

**THE ADMINISTRATIVE COSTS OF CLIMATE CHANGE ADAPTATION FINANCING:  
THE GLOBAL ENVIRONMENT FACILITY AS AN OPERATING ENTITY  
OF THE UNFCCC FINANCIAL MECHANISM**

**SYNOPSIS**

This Analytical Note looks at the administrative costs involved with having the GEF as an operating entity for the climate change funds for developing countries (i.e. the Least-Developed Country Fund and the Special Climate Change Fund) established by the UNFCCC Conference of the Parties under the UNFCCC's financial mechanism. It lays out that the administrative costs charged by the GEF (both in terms of the secretariat and the various implementing agencies), using GEF documents in the public domain, for administering these climate change funds.

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## EXECUTIVE SUMMARY

This Analytical Note looks at the administrative costs involved with having the GEF as an operating entity for the climate change adaptation funds for developing countries (i.e. the Least-Developed Country Fund and the Special Climate Change Fund) established by the UNFCCC Conference of the Parties under the UNFCCC's financial mechanism. It lays out that the administrative costs charged by the GEF (in terms of the secretariat, the World Bank as Trustee, and the various implementing agencies), using GEF documents in the public domain, for administering these climate change funds.

Using GEF figures, the salient points raised in the paper with respect to the costs charged to these funds by the GEF as an operating entity of the UNFCCC financial mechanism are as follows:

- For the SCCF -- The fees paid to the Agencies are 8.7% of the total amount allocated to projects. In addition, there is Corporate Budget for the Secretariat and Trustee, allocated to cover administrative expenses to manage the SCCF and Corporate activities, including annual audit. The Corporate Budget is around 3.1% of the total amount allocated for projects, and the breakdown to the Secretariat and the Trustee against the total amount allocated for projects is 1.67% and 1.39% respectively. In short, **the total charge to the SCCF for agency fees and the GEF and world Bank corporate budget together amounts to USD 3,802,920 which is 10.52% of the total approved allocation (USD 36,139,423);**
- **For the LDCF --** The fees paid to the Implementing Agencies are around 9.9% of the total amount allocated to projects. On top of this, there is Corporate Budget for the Secretariat and Trustee, allocated to cover administrative expenses to manage the LDCF and Corporate activities. The Corporate Budget is around 12.8% of the total amount allocated for projects, and the breakdown of the budget allocated to the Secretariat and the Trustee against the total amount allocated for projects is 8% and 4.7% respectively. In short, **the total charge to the LDCF for agency fees and the GEF and World Bank corporate budget together amounts to USD 2,500,194 which is 18.49% of the value of the total approved allocated amount (USD 13,519,888).**

Given the administrative cost of doing business with the GEF as an operating entity of financial mechanism of the climate-related funds (including that of having the World Bank as the Trustee for the funds), Parties to the UNFCCC might wish seriously to consider other alternative arrangements for operating the financial mechanism of the UNFCCC more effectively and in accordance of the guidance of the COP.

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## **1 Background**

1. The Global Environment Facility (GEF) serves as an operating entity for the financial mechanism of the UN Framework Convention on Climate Change (UNFCCC). This paper seeks to review the costs involved with having the GEF as such an operating entity, especially with respect to the administrative cost burden on climate financing relating to the agency fees and other administrative costs. In this regard, this paper focuses on the Least Developed Country Fund (LDCF) and the Special Climate Change Fund (SCCF). These are funds established under the UNFCCC's financial mechanism which can be availed of to support projects intended to address climate change, including the preparation of National Adaptation Plan of Action (NAPA).

## **2 The Global Environment Facility and Climate Change Adaptation Financing**

2. Since its establishment in 1991, GEF has served as an operating entity for the financial mechanism of various Multilateral Environmental Agreements (MEAs), including the UNFCCC. It has three implementing agencies – the U.N. Development Programme (UNDP), the U.N. Environment Programme (UNEP), and the World Bank. Seven other Executing Agencies also cooperate in the work of the GEF.<sup>1</sup>
3. To address the issue of adaptation to climate change that especially challenges developing countries, GEF had integrated adaptation into its programmes. In response to the guidance received from the UNFCCC Conference of the Parties in 2001, three new funds for adaptation were established. The Least Developed Countries Fund (LDCF), the Special Climate Change Fund (SCCF), and the Adaptation Fund.<sup>2</sup> However, the Conference of the Parties of UNFCCC held in Bali in December 2007 decided to establish the Adaptation

<sup>1</sup> GEF, "Linking Adaptation to Development" 2006. The seven Executing Agencies are African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Food and Agriculture Organization of the United Nations (FAO), Inter-American Development Bank (IDB), International Fund for Agricultural Development (IFAD), and the United Nations Industrial Development Organization (UNIDO).

