

58th GEF Council Meeting  
June 2 – 3, 2020  
Virtual Meeting

Agenda Item 03

## **GEF BUSINESS PLAN AND CORPORATE BUDGET FOR FY21**

### **Recommended Council Decision**

The Council, having reviewed document GEF/C.58/03, *GEF Business Plan and Corporate Budget for FY21*, takes note of the business plan, and approves an FY21 corporate budget from the GEF Trust Fund of US\$29.257 million, comprised of:

- (a) US\$23.478 million for the GEF Secretariat;
- (b) US\$2.725 million for STAP; and
- (c) US\$3.054 million for the Trustee

The Council also approves a total FY21 administrative budget for the Nagoya Protocol Implementation Fund (NPIF) of US\$18,800, 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\$5,300 for the Trustee

The Council also approves a total FY21 administrative budget for the Capacity Building Initiative for Transparency (CBIT) from the CBIT Trust Fund of US\$435,500, comprised of:

- (a) US\$400,000 for the GEF Secretariat; and
- (b) US\$35,500 for the Trustee

The Council requests the Secretariat, in consultation with STAP and the Trustee, to present a combined FY22 corporate budget and business plan for discussion at its June 2021 meeting.

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## GEF SECRETARIAT FY21 BUDGET REQUEST, ACTIVITIES AND OUTPUTS

1. This section reports on the execution of the FY20 administrative budget approved by Council and sets out the FY21 administrative budget request of the Secretariat.<sup>1</sup>
2. The Secretariat's FY20 expenses are projected at US\$21.743 million,<sup>2</sup> or 7.6% underrun of the approved FY20 budget, principally due to the impacts of COVID-19.
3. The Secretariat FY21 budget request is US\$23.478 million, a decrease of 0.3% compared to the FY20 approved budget of US\$23.539 million.
4. It is a daunting task to present a budget request with the ongoing uncertainty of COVID-19. The COVID-19 pandemic imposes a challenge in implementing ongoing projects and preparing for new ones. It tasks the Secretariat with analyzing associated risks and coping with them, and also presents new areas of work to address its root causes, respond to them and prevent future pandemics from happening.
5. FY21 is also a year when the GEF will enter the 8th replenishment process. Consultation with Council and experts will be planned, and initial draft strategies and communication products will be produced throughout the year.
6. The budget request for FY21 accommodates these two tasks, namely, GEF's response to COVID-19 and the initiation of the 8th replenishment process. It is built on the best estimation of anticipated impacts of the COVID-19 on expenditures.
7. The 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>3</sup> as shown in the GEF-7 budget table and related information on this envelope in Annex I.4 The request also reflects the continued action per the commitment developed during the Replenishment for strict efficiencies and control on variable costs across the cost structure.<sup>5</sup>
8. While COVID-19 has significant impacts on ongoing operations for GEF-7 and strategies to be formulated for GEF-8, both of which require extensive managerial efforts, its direct impact on budget expenditure is less dramatic. This is due to the unique cost structure of the GEF Secretariat. Staff costs consist of 72% of the budget, by far the largest component and not directly affected by COVID-19. Fixed costs consisting of office lease, IT systems and Council

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<sup>1</sup> FY21 is the second year of the GEF-7 administrative budget cycle and the third year of the GEF-7 operational cycle.

<sup>2</sup> The projection of FY20 actual expenditures include data for actual spending through March 30, 2020, and a projected spending during the remaining weeks of the fiscal year, which ends on June 30, 2019

<sup>3</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>4</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 \$151.9 million. Ibid.

<sup>5</sup> This is indicated in more detail in Annex 1, per the Replenishment, and the discussion below.

expenditure account for 15%, which are also not affected by COVID-19. Among variable costs, the most affected item is travel, which accounts for 7% of the total budget. There is uncertainty in forecasting the extent or duration of the COVID-19 on travel restriction, but it is hoped that the range of actual needs for travel is accommodated in the overall budget.

