. It also uses IT-based solutions to capture, analyze and share lessons learned and best practice from GEF projects and programs, in collaboration with GEF partners.



for advanced knowledge sharing and learning through the Portal system, and finalization of the scheduled migration to an updated GEF website IT platform and redesign.<sup>29</sup>

58. *Partnership, Stakeholder and Private Sector Engagement.* Building on the work in the current fiscal year, and taking closely into account the risks and needs of the COVID-19 pandemic, the Secretariat will continue to engage with governments and other partners and stakeholders in FY22 in support of the GEF-7 agenda, and to enhance private sector engagement. This will be supported through the programming work, the Country Support Program, strategically-oriented outreach, communication, and sharing of knowledge projects, including e-learning courses about the GEF.

59. The Secretariat will continue its work to support implementation of the Private Sector Engagement Strategy endorsed by Council at its meetings in December 2020, for greater impact and results, aligned with GEF-7. The Secretariat will also continue its responsibilities to implement the Updated Vision for Stakeholder Engagement with the GEF, and strategic communication and outreach activities to enhance visibility and awareness about GEF, in support of the GEF-7 agenda. As highlighted above, the timing and nature of meetings, and the content of the discussions and actions, will reflect conditions and needs generated by COVID-19.

60. The Secretariat will also continue and reinforce efforts to support and build capacity of governments and all partners to engage effectively in the partnership, including operational focal points, civil society organizations, indigenous peoples and the private sector. These enhanced efforts will be informed by the priorities and areas for action arising from the Replenishment.

## **(2) Fully Support the GEF-8 Replenishment Process**

61. The Secretariat will provide full support to the dialogue and negotiations for the GEF-8 Replenishment. These are scheduled to continue with full speed and intensity in the coming fiscal year, toward its expected conclusion in FY22. The work will build on actions already taken to date, including the meetings of the Technical Advisory Groups (TAGs) convened by the Secretariat in February of this year,<sup>30</sup> and the first formal meeting of the GEF-8 Replenishment process in late April.<sup>31</sup>

62. In the coming year, the work relating to the Replenishment process will continue and intensify. A series of formal meetings are being planned among all participants, building on the

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<sup>29</sup> The migration of the website to a new IT platform is one-time system-upgrade. This platform migration and the advanced dashboard will be supported by special initiative funds noted in Annex 2.

<sup>30</sup> The TAG meetings lasted four days, spanning the existing thematic areas of the GEF and addressing emerging themes that have come to the forefront in the last four years, including elements relating to the COVID-19 pandemic, and were designed to inform the first draft of the GEF-8 Programming Directions Strategy

<sup>31</sup> A central focus of these meetings was to review and discuss the first draft of the GEF-8 Programming Directions Strategy shared by the GEF Secretariat, as a key initial step in the ongoing deliberations of the Replenishment process.

sessions of April 30. In addition to the further development of the GEF-8 Programming Directions Strategy, these will address other key elements of the Replenishment, including the GEF-8 Policy Agenda and Funding and Financial Elements. These meetings will culminate in the hosting of the Seventh Meeting of the GEF Assembly next year.

63. As noted above, the Secretariat will also work closely with partners to lay the foundations for a fast start to GEF-8. This will occur through dialogue, Agency Retreats, and strategic meetings with governments, stakeholders and partners to build understanding and capacity of both the main strategic directions and priorities as well as the specific modalities to bring the agenda to life across the partnership.

### **(3) Response to COVID-19**

64. Integral to all of these actions and efforts, the Secretariat will build on actions already in motion to identify and address risks and needs in programming and operations to respond to COVID-19.<sup>32</sup> This work will implement key guidance set out by the COVID-19 Task Force of representatives from like-minded institutions with complementary skills and experience established in the current fiscal year.

65. In respect to programming, in line with this guidance, the Secretariat has been in close dialogue with Agencies, Governments and other stakeholders to help ensure that project proposals and their review are adjusted and aligned to integrate considerations of COVID-19. A key focus is continued action to address root causes of COVID-19 and to prevent the future crises from happening. This includes identifying areas that need particular attention in the ongoing portfolio and issues to be addressed in projects still under preparation.

