



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET



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GEF-7 REPLENISHMENT

GEF-7 RESOURCE ALLOCATION SCENARIOS AND GLOBAL ENVIRONMENTAL BENEFITS TARGETS

(PREPARED BY THE SECRETARIAT)

GEF-7 RESOURCE ALLOCATION SCENARIOS AND GLOBAL ENVIRONMENTAL BENEFITS TARGETS

1. **The volume of resources, and decisions about their deployment in priority areas, are at the core of a successful replenishment and an effective GEF-7.** The urgency and severity of the global environmental challenges, and the international community’s commitment to addressing them, combined with a stronger GEF value-for-money proposition than in the past, provides a compelling rationale for a robust GEF-7 replenishment. In particular, focusing on drivers of environmental degradation, harnessing integration and synergies across thematic areas, mobilizing investment, including from the private sector, and a stronger policy and results framework, provide opportunities for the GEF to achieve higher impacts. At the same time, the challenges for funding availability posed by adverse exchange rate movements, which all else being equal lower the measured US\$-value of contributors’ commitments by around 10%, must be recognized. The deployment of GEF-7 funds—covering both programming areas and administrative budgets—is decided by Contributing Participants on the basis of considerations about the overall impact on the global environment that can be achieved in line with the GEF’s mandate, taking into account the evolving external context within which the GEF operates.

2. **At the third replenishment meeting in Brazil, Participants discussed several scenarios, with consensus emerging around the programming allocations under the US\$4.4bn scenario (table 1).** Given that the final GEF-7 envelope will only be known after the pledging session at the fourth meeting in Stockholm the US\$ amounts shown in Table 1 should be considered indicative, and would have to be adjusted once the the final replenishment number is determined. Considering that the US\$4.4bn scenario reflects a consensus among Participants in terms of the priorities for programming in GEF-7, it is proposed that adjustments be made proportionally, that is, in a way which maintains the relative shares of the various programming lines. It is also proposed that the funding allocation for the administrative budget, covering GEFSEC, the IEO, the Trustee and STAP, is not subject to a proportional adjustment. This reflects the fact that necessary administrative activities to ensure an efficient and effective management fo the GEF-7 partnership and the execution of GEF-7 programming and policies is to a large extent independent of the exact, overall size of the replenishment.

Summary of Programming Allocations

3. **The funds for programming will be allocated across the GEF’s five focal areas (Biodiversity, Climate Change, Land Degradation, Chemicals & Waste, International Waters), as well as other programming lines (Non-Grant Instrument, Corporate Programs).** The allocation for the three “Rio” conventions (Biodiversity, Climate Change, and Land Degradation) is in turn distributed across country allocations and set-asides. Country allocations are utilized by GEF recipient countries to fund programs and projects according to their national priorities; the amount of funding to each GEF recipient country is determined by the GEF’s System for Transparent Allocation of Resources (STAR). Set-aside allocations fund global and regional

projects and programs, convention obligations, and a set of matching incentives for country participation in Impact Programs.

4. **In terms of programming, the US\$4.4bn scenario is built around the following main resource allocation priorities** (see Table 1 below):

- ***Increased funding share for the Biodiversity Focal Area*** to further bolster the GEF's ability to help combat the precipitous decline in global biodiversity by funding priority objectives identified in the four-year framework agreed at CBD COP13. Within the Biodiversity Focal Area, more emphasis is given to the GEF's work on wildlife, in view of the high demand in GEF-6, and guidance from the COP.
- ***Increased funding share for the Land Degradation Focal Area***, in support of UNCCD objectives. The Land Degradation Focal Area focuses on supporting Land Degradation Neutrality targets, and also builds on the intrinsic integrated nature of the land agenda, whereby results can be achieved across multiple GEF focal areas. A particular emphasis on the GEF's work in drylands, which are especially susceptible to environmentally-induced fragility, is proposed.
- ***Reduced funding share for the Climate Change Focal Area***, reflecting, in particular, the operationalization of the Green Climate Fund, which enables the GEF to more sharply focus on areas of its comparative advantage of promoting innovation and early adoption of low-carbon technologies and policies. It also reflects enhanced focus in GEF-7 on integrated programming whereby the GEF's climate impact would increasingly be derived from programming in other focal areas, for example Biodiversity and Land Degradation.
- ***Increased funding share for the Chemicals & Waste Focal Area***, reflecting, in particular, growing demand for GEF support for implementation of the Minamata Convention, including for enabling activities, as it comes into force, but also reflecting a gradual expansion of the scope of work under the Stockholm Convention.
- ***Increased funding share for the International Waters Focal Area***, with a particular focus on helping countries' harness their blue economy potential and on supporting the management of transboundary freshwater and marine resources.
- ***Increased funding share for non-grant instruments***, reflecting the successful GEF-6 pilot in terms of the GEF's ability to catalyze private sector investments for the benefit of the global environment, through which high levels of private sector co-financing was achieved, including in pioneering areas like agro-forestry and small-scale fisheries.
- ***Reduced funding share for Corporate Programs***. In GEF-7, support for Cross Cutting Capacity Building for recipient countries' fulfilment of their convention obligations will be mainstreamed into GEF's comprehensive menu of options under set-aside

allocations for enabling activities, the newly established Capacity Building Initiative for Transparency, and other global and regional program (as was the case, for example, during GEF-6 to provide support for LDN target-setting exercises on a voluntary basis), rather than provided through a free-standing program.