**Table 1. Secretariat FY20 Budget Execution and FY21 Budget Request from the GEF Trust Fund**

	FY20 Approved Budget	FY20 Projected Actual to FY20 Budget		FY21 Budget Request to FY20 Budget	
	US\$ Mil	US\$ Mil	%	US\$ Mil	%
<b>Total Budget/Project Actual</b>	<b>23.539</b>	<b>21.743</b>	<b>-7.6%</b>	<b>23.478</b>	<b>-0.3%</b>
<b>Staff costs</b>	<b>16.534</b>	<b>15.770</b>	<b>-4.6%</b>	<b>16.860</b>	<b>2.0%</b>
<b>Variable costs sub-total</b>	<b>3.355</b>	<b>2.746</b>	<b>-18.2%</b>	<b>3.134</b>	<b>-6.6%</b>
- Of which travel	1.650	1.106	-33.0%	1.425	-13.6%
- Of which outreach	0.750	0.740	-1.3%	0.750	0.0%
- Of which consultants	0.815	0.800	-1.9%	0.834	2.3%
- Of which staff training and representation	0.140	0.100	-28.6%	0.125	-10.7%
<b>Fixed costs</b>	<b>3.650</b>	<b>3.226</b>	<b>-11.6%</b>	<b>3.484</b>	<b>-4.5%</b>
- Of which office lease	1.505	1.431	-4.9%	1.324	-12.0%
- Of which office equipment and IT systems	0.875	0.875	0.0%	0.890	1.7%
- Of which WB Cross Support	0.570	0.570	0.0%	0.570	0.0%
- Of which Council	0.700	0.350	-50.0%	0.700	0.0%

**(a) Staffing**

9. In FY20, staff costs are projected to be US\$15.770 million, or 95.4% of the budgeted amount. The underrun is due to much longer than anticipated time to fill vacancies.

10. For FY21, staff costs are expected to be US\$16.860 million, or 2.0% increase compared to the FY20 budget. This is based on zero growth in staff, in line with the replenishment discussions for GEF-7. The increase in amount is due to the annual Salary Rate Increase (SRI) approved by the Board of the World Bank for staff at the World Bank, which applies to staff of the Secretariat. For FY21, the SRI is 3%.<sup>6</sup>

<sup>6</sup> As noted above, the FY21 staff cost also reflects a downward adjustment factor to take into account updated estimates of anticipated staff turnover during the upcoming fiscal year.

## **(b) Variable Costs**

11. In FY20, variable costs are projected to come in at US\$2.746 million, or 81.8% of the budgeted amount. This significant underrun mainly reflects the impacts of COVID-19 on travel and the decision to hold the June Council meeting virtually.

12. For FY21, variable costs overall are expected to be US\$3.134 million, a decrease of 6.6% compared to the FY20 approved budget. This decrease mostly reflects assumed continuation of restriction of mission travel to some extent into the first half of FY21.

### *(i) Travel*

13. Travel costs for FY20 are predicted at US\$1.106 million, a 33% reduction from FY20 budget, due to the direct impacts of COVID-19. They are expected at a decrease of 13.6% in FY21, much less than the FY20 budget. This reflects the following.

14. First, it is anticipated that travel restrictions will continue to some extent into the first half of FY21. Many international conferences and negotiations scheduled during that period will be postponed to the second half of FY21. As such, over the entire FY21 the decline will be less dramatic.

15. Second, there will be work and travel associated with the requirement to kick-off the GEF-8 replenishment negotiations. In support of this work, and as in past replenishments, the Secretariat will plan to convene a meeting of a Technical Advisory Group (TAG),<sup>7</sup> and carry-out the needed dialogue and consultations with partners.

16. The Secretariat will continue to keep costs down through careful and judicious travel planning for these and other core business responsibilities, including Secretariat participation in Conferences of the Parties (COPs), 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.

### *(ii) Outreach*

17. External outreach is expected at zero growth in FY21. It includes information and awareness-building activities in both electronic and print media, communication aimed at the GEF partnership and external audiences, story-telling and brand management. These budgeted funds cover: maintenance of the GEF website, and GEF's social media presence; publication production; strategic media partnerships and related activities. The tight cost controls will be

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<sup>7</sup> The TAG is an advisory group of agencies, convention secretariats and stakeholders to support and enable consultations to inform the GEF-8 discussions. As for GEF-7, the costs for the TAG consist mainly of travel-related expenses (including lodging and per diem) to enable attendance and participation by a number of GEF partners and stakeholders in a three-day meeting of the TAG.

achieved via ongoing efficiency gains, including the continued transition, where relevant, to more digital forms of communication.