66. On the policy and operations side, continued actions will be taken to help the partnership address risks and needs presented by the pandemic, including where appropriate the granting of *force majeure* extensions to Policy-based time deadlines for project preparation based on ongoing surveys of conditions and needs. The Secretariat also has proactively adjusted work under the Country Support Program not only to maintain continuity in the face of continuing challenges of the pandemic, but to advance and improve key dimensions of this work using adjusted formats and new opportunities presented via digital connectivity.

### **STAP FY22 BUDGET REQUEST, ACTIVITIES AND OUTPUTS**

67. STAP has continued to implement its work program over GEF-7, the result of which generated the following list of STAP's publications and reports to Council during FY21:

- Multi-Stakeholder Dialogue for Transformational Change: A STAP Guidance Note

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<sup>32</sup> A survey of GEF Agencies on COVID-19 impacts conducted by the Secretariat highlighted implications on business practices, implementation conditions, associated risks, and coordination and consultation. Further information is provided in an Information document submitted to this session of Council, with an update on these impacts based on data and information received from Agencies.

- Why Behavior Change matters to the GEF and what to do about it: A STAP Advisory Document
- Technology Critical Elements and their relevance to the GEF
- Delivering Multiple Benefits through the Sound Management of Chemicals and Waste
- Nature-based Solutions and the GEF: A STAP Advisory Document
- STAP's Initial Perspective on GEF-8
- The Circular Economy and Climate Mitigation: Guidelines for GEF Projects

**Areas of ongoing work include:**

- Review of the GEF-8 Programming Directions and participation in the respective Technical Advisory Groups;
- Mainstreaming biodiversity and the private sector;
- Ongoing assessment of how behavior change is addressed in the GEF-8 Programming Directions;
- Blue economy;
- Knowledge management and south-south knowledge exchange;
- Climate change scenarios;
- Collaboration with the GEF Secretariat and Agencies on development of the next Adaptation Strategy; and
- Screening of all full-sized projects and program framework documents in the December 2020 and June 2021 Work Programs.

**STAP has also been invited to contribute to the following initiatives:**

- COVID 19 Task force;
- Knowledge management working group;
- Invitation to present during the April 2021 Inter-Agency Meeting; and
- Contributions to numerous evaluations under OPS 7.

68. During FY22, STAP will continue to screen all full-sized projects at entry and contribute where needed to the finalization of the GEF-8 Programming Directions. STAP will also conclude activities and deliverables listed under “ongoing work” above. Looking forward to the upcoming GEF Assembly, STAP will prepare an outlook for the next GEF cycle as well as an accompanying program of work.

**Table 2 - FY22 STAP Budget Request (in US\$ million)**

STAP – Secretariat Expense Category	FY 21 Budget \$ millions	FY 21 Estimated \$ millions	FY 22 Request \$ millions
Staff Costs Salaries and Benefits, Travel	1.246	1.246	1.246
Consultant Costs, Fees, Travel	0.400	0.400	0.400
General Operating Costs Office space, equipment, printing/design, communications, supplies, corporate services	0.296	0.296	0.296
<b>SUB-TOTAL</b>	1.942	1.942	1.942
Panel Members Honoraria, STAP Panel Meetings	0.783	0.783	0.783
<b>SUB-TOTAL</b>	0.783	0.783	0.783
<b>TOTAL</b>	2.725	2.725	2.725

**TRUSTEE FY22 BUDGET REQUEST, ACTIVITIES AND OUTPUTS**

69. 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.

70. 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.

71. In June 2020, Council approved a core budget estimate of \$3 million for FY21 to cover Trustee’s services and the cost of external audit of the GEF Trust Fund. Additionally, a Special Initiative of \$55,000 was approved to cover the cost of activities for the first meeting of GEF-8 replenishment. The Trustee estimates that expenses for its core services in FY21 will be \$3.26 million, reflecting an increase of \$259,100 compared to the approved budget. The increase was largely on account of investment management fees, which is a variable cost that is calculated based on 4.5 basis points against the average annual balance of the Trust Fund.

*Trustee FY22 GEF Trust Fund Budget*

72. In addition to standard trustee services, the FY22 work program will include the following items:

- (a) Implementation of the GEF-7 replenishment resolution, including working with donors to ensure compliance with replenishment resolution policies;
- (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
- (f) Coordination and preparation for the GEF-8 replenishment, working closely with the Secretariat, including logistical arrangements and Co-Chairing of four replenishment meetings, preparation of papers, and consultations with donors.