5. The share of set-aside funding under the three Rio conventions would also increase in the US\$4.4 bn scenario, mainly on account of increasing support for convention obligations.

The allocation for enabling activities under the three Rio Conventions to support countries in their fulfillment of COP reporting requirements is proposed to increase. The cycle of reporting for both the CBD and UNCCD implies an increasing need for funding during GEF-7. In addition, the Climate Change Focal Area includes a new, dedicated allocation for the implementation of the Capacity Building Initiative for Transparency (CBIT), as agreed at COP21.

6. GEF-7 will provide countries with the opportunity to participate in selected “Impact Programs”.

The Impact Programs are designed to help countries pursue holistic and integrated approaches for transformational change in a set of key systems driving environmental degradation, in line with countries’ national development priorities. Impact programs focus on (i) Food systems, Land Use and Restoration; (ii) Sustainable Cities; and (iii) Sustainable Forest Management. The Impact Programs hold the potential to enhance synergies and integration across GEF focal areas, and will allow the GEF to better crowd-in other stakeholders, including the private sector, enhance knowledge sharing and learning, and enable a more effective use of GEF resources. They will help ensure that each of the GEF’s focal areas provides the maximum contribution to the goals of their respective conventions as described in the GEF focal areas. Participation in the Impact Programs is country driven. As was the case in GEF-6 for SFM and the IAPs, country participation is incentivized through funding provided by focal area set-asides. The total proposed set-aside funding for the GEF-7 Impact Programs is US\$365 million, of which US\$280 million would be earmarked for matching incentives, while the remaining US\$85 million would provide global support functions for participating countries, including sharing of knowledge and exchange of lessons learned, tapping cutting edge expertise, and providing technical assistance, to enhance overall impact (Annex Table A2).

Summary of Administrative Budget Allocation

7. The GEF’s administrative budget, covering the costs of the the GEF Secretariat, the Independent Evaluation Office, STAP and the Trustee, is financed out of the overall GEF-7 envelope.

The administrative budget provides resources for effective on-going management of the overall GEF Partnership in terms of programming, policy, country engagements, reviews and evaluations, and GEF resource management. It is projected that overall administrative costs will increase by US\$27 million—equivalent to an increase of 22%—compared to GEF-6. Administrative costs in GEF-7 are significantly impacted by a mandatory increase in the World Bank’s (the GEF’s host institution) benefit recovery rate, other fixed costs increases, and less so by modest allocations for additional priorities in the work programs of GEFSEC and the IEO, as described further below. Overall, administrative costs are projected to amount to 3.4% of total GEF-7 resources.

- **GEFSEC's budget request of US\$103.5 million incorporates a 6.8% cut in variable costs compared to GEF-6, higher staff and fixed costs, and a US\$3.6 million allocation for new priorities in GEF-7.** The GEFSEC cost structure is fairly rigid with a high share of costs made up of staff and fixed costs. Variable costs are projected to amount to 13% of the total GEFSEC budget in GEF-7, down from 17% in GEF-6. The single largest cost increase (US\$11.4 million) for GEFSEC in GEF-7 is on account of higher staff costs, in part driven by a higher World Bank benefit recovery rate. The allocation for new priorities would augment GEFSEC's capacity for strengthening the GEF's private sector engagement and management of the NGI window; ensure appropriate management of the CBIT, which in GEF-7 will be funded from the GEF Main Trust Fund, as opposed to a free-standing Trust Fund as was the case in GEF-6; and pursue key policy and systems improvements, including on gender and information management. Further details about the proposed GEFSEC budget are provided in a separate Note attached to this document.
- **The IEO is requesting a GEF-7 budget of US\$24.5 million.** As is the case for GEFSEC, the main cost driver is salaries (including the increased benefit recovery rate), and other fixed costs. An additional US\$0.9 million is requested for enhanced evaluation work, including knowledge management and evaluation capacity development. At the requested level of funding, the IEO will have the capacity to produce approximately 40 evaluations, including the comprehensive OPS7. At the same time, the IEO will continue to develop and apply new evaluation approaches with new technologies, and enhance field verification of outcomes.
- **STAP is requesting a GEF-7 budget of US\$ 11.3 million.** This is an increase of US\$ 0.7 million. This amount is based on a projection of a 2% annual increase in the STAP budget based on a benchmark of the approved budget for FY 18.
- **For the Trustee, the GEF-7 budget request is US\$ 12.6 million.** This represents a reduction of US\$0.9 million compared to GEF-6. As explained to Council in the FY 18 Corporate Budget request document in May 2017 the reduction is due to efficiency gains achieved through process improvements and automation.