*(iii) Consultants*

18. Consultant costs are projected to be close to on budget during FY20,<sup>8</sup> and are expected to increase by 2.3% in FY21. There are two new work activities to be supported by FY21 consultancy expenditure. First, in response to the COVID-19, the Secretariat plans to create a Task Force to produce a white paper to come up with GEF's immediate response to the pandemic and to prevent the future risks linked to emerging infectious diseases and other environmental degradation issues.<sup>9</sup> Second, to kick off the GEF-8 replenishment process, significant preparatory work needs to be started during FY21, which spans studies by and consultation work with experts and stakeholders on strategy and policy work and outreach.

19. Besides these new two factors, the consultancy expenditure will continue support of core GEF-7 priorities agreed at the Replenishment, including enhanced tracking and reporting for results based management (RBM) and operational efficiency; implementing the new Policy on Gender Equality; review and processing new projects for the Capacity-Building Initiative for Transparency (CBIT); compliance with the updated GEF Policy on Minimum Fiduciary Standards; an enhanced knowledge sharing platform and system to more effectively and efficiently share knowledge and information in the partnership.

20. All consultants are hired using World Bank policies and procedures aimed at ensuring efficient contracting and delivery, and according to fees set annually by the World Bank.<sup>10</sup>

*(iv) Staff training and Representation:*

21. These costs cover training for staff development and initiatives to promote efficiency and effectiveness in the workplace, as well as official representation.<sup>11</sup> They are projected to underrun in FY20 due to impacts of COVID-19. As an example, the GEF Agency Retreat in March 2020 was shifted from in-person meetings to virtual.

22. For FY21, these costs are requested at 10.7% decrease compared to the FY20 budget. The savings are based on anticipated reduced representation activities due to COVID-19 in the upcoming 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.

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<sup>8</sup> Work delivery by consultants has continued through remote connectivity in the current period.

<sup>9</sup> Further details are provided in the Section on FY21 Business Priorities and Deliverables, below.

<sup>10</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>11</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.

### (c) Fixed Costs

23. In FY20 fixed costs are projected at US\$3.226 million or 11.6% below budget. There are two main reasons for this underrun.

24. The first is that expenses for office lease have been reduced as a result of a successful negotiation in November and December 2019 led by the World Bank Global Corporate Solutions Office (GCS, formerly General Services Division) of the continuation of the current GEF office space under the relevant provisions of its existing lease. Office costs are 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 existing lease required a re-pricing of annual rental amounts to market rate, beginning in January 2021.<sup>12</sup> The negotiation concluded successfully.

25. The second is the need to host June Council virtually, rather than in person, due to COVID-19. This has reduced associated expenses (by 50% on the annual basis) on the Council budget line.

26. For FY21, fixed costs are projected at US\$3.484 million, or 4.5% below the FY20 approved budget. The figures reflect some savings in the upcoming year and are explained below.

- Office lease: Office lease costs in FY21 will decrease by 12%. This is due to the lower rental rate beginning February 2020 and into the next fiscal year and beyond, as noted above. These cost savings are reflected in Table 1.<sup>13</sup>
- Office Equipment and IT Systems: This budget line is expected to increase by 1.7%, based on expected annual charges from the World Bank. It covers costs of computers, telephones, printing and supplies, etc. provided on a charge-back basis by the World Bank, and IT systems including the GEF website and GEF Portal. The 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
- Costs of cross-support: The cost of cross-support is expected to stay flat in FY21. 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

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<sup>12</sup> The original 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. Per its terms, and as noted above, the lease rate is now adjusted to the negotiated level of prevailing market price.

<sup>13</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.

Business Conduct) under the *GEF Policy on Ethics and Conflict of Interest for Council Members, Alternates and Advisors*.<sup>14</sup>

- **Council costs:** These costs are expected to stay flat in FY21. They cover arrangements, venue, logistics needed to host the twice-a-year Council meetings, including travel and accommodation costs for sponsored civil society participants. It is assumed that the December 2020 Council meeting will be held in Washington DC.