73. The Trustee's core budget estimate for FY22 amounts to \$3.09 million as shown in Table 3 below. This represents a decrease of \$173,100 or 5.3% compared to the FY21 expected actual fees largely due to the decrease in anticipated investment management fees since cash transfers to agencies are expected to reduce the liquidity of the trust fund in FY22. Investment management fees are calculated based on 4.5 basis points (bps) of the average annual balance of the undisbursed cash in the trust fund. The actual investment management costs may vary depending on the actual average liquidity level during FY22. In addition to the core budget, the FY22 proposed budget includes a Special Initiative of \$250,000 to cover the cost of activities for four meetings of the GEF-8 replenishment as mentioned in item (f) above.

**Table 3: Proposed Trustee Budget for GEF Trust Fund (FY22) (in US\$)**

Trustee Services	FY21 Approved	FY21 Expected Actual	FY22 Proposed Budget
<b>Standard Services</b>			
Financial Management and Relationship Management	1,142,000	1,153,300	1,145,000
Investment Management /a	1,502,000	1,749,300	1,585,000
Accounting and Reporting	126,000	125,400	125,000
Legal Services	109,000	110,100	110,000
<b>Sub-total, Standard Services</b>	<b>2,879,000</b>	<b>3,138,100</b>	<b>2,965,000</b>
External Audit of Trust Fund	120,000	120,000	120,000
<b>Total Core Budget</b>	<b>2,999,000</b>	<b>3,258,100</b>	<b>3,085,000</b>
Special Initiatives - Replenishment	55,000	55,000	250,000
<b>Total Costs, including Special Initiatives</b>	<b>3,054,000</b>	<b>3,313,100</b>	<b>3,335,000</b>
a/ Investment Management fees are calculated against the average annual balance of the portfolio based on a cost of 4.5 basis points.			

**NAGOYA PROTOCOL IMPLEMENTATION FUND FY22 BUDGET REQUEST, ACTIVITIES AND OUTPUTS**

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

**Table 4: FY22 Budget Request from the NPIF Trust Fund (in US\$)**

GEF Entities and Budget Items	FY21 Approved Budget	FY21 Projected Actual	FY22 Budget Request
Secretariat - NPIF Administrative Budget	13,500	0	13,500
Trustee NPIF Budget	5,300	5,400	5,000
<b>Total</b>	<b>18,800</b>	<b>5,400</b>	<b>18,500</b>

76. 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.

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

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

78. 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.

79. 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.

80. As of the present date, all but six projects funded by the NPIF have been completed and closed. Four of these are scheduled for closure in May or June of this year, including one global and one regional project. Two others, including one regional project and one project in Gabon, are in their final stages and scheduled for completion and closure by June and September 2022, respectively.

81. During FY21, the pandemic slowed down activities on the ground and hence engagement with the Secretariat, and all Secretariat travel was halted. This is shown in Table 5, below.

### **Secretariat NPIF Activities and Budget for FY22**

82. As we move forward towards normalizing operations in FY22, the GEF Secretariat will work with the GEF Agencies to carry out the work for the last projects funded by the NPIF not yet completed and closed, with adjustments required for the COVID-19 pandemic. These costs will be incurred either by offsetting existing staff costs or via consultants. The GEF will report on the final operational work and results to the GEF Council, to the CBD COP and to the COP-MOP serving as the Meeting of the Parties to the Nagoya Protocol on Access and Benefit Sharing. To cover this work, as reflected in Table 5, the GEF Secretariat requests an administrative budget of US\$13,500.

**Table 5: Secretariat FY21 Budget Execution and FY22 Budget Request from NPIF (in US\$)**

GEF Entities and Budget Items	FY21 Approved Budget	FY21 Projected Actual	FY22 Budget Request
Staff Costs (Salaries & Benefits)	10,000	0	10,000
Travel	3,500	0	3,500
<b>Total</b>	<b>13,500</b>	<b>0</b>	<b>13,500</b>

**TRUSTEE FY22 NPIF BUDGET**

83. 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.

84. The core elements of the Trustee's work program in FY22 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 6 below shows the breakdown of the Trustee fee by services provided to the NPIF.