Table 1. GEF-7 Resource Allocation Scenario

	GEF-5		GEF-6		GEF-7		Change from GEF-6		
	US\$ mill.	Share of total	US\$ mill.	Share of total	US\$ mill.	Share of total	US\$ mill.	Percent	Share of total
Biodiversity	1,210	28.5%	1,296	29.2%	1,412	31.9%	116	9%	2.6%
STAR country allocations	968	22.8%	1,051	23.7%	1,127	25.4%	76	7%	1.7%
STAR set-aside	242	5.7%	245	5.5%	285	6.4%	40	16%	0.9%
- <i>Enabling Activities</i>	60	1.4%	13	0.3%	50	1.1%	37	285%	0.8%
- <i>Integrated programming</i>	130	3.1%	195	4.4%	175	3.9%	-20	-10%	-0.5%
- <i>Global and regional programs</i>	52	1.2%	37	0.8%	60	1.4%	23	62%	0.5%
Climate Change	1,360	32.0%	1,260	28.4%	876	19.8%	-384	-30%	-8.7%
STAR country allocations	1,088	25.6%	941	21.2%	559	12.6%	-382	-41%	-8.6%
STAR set-aside	272	6.4%	319	7.2%	318	7.2%	-1	0%	0.0%
- <i>Enabling activities and CBIT</i>	80	1.9%	130	2.9%	180	4.1%	50	38%	1.1%
- <i>Integrated Programming</i>	100	2.4%	130	2.9%	118	2.7%	-12	-10%	-0.3%
- <i>Global and regional programs</i>	92	2.2%	59	1.3%	20	0.5%	-39	-66%	-0.9%
Land Degradation	405	9.5%	431	9.7%	519	11.7%	88	21%	2.0%
STAR country allocations	324	7.6%	346	7.8%	387	8.7%	41	12%	0.9%
STAR set-aside	81	1.9%	85	1.9%	132	3.0%	47	56%	1.1%
- <i>Enabling Activities</i>	15	0.4%	15	0.3%	25	0.6%	10	67%	0.2%
- <i>Integrated Programming</i>	20	0.5%	60	1.4%	72	1.6%	12	21%	0.3%
- <i>Global and regional programs</i>	46	1.1%	10	0.2%	35	0.8%	25	250%	0.6%
Chemicals and Waste	425	10.0%	554	12.5%	655	14.8%	101	18%	2.3%
International Waters	440	10.4%	456	10.3%	506	11.4%	50	11%	1.1%
Non-Grant Instruments Window	80	1.9%	115	2.6%	149	3.4%	34	30%	0.8%
Corporate Programs	210	4.9%	197	4.4%	163	3.7%	-34	-17%	-0.8%
Small Grants Program	140	3.3%	140	3.2%	140	3.2%	0	0%	0.0%
Country Support Program	26	0.6%	23	0.5%	23	0.5%	0	0%	0.0%
Cross-Cutting Capacity Development	44	1.0%	34	0.8%	0	0.0%	-34	-100%	-0.8%
Total Programming	4,130	97.2%	4,309	97.2%	4,281	96.6%	-28	-1%	-0.6%
Corporate budgets: Secretariat, IEO, STAP and Trustee 1/	120.0	2.8%	125.0	2.8%	151.9	3.4%	27	22%	0.6%
GEFSEC	<i>n/a</i>		81.9	1.8%	103.5	2.3%	21.6	26%	0.5%
IEO	<i>n/a</i>		19.0	0.4%	24.5	0.6%	5.5	29%	0.1%
Trustee	<i>n/a</i>		13.5	0.3%	12.6	0.3%	-0.9	-7%	0.0%
STAP	<i>n/a</i>		10.6	0.2%	11.3	0.3%	0.7	7%	0.0%
Grand Total	4,250	100.0%	4,433	100.0%	4,433	100.0%	0	0%	0.0%

1/ GEF-6 numbers are as agreed during the GEF-6 replenishment negotiations. They differ from actuals, mainly on account of increases in the World Bank benefit recovery rate implemented during GEF-6.

TARGETS FOR GLOBAL ENVIRONMENTAL BENEFITS IN GEF-7

8. **The proposed strategy for GEF-7 holds the potential to achieve greater results for the global environment than in GEF-6.** Specifically, the strategy is intended to seize opportunities for higher impact through:

- a sharper focus on the drivers of environmental degradation;
- integration to harness synergies across the GEF's focal areas and the MEAs it serves;
- enhanced efforts to mobilize investments in measures to protect the global environment;
- stronger multi-stakeholder collaboration, particularly with the private sector;
- more effective portfolio oversight and incentives for faster preparation and implementation; and
- an upgraded results framework and better capture of multiple benefits.

9. **This section presents preliminary targets for the global environmental benefits sought in GEF-7, across the proposed GEF-7 core indicators and for the US\$4.4bn scenario discussed above.** These targets are informed by bottom-up assessments of the potential global environmental benefits that each GEF-7 program could achieve, based on several assumptions, including:

- countries' decisions regarding the programming of their STAR country allocations;
- co-financing mobilized;
- participation of and contributions from Agencies, the private sector and other partners;
- within programs and participating countries, the thematic and geographic focus of child projects; and
- the implementation of the proposed, GEF-7 policy recommendations.