27. In sum, the Secretariat requests 0.3% decrease for the FY21 budget compared with the FY20 request. The Secretariat is of a view that this request enables the Secretariat to initiate the GEF-8 replenishment process, to respond to emerging challenges imposed by COVID-19, while delivering commitment under GEF-7. The request reflects the commitment to tight management and strong efficiency factors throughout the cost structure, including efficiency measures associated with the Capital Package negotiations of the World Bank.<sup>15</sup> The request is aligned to and well within the GEF-7 budget envelope agreed at Replenishment, to enable delivery of FY20 Business Priorities within the framework of GEF-7 as set out below.

### **FY21 Business Priorities and Deliverables**

28. The main priorities supported by the budget request for FY21 are to continue with strong and efficient implementation of the GEF-7 programming and policy agenda, kick-off the GEF-8 replenishment process, and simultaneously respond to address risks and needs created by the COVID-19 pandemic. Key priorities for delivery are indicated below.

29. **Kick off of GEF-8 replenishment process:** The second part of FY21 will initiate with planning for the GEF-8 replenishment, starting with the GEF Secretariat convening the Technical Advisory Groups (TAGs) spanning the existing thematic areas of the GEF and addressing emerging themes that have surged in the last four years, including the most recent pandemic. The TAGs will provide early input to GEF Secretariat into the development of the GEF-8 Programming Directions Strategy. The first draft programming strategy is expected to be shared to replenishment participants for initial deliberation at some point before the end of the fiscal year.

30. **Response to COVID-19:** Integral to this work, as noted previously, the Secretariat is developing a plan to identify risks and needs in programming and operations to respond to COVID-19.<sup>16</sup> This will include the establishment of a Task Force of representatives from like-minded institutions with complementary skills and experience—from science, policy, private and public sectors, to come up with a plan to address the root causes of COVID-19 and to

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<sup>14</sup> As per this Policy, implementation is supported by an Ethics Officer drawn from staff at the World Bank Office of Ethics and Business Conduct (EBC). This is reflected in the cross-support line item of the Secretariat budget.

<sup>15</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.

<sup>16</sup> A recent 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.

prevent the future crises from happening. This work will include identifying areas that need particular attention in the ongoing portfolio and issues to be addressed in projects still under preparation.

31. 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. A key focus in FY21 is implementation, with partners and stakeholders, of the GEF-7 programming directions and strategies, 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.

32. 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 recommendation 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), and the November 2018 Guidance Document on Practical Steps to Improve Coordination and Workflow in the GEF Partnership.<sup>17</sup>
- 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.
- Implementation of updated Project Cycle Guidelines, currently under discussion and consultation with GEF Agencies, 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 communications already circulated by the CEO to grant a three month extension to deadlines for projects to obtain CEO Endorsement or Approval under the GEF Policy on Project Cancellation.<sup>18</sup>

33. 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. While the

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<sup>17</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>18</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.

ongoing work to respond to COP guidance and decisions of relevance and COP report preparations will continue, the nature of GEF Secretariat's COP participation in light of COVID-19 will be adjusted according to the decisions made by the Conventions and the evolving situation of the pandemic. UNFCCC and CBD have been considering holding their COPs during the second half of FY21. The Stockholm Convention COP is still scheduled for April 2021. Several other key meetings in addition to the COPs will also be rescheduled into the second half of FY21. In the meantime, and where possible, digital and video-conferencing systems will be used to carry out the work. The GEF Secretariat also plans to prepare GEF Council decision documents on the Relations with Conventions for the 59th and 60th GEF Council meetings and engage with the Convention secretariat participants in attendance.

34. *Working with the Agencies to Enhance Operational Efficiency:* With 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. 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.