**Table 6: NPIF: Budgetary Requirements for Services Provided by the Trustee(in USD)**

Trustee Services	FY 21 Approved	FY 21 Expected Actual	FY 22 Proposed Budget
Financial Management and Relationship Management	2,700	2,700	2,600
Investment Management a/	700	800	500
Accounting and Reporting	1,900	1,900	1,900
Legal Services	-	-	-
<b>Total Costs</b>	<b>5,300</b>	<b>5,400</b>	<b>5,000</b>
a/ Investment Management fees are calculated against the average annual balance of the portfolio based on a cost of 4.5 basis points.			

85. The FY21 fees for Trustee services are expected to be \$5,400 compared to the approved budget of \$5,300. The increase is due to a higher investment management fee which is



calculated as a flat fee of 4.5 basis points (i.e. 0.045%) of the average annual balance of the undisbursed cash in the trust fund. The FY21 average liquidity balance for NPIF of \$1.8 million was higher than the projection of \$1.5 million which led to the higher than budgeted investment management fee.

86. To cover its expenses for FY22, the Trustee requests a budget of \$5,000 which \$400 lower than the FY21 estimated actual cost. Financial and relationship management fees and investment management fees are expected to decrease resulting from the winding down of activities related to the disposition of remaining funds. Accounting and reporting fees are expected to remain in the same level. Actual investment management fees may vary depending on the actual average liquidity level during FY22.

#### **CBIT TRUST FUND FY22 BUDGET REQUEST, ACTIVITIES AND OUTPUTS**

87. The GEF Secretariat requests a total of \$0.392 million from the CBIT Trust Fund to support its activities to administer the existing stock of 44 CBIT projects supported by the CBIT Trust Fund approved in GEF-6.<sup>33</sup> The Trustee requests \$0.029 million for its work. These figures are presented in Table 7.

88. To allow continuation of implementation of the existing stock of 44 CBIT projects, activities and programs already approved in GEF-6 by the CBIT Trust Fund, commitments and cash transfers are made until five years after the respective approval date, which is October 31, 2023. Resources have been set aside to cover CBIT Trust Fund administrative costs until the date of the trust fund termination, which will be 18 months after the final Trustee commitment and cash transfer date (currently April 30, 2025). The proposed budget draws from the set aside resources.

**Table 7: FY22 Budget Request from CBIT Trust Fund (US\$)**

<b>GEF Entities and Budget Items</b>	<b>FY21 Approved Budget</b>	<b>FY21 Projected Actual</b>	<b>FY22 Budget Request and Difference</b>	
Secretariat CBIT Administrative Budget	400,000	244,995	392,000	-2.0%
Trustee CBIT Administrative Budget	35,500	34,100	29,000	-18.3%
<b>Total</b>	<b>435,500</b>	<b>279,095</b>	<b>421,000</b>	<b>-3.3%</b>

<sup>33</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.

## Secretariat CBIT Activities in FY21

89. During FY21, the GEF Secretariat continued to carry out tasks associated with the CBIT Trust Fund, such as reviews of CEO approvals of project concepts under the CBIT Trust Fund, monitoring and management of the project portfolio, consultations with countries and Agencies, reporting to UNFCCC, and virtual participation in UNFCCC-related engagements. The Progress Report on the CBIT was presented to every Council, as an information document.<sup>34</sup> The CBIT web page was regularly updated, including relevant links to approved project documents.<sup>35</sup>

90. The pandemic forced some activities to be put on hold during FY21 and further postponed to FY22. In particular, the Fourth Global CBIT Coordination Meeting and Technical Workshop, planned for April 2020 hosted by the Government of Japan, was postponed.

91. Despite the pandemic-related challenges, the GEF continued to facilitate coordination with other initiatives supporting transparency and disclosure, including the Initiative for Climate Action Transparency (ICAT), the Coalition on Paris Agreement Capacity Building, the Partnership on Transparency in the Paris Agreement (PATPA), the NDC Partnership, and others.

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

- (a) Fourth Meeting of the Paris Committee on Capacity Building (PCCB) under UNFCCC, held virtually on June 22-25, 2020;
- (b) Virtual Annual Partnership Retreat on the PATPA on September 28-30, 2020;
- (c) Second virtual discussions with UN organizations on Building the Enhanced Transparency Framework organized by the UNFCCC on October 15, 2020;
- (d) Virtual meeting of the Group of Friends on MRV/transparency framework for developing countries on October 21, 2020 and May 10, 2021; and
- (e) GEF CEO participation in transparency event at LAC Climate Week 2021: **#Data4BetterClimateAction: How to use climate transparency to achieve effective climate action AND advance national development on May 12, 2021.**

93. The Secretariat's FY21 expenses under the CBIT Trust Fund are projected at \$244,995. The underrun of the approved FY21 budget is primarily due to the postponement of in-person meetings/consultations and associated travel due to the pandemic. Accordingly, the need for related contractual services for such activities diminished.