10. **Across all areas, the GEF can set ambitious, yet achievable targets for GEF-7 that exceed those agreed for GEF-6.** Table 2 provides complete GEF-7 targets across ten of the eleven core indicators proposed, with comparison to GEF-6 targets, where possible. The comparison suggests the following:

- **In areas of increasing emphasis, GEF-7 would stand to deliver greater results and considerable improvements in value for money.** A greater emphasis on biodiversity and land degradation, with a 12% increase in their combined focal area allocations under the US\$4.4 bn financing scenario, would contribute towards a 46% per cent increase in terms of the total area of landscapes and seascapes brought under improved management. In chemicals and waste, an 18% increase in resources would translate into a 33% increase in the total amount of toxic chemicals reduced.
- **The proposed targets for climate change mitigation would amount to a considerable increase in ambition compared with GEF-6, despite a significantly smaller focal area allocation.** Measured in metric tons of CO₂e mitigated, the GEF-7 target for the US\$4.4bn financing scenario is more than double that agreed for GEF-6, even though the climate change focal area allocation would be reduced by 30%. This reflects the fact that all three Impact Programs and a majority of focal area investments are expected to generate climate change benefits. It also reflects emerging lessons from past projects and programs: IEO's *Climate Change Focal Area Study* concludes that "activities funded by other focal areas and initiatives, along with [multi-focal area] MFA projects, are poised to deliver significant global environmental benefits (GHG emission reductions) that may be greater than those achieved by activities financed by the climate change focal area alone"¹.
- **Based on careful design and consultation across the Partnership, the proposed core indicators represent important improvements from the equivalent corporate indicators used in GEF-6, with limited comparability as a result.** Table 2 includes four points of comparison between GEF-6 and GEF-7 targets, which reflect the fact that the proposed, GEF-7 core indicators have been designed to offer a more relevant breakdown of the ways in which the GEF contributes towards global environmental benefits.

¹ GEF/ME/C.53/Inf.02, *Climate Change Focal Area Study* (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.ME_C.53_Inf.02_Climate_Change_F_A_Study_Nov2017.pdf)

Table 2: GEF-7 is projected to deliver higher impacts than GEF-6

Proposed, GEF-7 core indicator	GEF-6 target	GEF-7 target
	GEF-6 (US\$ 4.4bn)	US\$ 4.4bn scenario
1. Terrestrial protected areas created or under improved management for conservation and sustainable use (million hectares)		217
2. Marine protected areas created or under improved management for conservation and sustainable use (mha)		9
3. Area of landscapes restored (mha)		7
4. Area of landscapes under improved practices (mha; excl. protected areas)		350
5. Area of marine habitat under improved practices (mha; excl. protected areas)		31
Total area under improved management (mha, sum of 1 through 5)	420	614
6. Greenhouse gas emissions mitigated (million metric tons of CO ₂ e)	750	1,723
7. Number of shared water ecosystems (fresh or marine) under new or improved cooperative management		35
8. Globally over-exploited marine fisheries moved to more sustainable levels (thousand metric tons) (Percent of fisheries, by volume) ²	20%	3,900 (15%)
9. Reduction, disposal/destruction, phase out, elimination and avoidance of chemicals of global concern and their waste in the environment and in processes, materials and products (thousand metric tons of toxic chemicals reduced)	81	108
10. Reduction, avoidance of emissions of POPs to air from point and non-point sources (grams of toxic equivalent [gTEQ])		1,455
11. Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment ³		Monitored

² Fisheries management is the only area where improved methodological rigor and evidence from past projects and programs call for a downward adjustment from the GEF-6 target.

³ In absence of past, portfolio-level monitoring of beneficiary data, no GEF-7 target is proposed, but the indicator will be monitored across the GEF-7 portfolio. Of projects that report on the number of direct beneficiaries, however, all are expected to provide gender-disaggregated data.

11. **The proposed Impact Programs would account for a large share of the expected global environmental benefits in GEF-7.** Table 3 provides a breakdown of targets for each Impact Program under a US\$4.4bn financing scenario, and compares it with contributions from focal area investments. The comparison illustrates the following:

- **The Impact Programs are projected to contribute to a significant share of total GEF-7 global environmental benefits across the biodiversity, climate change and land degradation focal areas.** Under the US\$4.4bn financing scenario, they are expected to bring 215 million hectares of landscapes under improved management, or 38% of the total GEF-7 target. In terms of climate change mitigation, the Impact Programs would account for 55% of the GEF-7 target. At the same time, the Impact Programs account for only about 24% of all notional funding allocations towards the programming lines for which contributions towards GEF-7 targets were estimated⁴.
- **All Impact Programs would contribute towards global environmental benefits in the chemicals and waste focal area.** This reflects the degree to which chemicals and waste issues have been integrated into the design of the proposed Impact Programs, in response to Participants' feedback at the second replenishment meeting. The sustainable cities Impact Program alone would account for 18% of the GEF-7 target for the reduction or avoidance of emissions of POPs to air.
- **Illustrating the GEF's potential for integration and synergies across focal areas, the Impact Programs stand to contribute towards global environmental benefits across more than half of the proposed GEF-7 core indicators.** Within the sustainable cities and sustainable forest management programs, targets have been estimated across seven of the eleven core indicators. Marine biodiversity and fisheries management are the exceptions in this respect—these issues are not directly addressed within the scope of the proposed Impact Programs.

⁴ Contributions towards GEF-7 targets have not been estimated for enabling activities, corporate programs and corporate budgets.