<sup>2</sup> GEF, "UNFCCC Guidance to the GEF on Adaptation to Climate Change and Related GEF Activities" GEF/C.19/Inf.10 (13 May 2002), para 15. The purpose of the new funds are:

- (a) Least Developed Countries Fund (Decision 7/CP.7), to support the preparation of National Adaptation Programmes of Action (NAPAs);
- (b) Special Climate Change Fund (Decision 7/CP.7), to support (a)adaptation, (b)technology transfer, (c)energy, transport, industry, forestry and waste management, and (d)activities to assist developing country Parties in diversifying their economies;
- (c) Adaptation Fund (Decision 10/CP.7), to support concrete adaptation projects and programs in developing countries that have become Parties to the Kyoto Protocol.

Fund Board as the operating entity of the Adaptation Fund, which “shall finance concrete adaptation projects and programmes that are country driven and are based on the needs, views, and priorities of eligible Parties.”<sup>3</sup> Therefore, this paper focuses on the SCCF and LDCF which are currently operating under GEF.

4. The SCCF and the LDCF complement the GEF’s work on adaptation under its Trust Fund and are managed separately from the Trust Fund with their own operational rules and procedures.<sup>4</sup> These new funds operate to finance the projects that link adaptation and development, while the GEF Trust Fund supports adaptation projects that increase the resilience of ecosystems where climate change threatens biodiversity and other global commons, or is the cause of land degradation. This paper focuses on the financial reports of LDCF and SCCF which are more relevant to the developing countries’ direct needs of development and adaptation.

### 3 Financial reports of LDCF and SCCF as of March 2008

5. The “Status Report on the Climate Change Funds as of March 4, 2008”<sup>5</sup> to the GEF Council Meeting on April 25, 2008 from the GEF Trustee states the current status of the SCCF and the LDCF. This is highlighted in the following sections.

#### 3.1 *Special Climate Change Fund*

6. As of March 4, 2008, the total amount pledged to date for the SCCF is USD eq. 90.3 million, out of which 73.67 million has been received. Cumulative net allocation approved by the Council or the CEO amounts to USD 36.14 million, of which USD 32.34 million is for projects and project preparation activities, USD 2.81 million to fees (8.7% of the approved amount for projects), and USD 0.99 million (3.1% of the approved amount for projects) to cover corporate activities and administrative expenses. Out of the approved allocation of USD 36.14 million, the Trustee has committed USD 14.21 million, out of which USD 10.94 million relates to projects and project preparation activities, USD 2.28 million to fees, and USD 0.99 million to cover corporate activities and administrative expenses. The Trustee transfers funds to Agencies on an as-needed basis to meet the projected disbursement requirements of the Agencies. Therefore, as of March 4, 2008, out of total

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<sup>3</sup> UNFCCC “Report of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on its third session, held in Bali from 3 to 15 December 2007” FCCC/KP/CMP/2007/9/Add.1 (15 March 2008) para.2

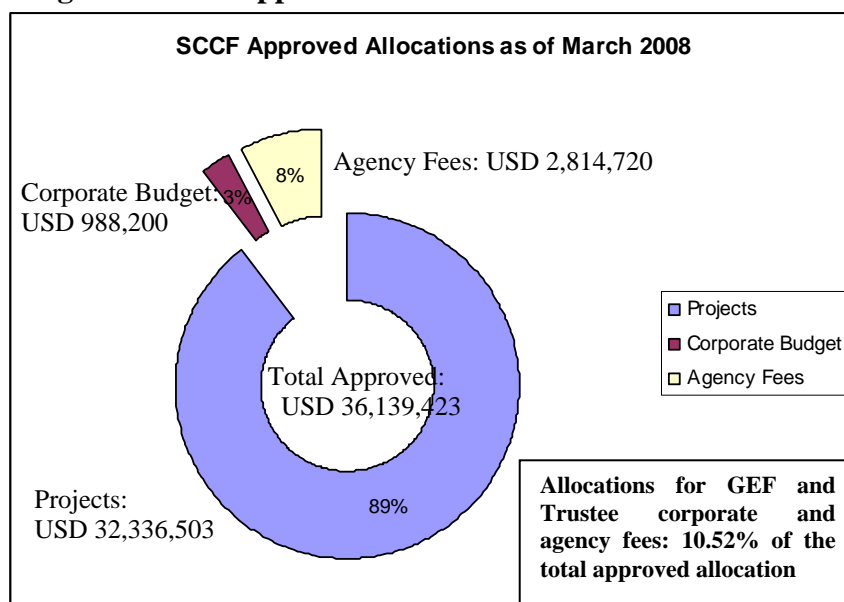
<sup>4</sup> GEF, “Linking Adaptation to Development” 2006. p.4