35. *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 additional advances in the GEF Portal made in the current fiscal year, including connections for all GEF Political and Operational Focal Points, 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 a thorough migration and quality-check of historical project data and information migrated into the Portal.<sup>19</sup>

36. Priorities for FY21 will include operationalizing the advanced dashboard based on the advanced reporting features already developed, additional programming to connect the Portal

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<sup>19</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.

to updated requirements of LDCF/SCCF and CBIT-funded projects, finalizing features for advanced knowledge sharing and learning through the Portal system, exploring possibilities for inter-connecting the Portal with automated systems in GEF Partner Agencies, and a scheduled migration to an updated GEF website IT platform and redesign.<sup>20</sup> The Secretariat also will review IT connectivity needs and lessons learned from the work-from-home requirements in response to COVID-19.

37. *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 FY21 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, and sharing of knowledge projects, including e-learning courses about the GEF. As presented at this Council meeting, the Secretariat will continue its work to develop and implement an updated Private Sector Engagement Strategy 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.

#### **STAP FY21 BUDGET REQUEST, ACTIVITIES AND OUTPUTS**

38. During FY20, STAP provided advice on the following:

- (a) guidance on climate risk screening
- (b) developing the Impact Programs
- (c) achieving more durable outcomes from GEF investment
- (d) guidelines for land degradation neutrality
- (e) harnessing the benefits of blockchain for the delivery of GEBs
- (f) earth observation and the GEF
- (g) theory of change primer
- (h) local commons for global benefits

39. In FY21 STAP will:

- (a) continue to screen all full-size projects, and GEF programs
- (b) continue to contribute to developing the IPs
- (c) continue to engage with the IEO

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<sup>20</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.

- (d) continue to work with the GEF Council, Secretariat, and Agencies to provide high quality scientific and technical advice, which is relevant, timely, and meets the GEF's needs.
40. STAP's GEF-7 work program, includes the following topics:
- (a) mainstreaming biodiversity
  - (b) using behavioral insights to design environmental interventions
  - (c) multi-stakeholder dialogue for transformational change
  - (d) guidance on how to estimate global environmental benefits from chemicals and waste projects
  - (e) the circular economy and climate mitigation
  - (f) nature-based solutions
  - (g) technology critical elements
  - (h) advice for GEF-8, including the implications of future emerging infectious diseases for the GEF, for example, on environmental security, and resilience.

#### STAP FY21 Budget Request

41. STAP's budget request for FY21 is \$2.725 million, the same as for FY20, and consistent with the four-year GEF-7 budget envelope of \$11.3 million set out in the final GEF Replenishment document endorsed by Council in June 2018.

**Table 2: FY21 STAP Budget Request (in US\$ million)**

STAP Secretariat	FY20 Approved Budget	FY20 Projected Actual*	FY21 Budget Request
Staff costs	1.246	1.120	1.246
Consultants	0.400	0.400	0.400
General operational costs	0.296	0.296	0.296
Panel members	0.783	0.783	0.783
<b>Total</b>	<b>2.725</b>	<b>2.599</b>	<b>2.725</b>

\*To reflect the effects of COVID-19 on travel

#### TRUSTEE FY21 BUDGET REQUEST, ACTIVITIES AND OUTPUTS

42. 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.

43. 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.

44. In June 2019, Council approved a core budget estimate of US\$3 million for FY20 to cover Trustee’s services and the cost of external audit of the GEF Trust Fund. The Trustee estimates that expenses for its core services in FY20 will be US\$3.15 million, reflecting an increase of US\$141,940 or 4.7% compared to the approved budget. The increase was largely on account of investment management fees which negated the efficiency gains in financial and relationship management and the decrease in legal services cost.

#### **Trustee FY21 GEF Trust Fund Budget**

45. In addition to standard trustee services, the FY21 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 FPA with the existing GEF Agencies;
- (c) Ensure compliance with recently 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) Initial coordination and preparation for the GEF-8 replenishment, working closely with the Secretariat, including logistical arrangements and Co-Chairing of the first replenishment meeting, preparation of papers, and consultations with donors.

46. The Trustee’s core budget estimate for FY21 amounts to US\$2.99 million as shown in Table 3 below. This represents a decrease of US\$151,940 or 4.8% compared to the FY20 expected actual costs due largely to the decrease in anticipated investment management fees since cash transfers to agencies are expected to reduce the liquidity of the trust fund in FY21. 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 FY21. In addition to the core budget, the FY21 proposed budget includes a Special Initiative of US\$55,000 to cover the

cost of activities for the first meeting of GEF-8 replenishment as mentioned in item (f) above, anticipated during June 2021.