Table 3: Impact Programs account for a large share of the expected impacts in GEF-7

	Food, Land-Use and Restoration (US\$ 470 million)	Sustainable Cities (US\$ 170 million)	Sustainable Forest Management in Major Biomes (US\$ 285 million)	Aggregate for Impact Programs (US\$ 925 million)	Aggregate targets for Focal Area Investments and NGI (US\$ 2.9bn)	Grand total
1. Terrestrial protected areas (mha)		0.5	54	54	163	217
2. Marine protected areas (mha)					9	9
3. Land restored (mha)	5.6	0.2	0.7	6.6		6.6
4. Landscapes under improved practices (mha)	116	0.5	37	154	196	350
5. Marine habitat under improved practices (mha)					31	31
6. GHG emissions mitigated (Mt CO ₂ e)	415	155	371	942	781	1,723
7. Number of shared water ecosystems		1	3	4	31	35
8. Marine fisheries (1,000 metric tons)					3,900	3,900
9. Chemicals of global concern reduced or eliminated (1,000 metric tons)	3.8		0.1	3.9	104	108
10. POPs to air reduced or avoided (gTEQ)		255		255	1,200	1,455

Note: All data based on US\$4.4bn scenario, with all program envelopes reflecting notional allocations. Numbers may not add up due to rounding.

12. **The preliminary GEF-7 targets do not represent the full range of global environmental benefits or socio-economic co-benefits that the proposed, GEF-7 programs are expected to deliver.** The proposed core indicators are focused on the most relevant outcomes of GEF-financed projects and programs, taking into account the GEF’s mandate under the multi-lateral environmental agreements (MEA) it serves, and other, critical needs in terms of accountability, learning and decision-making across the GEF Partnership⁵. As such, the core indicators and associated targets are not intended to capture the full range of environmental outcomes or socio-economic co-benefits that GEF investments are likely to produce. Some of these additional benefits will be captured, monitored and reported at the portfolio level through sub-indicators associated with each core indicator, and the Impact Programs will track additional, program-level indicators that relate to the system-level changes that those programs are intended to catalyze. In addition, a tagging system will be put in place as part of an upgraded information management system—the GEF Portal—to facilitate quality assurance, monitoring, reporting, analysis and learning on a range of cross-cutting topics, such as gender equality and women’s empowerment, indigenous peoples participation and private sector engagement.

13. **The core indicators and targets represent critical components of an enhanced focus on results in GEF-7.** The new results framework and core indicators, as well as the evidence-based replenishment targets will help strengthen transparency, accountability, learning and decision-making based on results in GEF-7. In addition, the Secretariat, in close collaboration with Agencies and other stakeholders, is working to introduce detailed methodological guidance for the roll-out of the proposed core indicators and sub-indicators, more streamlined monitoring and reporting procedures, along with the GEF Portal to ensure that progress against GEF-7 targets is monitored with consistent, timely and reliable data. Broader changes to the GEF’s results architecture are described further in the detailed GEF-7 policy agenda⁶.

⁵ Further details about the Core Indicators are provided in *Policy Agenda: Analysis in Support of the Proposed GEF-7 Policy Recommendations (GEF/R.7/10)*.

⁶ Ibid.

Attachments

Annex Table A1. Notional Focal Area Breakdowns ¹

		Share of US\$4.4bn
Biodiversity Focal Area	1412	31.9%
STAR Country Allocations	1127	25.4%
- Biodiversity Mainstreaming in Priority Sectors	267	6.0%
- Global Wildlife Program	184	4.2%
- Natural Capital Assessment and Accounting	30	0.7%
- Sustainable Use of Genetic Resources	47	1.1%
- Prevention, Control and Management of Invasive and Alien Species	40	0.9%
- Strengthen the Global Protected Area Estate	240	5.4%
- Implement the Cartagena Protocol on Biosafety	8	0.2%
- Implement the Nagoya Protocol on Access and Benefit Sharing	40	0.9%
- Impact Programs	271	6.1%
STAR Set-aside	285	6.4%
- Enabling Activities	50	1.1%
- Integrated programming	175	3.9%
- Other global and regional programs	60	1.4%
Climate Change Focal Area	876	19.8%
STAR Country Allocations	559	12.6%
- De-centralized Power With Energy Storage	115	2.6%
- Electric Drive Technologies and Electric Mobility	111	2.5%
- Accelerating Energy Efficiency Adoption	110	2.5%
- Cleantech Innovation	46	1.0%
- Impact Programs	177	4.0%
STAR Set-aside	318	7.2%
- Enabling Activities	120	2.7%
- CBIT	60	1.4%
- Integrated Programming	118	2.7%
- Other Global and Regional Programs	20	0.5%
Land Degradation Focal Area	519	11.7%
STAR Country Allocations	387	8.7%
- Support on the Ground Implementation of LDN	185	4.2%
- Creating an enabling environment to support LDN	90	2.0%
- Impact Programs	112	2.5%
STAR Set-aside	132	3.0%
- Enabling Activities	25	0.6%
- Integrated Programming	72	1.6%
- Other Global and Regional Programs	35	0.8%
Chemicals and Waste Focal Area	655	14.8%
Stockholm Convention	392	8.8%
- Enabling Activities	20	0.5%
- Other programming	372	8.4%
Minamata Convention	225	5.1%
- Enabling Activities Minamata	15	0.3%
- Other programming	210	4.7%
Montreal	25	0.6%
SAICM	13	0.3%
International Waters	506	11.4%
- Blue Economy	281	6.3%
- ABNJ	25	0.6%
- Enhancing Water Security	200	4.5%

1/ Final allocations within each focal area will be determined by country demand, and the line-item projections are therefore only indicative.