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<sup>34</sup> GEF, 2020, [Progress Report on the Capacity-building Initiative for Transparency](#), Council Document GEF/C.59/Inf.09.

<sup>35</sup> The website can be accessed from: <https://www.thegef.org/topics/capacity-building-initiative-transparency-cbit>

## **Secretariat CBIT Activities and Budget for FY22**

94. FY22 is expected to be a milestone year for CBIT and transparency: transparency is one of the key priority themes for the upcoming UNFCCC COP 26. As the 2024 deadline for the universal first transparency reporting approaches, there is growing attention on CBIT's role and contributions to help build human and institutional capacity in developing countries to achieve enhanced transparency. Also, 2021 is the five-year anniversary of the CBIT launch.

95. In light of the above and to accommodate the resumption of FY20 and FY21 activities that were put on hold due to the pandemic, the GEF Secretariat expects higher needs and demands for CBIT-related activities and GEF engagement to undertake in FY22.

96. A flagship report that highlights CBIT results, impact and lessons learned in its first five years of implementation will be prepared. The GEF will facilitate coordination with partners, respond to donor inquiries, and engage with the UNFCCC process and relevant meetings on transparency in FY22. Also, the 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 and the UNFCCC Secretariat on awareness raising campaigns on transparency that were recently launched to build momentum for COP 26.

97. As conditions permit, the planning and organization of postponed CBIT global coordination meeting, to be hosted by the Government of Japan, and associated consultations will also be restarted.

98. Further, the Secretariat will continue to support the implementation of the existing portfolio of CBIT projects, with adjustments to take into account the impacts of the pandemic. The entire portfolio of CBIT projects supported by the CBIT Trust Fund is expected to reach the implementation phase during FY22. The Secretariat will undertake monitoring and review functions in collaboration with the GEF Agencies. 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.

99. Finally, the Secretariat will assess the complementary role of the CBIT and the GEF support for the preparation of Biennial Transparency Reports (BTR), to help inform potential GEF-8 support modalities.

100. The requested budget to manage new CBIT projects from the GEF Trust Fund in GEF-7 is included in Table 1, above.

101. To carry out these functions for the existing stock, the GEF Secretariat requests a FY22 budget of \$392,000 from the CBIT Trust Fund. The request is 2 percent lower than the FY21 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, supported by consultancy. A breakdown of these costs is shown in Table 8.

**Table 8: Secretariat FY21 Budget Execution and FY22 Budget Request from the CBIT Trust Fund (US\$)**

GEF Entities and Budget Items	FY21 Approved Budget	FY21 Projected Actual	FY22 Budget Request	
Staff Costs (Salaries & Benefits)	200,000	184,749	190,000	-5.0%
Travel	25,000	0	22,000	-12.0%
Consultant Costs	175,000	60,246	180,000	2.0%
<b>Total</b>	<b>400,000</b>	<b>244,995</b>	<b>392,000</b>	<b>-2.0%</b>

102. 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.

#### **Trustee CBIT Activities and Budget for FY22**

103. 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.

104. The core elements of the Trustee's work program during FY21 and FY22 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 9 below shows the breakdown of the Trustee fee by services provided to the CBIT.

**Table 9: CBIT: Budgetary Requirements for Services Provided by the Trustee (US\$)**

Trustee Services	FY 21 Approved	FY 21 Expected Actual	FY 22 Proposed Budget
Financial Management and Relationship Management	14,000	13,600	14,000
Investment Management a/	18,000	17,000	12,000
Accounting and Reporting	3,500	3,500	3,000
Legal Services	-	-	-
<b>Total Costs</b>	<b>35,500</b>	<b>34,100</b>	<b>29,000</b>
a/ Investment Management fees are calculated against the average annual balance of the portfolio based on a cost of 4.5 basis points.			

105. The fees for Trustee services for FY21 will be \$34,100, which is \$1,400 or 4 percent lower than budget. The decrease is primarily due to lower financial and relationship management fees and lower investment management fees. The latter is calculated as a flat fee of 4.5 basis points (i.e. 0.045 percent) of the average annual balance of the undisbursed cash (liquidity balance) in the trust fund. The FY21 average liquidity balance for CBIT of \$ 37.8 million was lower than the projected balance of \$ 39.9 million which led to the lower than budgeted investment management fee.