<sup>5</sup> GEF, “Status Report on the Climate Change Funds as of March 4, 2008”, GEF/LDCF.SCCF.4/inf.2 (20 March 2008)

cumulative commitments of USD 14.21 million, the Trustee has disbursed USD 6.57 million.<sup>6</sup>

7. The details of the breakdown are summarized below as **<table 1>**. The table indicates specific amounts granted to each implementing Agencies and fees paid to them. IBRD has 71% of total approved amount for projects, and its fee is 9% of its project fund. UNDP has the rest of the grant for projects, and its fee is 7.9% of its project fund. UNEP does not have any project related to special climate change fund, which is strange in light of that the SCCF is “designed to finance activities related to climate change that are complementary to those funded by GEF, in the following areas: adaptation to climate change, technology transfer, energy, transport, industry, agriculture, forestry and waste management, and economic diversification”<sup>7</sup> and this is more closely related to the mandate of UNEP.
8. The fees paid to the Agencies are 8.7% of the total amount allocated to projects. In addition, there is Corporate Budget for the Secretariat and Trustee, allocated to cover administrative expenses to manage the SCCF and Corporate activities, including annual audit.<sup>8</sup> The Corporate Budget is around 3.1% of the total amount allocated for projects, and the breakdown to the Secretariat and the Trustee against the total amount allocate for projects is 1.67% and 1.39% respectively. In short, **the total charge to the SCCF for agency fees and the GEF and world Bank corporate budget together amounts to USD 3,802,920 which is 10.52% of the total approved allocation (USD 36,139,423).**

**Figure 1: SCC Approved Allocations as of March 2008**



Source: Author's calculations based on GEF data

<sup>6</sup> *ibid.* p. 2

<sup>7</sup> GEF, “Linking Adaptation to Development” 2006. p.6

<sup>8</sup> GEF, “Status Report on the Climate Change Funds as of March 4, 2008” p.7. additional comment to the table in Annex 3

<Table 1> SCCF Status Report<sup>9</sup>

Special Climate Change Fund				
Summary of Allocations, Commitments and Disbursements				
as of March 4, 2008				
(in USD)				
Entity	Cumulative Net Amounts			
	Approved Allocations	Commitments	Disbursements	Amount Due
	(1)	(2)	(3)	(4) = (2) - (3)
<b>Projects</b>				
IBRD	22,979,000	5,579,000	1,180,000	4,399,000
UNDP	9,357,503	5,357,503	2,119,503	3,238,000
UNEP	0	0	0	0
<i>Sub-total</i>	32,336,503	10,936,503	3,299,503	7,637,000
<b>Fees</b>				
IBRD	2,068,800	1,537,200	1,537,200	0
UNDP	745,920	745,920	745,920	0
UNEP	0	0	0	0
<i>Sub-total</i>	2,814,720	2,283,120	2,283,120	0
<b>Corporate Budget</b> <sup>a/</sup>				
Secretariat	540,200	540,200	540,200	0
Trustee	448,000	448,000	448,000	0
<i>Sub-total</i>	988,200	988,200	988,200	0
<b>Total for SCCF</b>	<b>36,139,423</b>	<b>14,207,823</b>	<b>6,570,823</b>	<b>7,637,000</b>