Annex Table A2. Notional Impact Program Breakdown¹

Impact Programs	US\$4.4 bn				Total IP funding
	STAR	Set-aside			
		Matching Incentives	Global Support	Total set-aside	
Food, Land Use and Restoration	290	145	35	180	470
Sustainable Cities	100	50	20	70	170
SFM for Major Biomes	170	85	30	115	285
Amazon	60	30	10	40	100
Congo	40	20	10	30	70
Drylands	70	35	10	45	115
Total	560	280	85	365	925

¹ Final allocations for each Impact Program will be determined by country demand, and the line-item projections are therefore only indicative.

Annex Table A3. Focal Area Set-aside funding for Impact Programs

	US\$4.4 bn			
	BD FA	CC FA	LD FA	Total IP
Food, Land Use and Restoration	101	41	38	180
Sustainable Cities	16	54	0	70
SFM for Major Biomes	58	23	35	115
Total	175	118	72	365

NOTE WITH ADDITIONAL INFORMATION ABOUT THE GEFSEC GEF-7 ADMINISTRATIVE BUDGET REQUEST

1. **This Annex summarizes the underlying assumptions for the GEFSEC administrative budget request in GEF-7 of US\$103.5 million (Table 1).** The annex covers projected staff cost, variable costs, fixed costs, and costs of new GEF-7 priorities.

Table 1. GEF Secretariat Administrative Budget GEF-6 and GEF-7 (US\$ million).

	GEF-6	GEF-7	Change GEF-6 to GEF-7
Total Budget	85.6	103.5	17.9
Staff costs 1/	57.0	68.4	11.4
- Of which WB staff benefit recovery rate increase	3.6	8.3	4.7
- Of which projected WB SRI increase		5.0	5.0
Variable costs	14.7	13.7	-1.0
- Of which travel	7.2	6.6	-0.6
- Of which outreach	3.2	3.0	-0.2
- Of which consultants	3.4	3.3	-0.1
- Of which staff training and representation	0.9	0.8	-0.2
Fixed costs	13.9	17.8	3.9
- Of which office lease	4.6	7.2	2.6
- Of which office equipment	3.1	3.6	0.5
- Of which WB Cross Support	1.7	2.5	0.8
- Of which Council and Assembly	4.5	4.5	0.0
New GEF-7 Priorities		3.6	3.6
- Of which private sector work		1.4	1.4
- Of which CBIT		1.0	1.0
- Of which systems and policy improvements		1.2	1.2

Note: GEF-6 data is projected total costs covering FY16-FY19. Numbers may not add due to rounding.

1/ The residual US\$1.7 million difference between GEF-6 and GEF-7 is due to intermittent staff vacancies during GEF-6.

2. **The number of GEFSEC staff is projected to remain at its current level in GEF-7, but staff costs are nevertheless projected to rise due to an increase in the World Bank benefit recovery rate and projected salary increases.** There are currently 64 staff on the GEFSEC payroll⁷. GEFSEC staffing numbers have remained broadly constant during GEF6 (table 2), despite increased work-load and deliverables during GEF-6 (see box 1 below). It is expected that GEFSEC staffing numbers will be kept flat in GEF-7. However, the increase in the World Bank staff benefit recovery rate from 50% to 70% that was introduced by the World Bank Board in

⁷ An additional four staff are currently in the GEFSEC as secondees, funded by external sources.

FY18 is projected to add US\$8.3 million to overall salary costs in GEF-7⁸. In addition, the budget requests is based on a projected, annual increase in the World Bank staff compensation of 3%, which is consistent with usual budgeting practice in World Bank units. Actual increase in staff compensation, and any other policy change related to staff remuneration determined by the World Bank Executive Board, will be automatically translated into GEFSEC salaries. The total cost in GEF-7 of annual salary increases is projected to amount to US\$5.0 million. Staff costs makes up about 2/3 of the total GEFSEC budget; the share of staff costs to total costs is projected to remain broadly unchanged in GEF-7 compared to GEF-6.