**Table 3: Proposed Trustee Budget for GEF Trust Fund FY21 (in US\$ million)**

Trustee Services	FY20 Approved	FY20 Projected Actual	FY21 Proposed Budget
<b>Standard Services</b>			
Financial Management and Relationship Management	1.153	1.124	1.142
Investment Management /a	1.510	1.708	1.502
Accounting and Reporting	0.122	0.122	0.126
Legal Services	0.104	0.078	0.109
<b>Sub-total, Standard Services</b>	<b>2.889</b>	<b>3.032</b>	<b>2.879</b>
External Audit of Trust Fund	0.120	0.119	0.120
<b>Total Core Budget</b>	<b>3.009</b>	<b>3.151</b>	<b>2.999</b>
Special Initiatives -Replenishment	-	-	0.055
<b>Total Costs, including Special Initiatives</b>	<b>3.009</b>	<b>3.151</b>	<b>3.054</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 FY21 BUDGET REQUEST, ACTIVITIES AND OUTPUTS

47. The GEF Secretariat and the Trustee request a total of US\$18,800 from the NPIF to support their respective activities to administer the NPIF trust fund.

**Table 4: FY21 Budget Request from the NPIF Trust Fund (in US\$)**

GEF Entities and Budget Items	FY20 Approved Budget	FY20 Projected Actual	FY21 Budget Request	FY21 Budget Request to FY20 Budget
Secretariat - NPIF Administrative Budget	13,500	13,400	13,500	0.0%
Trustee NPIF Budget	4,400	5,300	5,300	20.4%
<b>Total</b>	<b>17,900</b>	<b>18,700</b>	<b>18,800</b>	<b>5.0%</b>

48. 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.

49. 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 FY20

50. 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. As of the present date, not all projects have been completed and it is anticipated that it may take the full year of FY21 for all projects to close.

51. 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.

52. During FY20, the Secretariat staff have worked closely with the GEF Agencies to ensure adequate support during project execution of the projects under the NPIF. Of the 10 country projects, 7 have been finished and 3 are still under implementation. The 2 regional projects and one global project are still under implementation.

### Secretariat NPIF Activities and Budget for FY21

53. The GEF Secretariat will work in with the GEF Agencies in FY21 to carry out the work for the NPIF, with adjustments required for the COVID-19 pandemic. 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 FY20 Budget Execution and FY21 Budget Request from NPIF (in US\$)**

GEF Entities and Budget Items	FY20 Approved Budget	FY20 Projected Actual	FY21 Budget Request
Staff Costs (Salaries & Benefits)	13,500	13,400	10,000
Travel	0	0	3,500
<b>Total</b>	<b>13,500</b>	<b>13,400</b>	<b>13,500</b>

## Trustee FY21 NPIF Budget

54. 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.

55. The core elements of the Trustee's work program in FY21 include: (i) financial and investment management of resources, (ii) commitments and 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 US\$)**

Trustee Services	FY 20 Approved	FY21 Projected Actual	FY 21 Proposed Budget
Financial Management and Relationship Management	2,300	2,600	2,700
Investment Management a/	400	1,000	700
Accounting and Reporting	1,700	1,700	1,900
Legal Services	-	-	-
<b>Total Costs</b>	<b>4,400</b>	<b>5,300</b>	<b>5,300</b>
a/ Investment Management fees are calculated against the average annual balance of the portfolio based on a cost of 4.5 basis points.			

56. Based on the first nine-month period ended March 31, 2020 and projections for the remaining three months, the FY20 actual costs for Trustee services are expected to be US\$5,300, which is US\$900 higher than the approved budget of US\$4,400. The increase is due to a slightly higher financial and relationship management costs, as well as higher investment management fees. These investment management fees are 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 FY20 average liquidity balance for NPIF of US\$2.2 million was higher than the projection of US\$0.8 million which led to the higher than budgeted investment management fee.