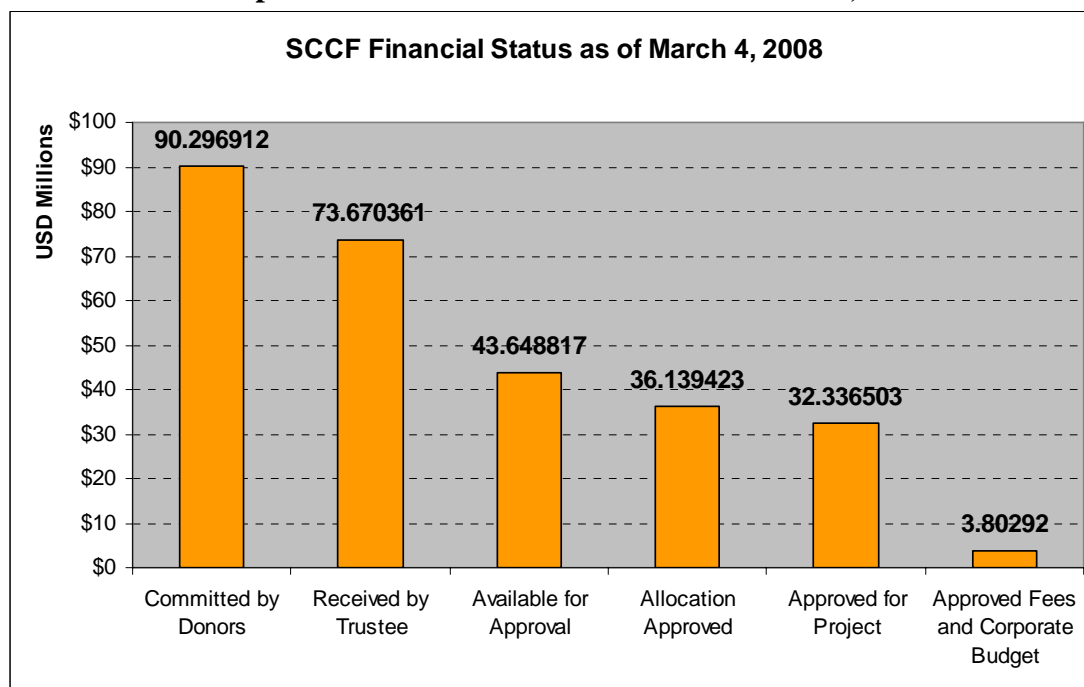
a/ Includes amounts allocated to cover administrative expenses to manage the SCCF and Corporate activities, including annual audit.

9. Within the SCCF, current assets held in trust total USD eq.73.22 million, comprising cash and investment. Out of this, USD 29.57 million is set aside to cover approved allocations pending disbursement, and the fund available for allocation is USD eq. 43.65 million.<sup>10</sup> Below is the graph of the financial status of SCCF as of March 2008, based on the Trustee report to GEF Council "Status Report on the Climate Change Funds as of March 4, 2008". Details on the SCCF status of pledges and contributions can be found in Annex I. Details on the SCCF schedule of funds available can be found in Annex II.

<sup>9</sup> *ibid.*

<sup>10</sup> *ibid.* para.8

<Graph 1> SCCF Financial Status as of March 4, 2008



Source: Author's calculations based on GEF data

### 3.2 Least Developed Country Fund

10. As of March 4, 2008, the total amount pledged to date for the LDCF is USD eq. 172.84 million, out of which 91.84 million has been received. Cumulative net allocation approved by the Council or the CEO amounts to USD 13.52 million, of which USD 11.02 million is for projects and project preparation activities, USD 1.09 million is for fees (9.9% of the approved amount for projects), and USD 1.41 million (12.8% of the approved amount for projects) is for administrative expenses and corporate activities of the LDCF. Out of the approved allocation of USD 13.52 million, the Trustee has committed the total approved amount of USD 13.52 million, of which USD 10.75 million relates to projects and project preparation activities, USD 1.09 million to fees, and USD 1.41 million to cover corporate activities and administrative expenses. Cash transfers are made to Agencies on an as-needed basis to meet their projected disbursement requirements. Therefore, as of March 4, 2008, out of total cumulative commitments of USD 13.52<sup>11</sup> million, the Trustee has disbursed USD 12.26 million.