Table 2 – Number of GEFSEC Staff

	FY15	FY16	FY17	FY18
Staff on GEFSEC Payroll	66	65	64	64
Externally funded (Secondees, etc.)	3	3	4	4
Total	69	68	68	68

Note: Numbers as of end-of Fiscal Year

3. **GEFSEC variable costs will be reduced in GEF-7 by US\$1 million, equivalent to a 6.8% reduction compared to GEF-6.** The share of variable costs (mainly travel, consultants, outreach) of the total GEFSEC budget is projected to decline from 17% in GEF-6 to 13% in GEF-7:

- travel costs are reduced to US\$6.6 million in GEF-7—a reduction of 8.3% compared to GEF-6 levels. All travel is conducted in conformity with World Bank policies and Expenditure Review measures, which include: mandatory review of lower logistical fare options (LLF) on World Bank preferred airlines; advance booking; use of restricted and non-refundable fares; economy class for less than 5 hours and all training; and reduced per diems. Other measures to contain travel costs include limiting delegation sizes; use of video & teleconference where feasible; and strengthened internal planning and tracking against business need.
- outreach costs are reduced to US\$3.0 million in GEF-7—a reduction of 4.7% compared to GEF-6 levels. Outreach includes information and awareness activities in both electronic and print media aimed at the GEF partnership and external audiences. Costs cover maintenance of the GEF website and GEF’s social media presence; publication production; GEF presence at COPs (often in collaboration with convention secretariats) and related activities. All procurement follows World Bank procedures for competitive bidding, contracting and work delivery. The costs reduction is achieved in part through increased use of digital outreach while reducing paper-based dissemination.
- consultants’ costs are reduced to US\$3.3 million in GEF-7—a reduction of 3.0% compared to GEF-6, despite an expected cost increase in consultant fees⁹. All

⁸ The background and implications of the World Bank’s increase in the benefit recovery rate was explained in detail to the Council by the World Bank Director of Budget during the 52th Council Meeting.

⁹ Applicable consultant fee matrices are determined annually by the World Bank Human Resource Department, with annual fee increases reflecting overall labor market trends.

consultants are hired using World Bank procedures for competitive bidding, contracting and work delivery; and internal planning to retain only where needed, and to maximize use of existing staff.

- Staff training and representation are projected at US\$0.8 million GEF-7, a reduction of 19.9% million compared to GEF-6.

4. Total GEFSEC fixed costs are projected to increase by US\$3.9 million in GEF-7 compared to GEF-6; the increase reflects contractually agreed annual price increase and several one-off savings in GEF-6 that reduced fixed costs in GEF-6:

- Office lease costs are projected at US\$7.2 million in GEF-7, an increase of US\$2.6 million compared to GEF-6. The increase reflects three main factors: (i) a rebalancing of lease costs among GEFSEC, IEO and AF, to better reflect actual floor-space use, resulting in a higher share being apportioned to GEFSEC; (ii) a one-time rent rebate of US\$0.6 million¹⁰ received in connection with the move to the new office in 2016, which lowered actual lease expenditures in GEF-6; (iii) annual contractually determined rent increases of 3.5%; (iv) a projected one-step increase in lease costs once the current contract ends in January 2021, at which time the lease will be re-priced at prevailing market price. It should be noted that while the decision to depart the former premises was not made by the GEF but by the GEF's then-landlord, total lease costs for GEFSEC, IEO and AF during the entire GEF-6 and GEF-7 period was only impacted modestly by the office move as no rebate would have been received and because the previous lease would have been re-priced to prevailing (higher) market prices already in July 2018. The new lease was decided upon among several options, and negotiated by World Bank General Services Department on behalf of the GEF.
- Office equipment costs are projected at US\$3.6 million in GEF-7, compared to US\$3.1 million in GEF-6. GEFSEC office equipment (computers, telephones, printers, furniture, etc.) is provided on a charge-back basis by the World Bank. It is projected that actual equipment costs will remain constant in GEF-7 as costs are being contained through measures linked to the World Bank expenditure review, e.g. use of pool printers and reduction in the number devices. The reason for the apparent lower costs in GEF-6 is that in the beginning of GEF-6 GEFSEC received a US\$0.5 million credit from the World Bank due to a double-charge that occurred at the end of GEF-5. This reduced GEF-6 total accounted equipment costs.
- Cross-support costs are projected at US\$2.5 million in GEF-7 compared to US\$1.7 million in GEF-6. Cross-support from the World Bank covers support staff for IT and Legal services. The increase in costs are in part due to the increase in the World Bank benefit recovery rate and projected salary increases, and in part due to a reclassification in FY17 of IT services from payroll to cross-support.

¹⁰ Shared among GEFSEC, IEO, and the Adaptation Fund

- Council and Assembly costs are projected at US\$4.6 million in GEF-7—unchanged from GEF-6. For Council, reduced costs from e.g. less costly food/drinks (including elimination of bottled water), reduced printing costs and more (Saves approximately US\$75,000 per year) will be off-set by expected slight increases in other costs like venue and travel by Council Members from developing countries and accredited CSOs. For the Assembly, precise cost estimates will only be available once the venue for the GEF-7 has been identified; for the purposes of the budget projection, GEF-7 Assembly costs are assumed unchanged from GEF-6.