57. To cover its expenses for FY21, the Trustee requests a budget of US\$5,300 which is the same amount as the FY20 estimated actual cost. Financial and relationship management fees and accounting and reporting costs are expected to slightly increase resulting from activities related to the disposition of remaining funds. However, the increases are offset by the decrease

in investment management fees which are expected to decline since the projected liquidity average in FY21 is expected to go down to US\$ 1.5 million from US\$2.2 million in FY20 as the remaining committed balances are disbursed to the Agencies. The actual investment management costs may vary depending on the actual average liquidity level during FY21.

#### **CBIT TRUST FUND FY21 BUDGET REQUEST, ACTIVITIES AND OUTPUTS**

58. The GEF Secretariat requests a total of US\$400,000 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>21</sup> The Trustee requests US\$35,500 for its work. This is shown in Table 7, below.

59. 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: FY21 Budget Request from the CBIT Trust Fund (in US\$)**

<b>GEF Entities and Budget Items</b>	<b>FY20 Approved Budget</b>	<b>FY20 Projected Actual</b>	<b>FY21 Budget Request to FY20 Budget</b>	
Secretariat - CBIT Administrative Budget	475,000	257,109	400,000	-15.8%
Trustee CBIT Budget	38,000	38,100	35,500	-6.6%
<b>Total</b>	<b>513,000</b>	<b>295,209</b>	<b>435,500</b>	<b>-15.1%</b>

#### **Secretariat CBIT Activities in FY20**

60. During FY20, the GEF Secretariat continued to carry out tasks associated with the CBIT Trust Fund, such as CEO approvals of project concepts approved under the CBIT Trust Fund, stakeholder and donor consultations, interactions with interested countries to provide information on CBIT access, coordination with other initiatives supporting transparency and disclosure, reporting to UNFCCC, and participation in UNFCCC-related engagements. For example, the Secretariat organized a high-level event at COP 25 titled “Enhanced transparency for informed decision-making to empower developing countries: unlocking climate action from national and non-state actors.” The event featured at the Minister of Environment of Costa

<sup>21</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.

Rica, one of the first countries to receive support from the CBIT Trust Fund, as well as high level representatives of two donor countries to the CBIT Trust Fund. The Progress Report on the CBIT is presented to Council, as an information document.<sup>22</sup>

61. The Secretariat's FY20 expenses under the CBIT Trust Fund are projected at US\$257,109. There is an underrun of the approved FY20 budget, principally due to the challenges associated with consultant recruitment. A new consultant has been hired to start work in May 2020. Also, the postponement of the major meeting due to the COVID-19 crisis delayed the need for related contractual services. The CBIT global coordination meeting and associated consultations, scheduled to take place in April 2020 in partnership with the Government of Japan, has been postponed.

### **Secretariat CBIT Activities and Budget for FY21**

62. During FY21, with adjustments required for the COVID-19 pandemic, the GEF Secretariat will continue to support the implementation of the CBIT. The entire portfolio of 44 CBIT projects supported by the CBIT Trust Fund is expected to reach the implementation phase during FY21 with some reaching their project completion phase. The requested budget to manage new CBIT projects from the GEF Trust Fund in GEF-7 is included in Table 1, above.

63. The GEF Secretariat is also expected to compile and share lessons learned and good practices among the portfolio to assist countries in the improvement of transparency over time. The Secretariat also expects tasks associated with the postponed CBIT global coordination meeting and associated consultations to resume in FY21. The Secretariat will continue to work with the GEF Agencies for oversight functions including portfolio monitoring. Regular reporting on the CBIT progress and results to the GEF Council, UNFCCC bodies, coordination with partners will also be continued, with additional focus on implementation progress. Finally, in response to COP 25 guidance, an analysis will be undertaken to explore options to provide support for the preparation of biennial transparency reports, and the complementary role of the CBIT support.

64. To carry out these functions for the existing stock, the GEF Secretariat requests a FY21 budget of US\$400,000 from the CBIT Trust Fund. The budget will cover staff and consultancy costs and travel. As no staff is hired under the CBIT Trust Fund, staff cost enables existing GEF Secretariat staff to allocate part of their time to work on matters related to CBIT Trust Fund, supported by consultancy. A breakdown of these costs is shown in Table 8.

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<sup>22</sup> GEF, 2019, [Progress Report on the Capacity-building Initiative for Transparency](#), Council Document GEF/C.57/Inf.06.