106. To cover its expenses for FY22 related to the above work program, the Trustee requests a budget of \$29,000 which is \$ 5,100 or 15 percent less compared to the FY21 estimated actual cost of \$34,100. This is largely due to expected lower investment management fees due to the lower projected average annual liquidity balance for CBIT estimated at \$26.7 million. The actual investment management costs will vary depending on the actual average liquidity level during FY22.

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

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

**Table 10: GEF-7 Corporate Administrative Budget (in US\$ millions)**

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

2. The Replenishment documentation provides a breakdown of this US\$103.5 million for the Secretariat. It includes: US\$68.4 million for staff costs (including the costs of the World Bank recovery rate); US\$13.7 million for variable costs (travel, outreach, consultants, staff training and representation) US\$17.8 million for fixed costs (office lease, office equipment, WB cross-support and Council and Assembly), and US\$3.6 million for new GEF-7 priorities.<sup>36</sup>

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

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

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<sup>36</sup> See GEF-7 Replenishment Document, GEF-7 Resource Allocation and Targets, GEF/R.7/22, April 2018 (at [www.thegef.org](http://www.thegef.org), Replenishment). This information is reproduced in the Budget document presented last year to GEF Council, noted above (see footnote 18).

## ANNEX II: SPECIAL INITIATIVES

1. The discussion below reports on activities conducted under Special Initiatives approved by Council. Table 11 provides a summary of the originally approved amount in the Special Initiative account, estimated FY20 expenses in the respective accounts, where incurred, and the available balance remaining under these initiatives through end-March 2020. The text which follows provides additional information on the establishment and purpose of each Special Initiative, and activities to be supported in FY21 under the respective initiatives.

**Table 11: Special Initiatives (in US\$ million)**

<b>Special Initiative Name</b>	<b>Available at July 1, 2014 (Beginning of GEF-6)</b>	<b>Expenses FY14-FY18</b>	<b>Estimated FY21 Expenses</b>	<b>Estimated Available Balance for FY22</b>
Performance Based Allocation System*	1.356	1.143	0.150	0.063
GEF Management Information System*	0.464	0.378	0.052	0.034
Results Based Management	0.408	0.395	0.000	0.013
Rio+20 Special Initiative	0.210	0.120	0.000	0.090
<b>Total</b>	<b>\$2.438</b>	<b>\$2.035</b>	<b>\$0.152</b>	<b>\$ 0.200</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 FY21, an amount of \$150,000 was used to support 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. In FY22, it is planned to draw on this Special Initiative to support updates to the technical platform for knowledge sharing for the Partnership as well as, if needed, any additional updates in the Portal.

### ***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 FY21, an amount of \$52,000 was used to support the scheduled upgrade of the IT platform of the GEF website.

### ***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.

### ***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 staff travel to meetings relating to the SDGs and post-2015 sustainable development agenda.



### **ANNEX III: TRUSTEE -- FY21 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 FY21 included: implementation of the GEF-7 Replenishment resolution, including working with donors to facilitate deposit of Instruments of Commitment, installments and encashments, addressing donor inquiries regarding GEF-7 cash outlays, credits and discounts; enhancements to the systems and internal controls related to the preparation of financial statements; work with the Secretariat on policy initiatives, implementation of several Council-approved policies in the context of streamlining procedures, and coordination and preparation for the first meeting of the GEF-8 replenishment.

#### **FY21 Projected vs. Estimated Actual**

3. The fees for FY21 for Trustee's core services is \$3.26 million, reflecting an increase of \$259,100 compared to the approved budget. The increase was mainly due to the increase in investment management fees.
4. Investment management cost is a variable cost that is calculated based on 4.5 basis points against the average annual liquidity balance of the Trust Fund. Liquidity levels are influenced by donor contributions and cash drawdown by Agencies. The average liquidity balance during FY21 is higher by \$550 million than anticipated, resulting in increased investment management costs.

#### **FY20 Actual expenses**

5. The actual amount of Trustee expenses incurred for FY20 was \$3.15 million including the cost of audit which is consistent with the expected actual expenditure that was reported in the Council meeting in June 2020.