5. Finally, the budget request includes provisions for new priorities in GEF-7 in the amount of US\$3.6 million:

- (a) Private sector engagement—projected at US\$1.4 million to augment GEFSEC’s capacity for strengthening GEF’s private sector engagement as GEF-7 is being rolled out, formulating and implementing private sector strategy, and strengthened management of the NGI window, including for instance expert review of NGI-projects financial structuring.
- (b) CBIT—projected at US\$1.0 million to cover CBIT programming and processing requirements, previously covered separately by the CBIT Trust Fund¹¹.
- (c) Policy and System improvements for the partnership—projected at US\$1.2 million. These include:
 - *Systems Development* (US\$0.6 million), including IT support for complementary system developments relating to the GEF Portal, in support of data quality, operational efficiency, transparency and knowledge capture and sharing.
 - *Enhanced RBM* (US\$0.4 million) to update and migrate historic information into the new GEF Portal, and to enhance quality control and improve results tracking in GEF-7, including with respect to cross-focal area benefits, particularly with respect to climate.
 - *Implementing the new Gender Policy* (US\$0.2 million) to implement the new Policy requirements, including effective integration of gender aspects into projects (proposals, review, implementation), training and awareness building both inside GEFSEC and in the broader partnership.

¹¹ The total costs related to CBIT during the 3-year period of FY17-19 amounted to US\$1.3 million, equivalent to about US\$430,000 annually. Since the initial effort to establish the CBIT is now over, annual management costs for projects new projects expected to be approved during GEF-7 are projected at US\$250,000; in addition, there will be a separate cost for management of the existing stock of GEF-6 approved CBOT projects, which will be charged to the existing CBIT Trust Fund.

Box 1. Selected GEFSEC deliverables

GEFSEC delivers multiple outcomes and results for the partnership under its budget, which are reported to Council each year in its Annual Business Plan and Budget Document. GEF-7 also will bring new work duties that emerged during GEF-6: servicing the Minamata Convention (now in force), new programming modalities, such as NGI and IAPs/IPs; servicing an expanded partnership (18 agencies); and implementing the CBIT. Highlights of Secretariat work and delivery are below:

- **Delivery of the Work Program.** The Work Program delivered by GEFSEC requires review, consideration and comment on hundreds of project proposals from GEF agencies, in accordance with GEF Programming Strategy, Policies and Priorities. It also involves work in support of new programming modalities developed in GEF-6, including NGIs and IAPs. Data from beginning of GEF-6 (programming cycle) is below. The project number is the total number of unique PMIS project entries per calendar year (EAs, FSPs, MSPs, etc.) submitted to GEFSEC, and their total \$ value.

Table 3. Summary of Annual Project Reviews.

	FY15	FY16	FY17
Number of reviewed projects	176	176	215
Project amounts (US\$, mill.)	1013	881	842

- **Servicing Council and the Assembly; implementing policies and Council priorities.** This includes continuing substantive work to deliver on the work of Council decisions, policies and priorities, as well as organizational, logistical and other work for the meetings and events. Between October 2015 and November 2017, an average of about 15 major decision documents per year were developed for and approved by Council, including five new policies, together with numerous information documents and reports. Delivery on policies and Council priorities sometimes requires additional specialized expertise, which accounts for the majority of consultants retained by GEFSEC (together with IT upgrades).
- **Servicing five Conventions.** With recent entry into force of the Minamata Convention, the number of Conventions for which GEF is a/the financial mechanism increased from four to five, in addition to the GEF's work on International Waters, and on the Montreal Protocol. Convention relations require multiple engagements. In FY18, as an illustration, there are more than 30 meetings for the UNFCCC, CBD, UNCCD, the Stockholm Convention and the Minamata Convention, including three COPs, meetings of subsidiary bodies and working groups under the Conventions, consultations and related preparatory meetings, and meetings on MEA coordination, including with the Green Climate Fund.
- **Servicing 18 GEF Agencies, ensuring operational efficiency.** GEFSEC convenes and coordinates actively with the GEF Agencies and other partners to support programming, policy implementation and operational efficiency. By the conclusion of the Pilot Accreditation of GEF Project Agencies in June 2015, GEF Agencies expanded from 10 to 18. The work with the Agencies includes review of project proposals, strategic dialogue on programming and policy, Agency retreats, periodic familiarization workshops for new Agencies, frequent consultations in the development of new GEF policies, programming directions and modalities, and cooperative actions to enhance project-cycle and operational efficiency.
- **Stakeholder Engagement, including the Country Support Program, and communications and outreach.** GEFSEC coordinates an active program for stakeholder engagement for the Partnership. This includes engagement with the CSO Network and other members of civil society, indigenous peoples and communities, including through the Indigenous Peoples Advisory Group, the private

sector, and others. As part of this, Secretariat staff coordinates and implements the GEF Country Support Program, which convenes Expanded Constituency Workshops (ECW) and other events. These sessions build capacity and support for GEF programming and policy implementation, and strengthen engagement of civil society and recipient country in the partnership. They engage well over 1,000 participants each year. Moreover, strategic outreach and communication provides information, transparency and greater awareness of GEF programs, operations, and policies. Over the last four years, publications, videos, articles, and other traditional communication products have resulted in a steady growth of stories and media mentions about the GEF, from 521 in FY14 to over 7000 in FY17. Further impact has been achieved through an increased investment in the GEF's online efforts. On average, GEF has provided information to over 350,000 online users annually and raised awareness on GEF work and environmental issues among many more via GEF's and partner's social media channels.

Table 4. Country Support Program Activities.

	FY15	FY16	FY17
ECWs	13	13	13
Constituency Meetings	17	20	16
Introduction Seminars	1	1	1
National Dialogues (incl NPFE)	14	4	1
Pre-Council Meetings	2	2	2