**Table 8: Secretariat FY20 Budget Execution and FY21 Budget Request from CBIT Trust Fund (in US\$)**

GEF Entities and Budget Items	FY20 Approved Budget	FY20 Projected Actual	FY21 Budget Request to FY20 Budget	
Staff Costs (Salaries & Benefits)	250,000	211,756	200,000	-20%
Travel	25,000	35,303	25,000	0%
Consultant Costs	200,000	10,050	175,000	-12.5%
<b>Total</b>	<b>475,000</b>	<b>257,109</b>	<b>400,000</b>	<b>-15.8%</b>

65. 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 FY21

66. 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.

67. The core elements of the Trustee’s work program during FY20 and FY21 include: (i) management of donor contributions; (ii) financial and investment management of resources; (iii) commitments and disbursements 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 (in US\$)**

Trustee Services	FY 20 Approved	FY21 Projected Actual	FY 21 Proposed Budget
Financial Management and Relationship Management	13,000	13,100	14,000
Investment Management a/	22,000	21,700	18,000
Accounting and Reporting	3,000	3,300	3,500
Legal Services	-	-	-
<b>Total Costs</b>	<b>38,000</b>	<b>38,100</b>	<b>35,500</b>
a/ Investment Management fees are calculated against the average annual balance of the portfolio based on a cost of 4.5 basis points.			

68. Based on actual expenditure for the first nine months ending March 31, 2020 and projections for the remaining three months, it is expected that the actual cost for Trustee services for FY20 will be US\$38,100, which is US\$100 or 0.3% higher than budget. The decrease is due primarily to lower investment management fees. These fees are 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 FY20 average liquidity balance for CBIT of US\$48.2 million was lower than the projection of US\$48.5 million which led to the lower than budgeted investment management fee.

69. To cover its expenses for FY21 related to the above work program, the Trustee requests a budget of US\$35,500 which is US\$2,600 or 7% less compared to the FY20 estimated actual cost of US\$38,100. Investment management fees are expected to go down while financial management, relationship management and accounting and reporting costs are expected to slightly increase. The projected average annual balance for CBIT over the next fiscal year is estimated at US\$39.9 million. The actual investment management costs will vary depending on the actual average liquidity level during FY21.

## 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>23</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>23</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)**

Special Initiative Name	Available at July 1, 2014 (Beginning of GEF-6)	Expenses FY14-FY18	Estimated FY20 Expenses	Estimated Available Balance for FY21
Performance Based Allocation System*	1.356	1.143	0.000	0.213
GEF Management Information System*	0.464	0.378	0.000	0.086
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>\$0.000</b>	<b>\$ 0.402</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. In FY21, it will support work to develop the advanced automated dashboard to track and monitor trends and results in real-time in the work of the partnership, building on the advanced functionality of the GEF Portal.

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

3. 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, it will support work on the scheduled upgrade of the IT platform of the GEF website.

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

4. 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 is drawing on this account to support further strengthening of RBM.

### ***Rio+20 – Special Initiative***

5. 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 – FY20 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 FY20 included: implementation of the GEF-7 Replenishment resolution, including working with donors to facilitate deposit of Instruments of Commitment, 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, and implementation of several Council approved policies in the context of streamlining procedures.

#### **FY20 Projected Actual**

3. Based on the first nine-month period ended March 31, 2020 and projections for the remaining three months, the estimated actual expenditure for FY20 for Trustee's core services is US\$3.15 million, reflecting an increase of US\$141,940 or 4.7% compared to the approved budget. The increase was mainly due to the increase in investment management fees, which offset the efficiency gains in financial and relationship management and legal services costs.
4. Liquidity levels are influenced by donor contributions and cash drawdown by Agencies. Investment management cost is a variable cost that is calculated based on 4.5 basis points against the average annual balance of the Trust Fund. The average liquidity balance during FY20 increased by US\$438 million than anticipated, resulting in increased investment management costs.

#### **FY19 Actual Expenses**

5. The actual amount of Trustee expenses incurred for FY19 was \$2.91 million including the cost of audit which is consistent with the expected actual expenditure that was reported in the Council meeting in June 2019.