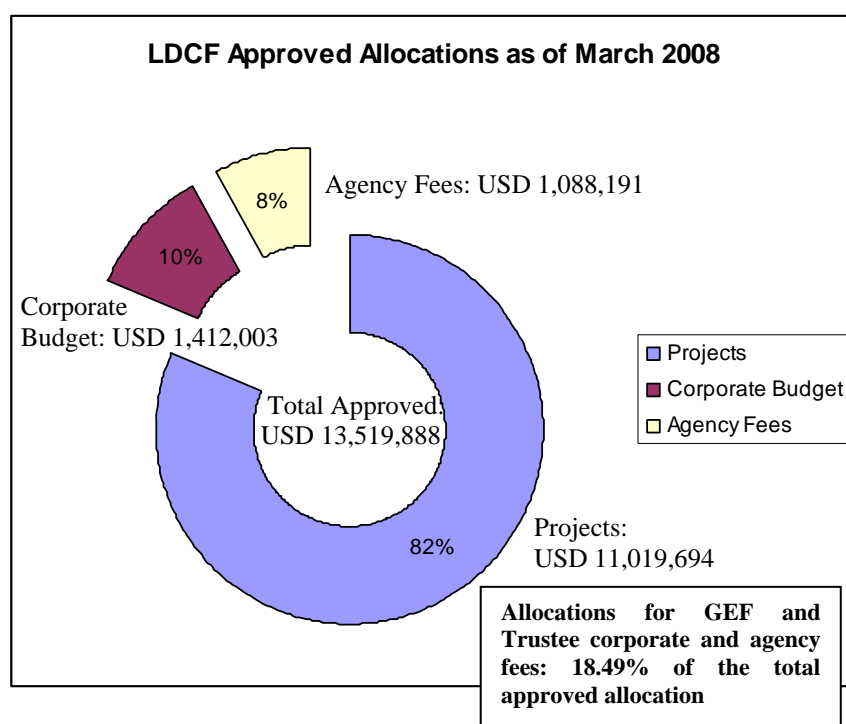
11. The details of the breakdown are summarized below as <table 2>. The table indicates specific amounts granted to each implementing Agencies and fees

<sup>11</sup> The original document reads "As of March 4, 2008, out of total cumulative commitments of USD 13.25 million". This might be a typo, considering the total approved amount and the total committed amount are the same and consistent through out the text above this paragraph.



paid to them. IBRD has only 3.6% of total approved amount for projects of LDCF, but its fee is highest - 11% of its project fund. UNDP has 68.7% of the total project fund and its fee is 9.8% of its project fund. UNEP has 25.1% of the total project fund and its fee is 10.9% of its project fund. African Development Bank has a small portion of project grant (2.5%) but it does not have any fees allocated for it, and there is no explanation on that.

12. The fees paid to the Implementing Agencies are around 9.9% of the total amount allocated to projects. On top of this, there is Corporate Budget for the Secretariat and Trustee, allocated to cover administrative expenses to manage the LDCF and Corporate activities. The Corporate Budget is around 12.8% of the total amount allocated for projects, and the breakdown of the budget allocated to the Secretariat and the Trustee against the total amount allocated for projects is 8% and 4.7% respectively. In short, **the total charge to the LDCF for agency fees and the GEF and World Bank corporate budget together amounts to USD 2,500,194 which is 18.49% of the value of the total approved allocated amount (USD 13,519,888).**



Source: Author's calculations based on GEF data

<Table 2> LDCF Status Report<sup>12</sup>

Least Developed Countries Fund  
Summary of Allocations, Commitments and Disbursements  
as of March 4, 2008  
(in USD)

Entity	Cumulative Net Amounts			
	Approved Allocations (1)	Commitments (2)	Disbursements (3)	Amount Due (4) = (2) - (3)
<b>Projects</b>				
AfDB	274,475	0	0	0
IBRD	400,000	400,000	400,000	0
UNDP	7,570,664	7,570,664	6,820,664	300,000
UNEP	<u>2,774,555</u>	<u>2,774,555</u>	<u>2,574,555</u>	<u>200,000</u>
<i>Sub-total</i>	11,019,694	10,745,219	9,795,219	500,000
<b>Fees</b>				
IBRD	44,000	44,000	44,000	0
UNDP	740,990	740,990	720,990	20,000
UNEP	303,201	303,201	283,201	20,000
<i>Sub-total</i>	1,088,191	1,088,191	1,048,191	40,000
<b>Corporate Budget and Workshop a/</b>				
Secretariat	892,203	892,203	892,203	0
Trustee	<u>519,800</u>	<u>519,800</u>	<u>519,800</u>	<u>0</u>
<i>Sub-total</i>	<u>1,412,003</u>	<u>1,412,003</u>	<u>1,412,003</u>	<u>0</u>
<b>Total for LDCF</b>	<b>13,519,888</b>	<b>13,245,413</b>	<b>12,255,413</b>	<b>990,000</b>

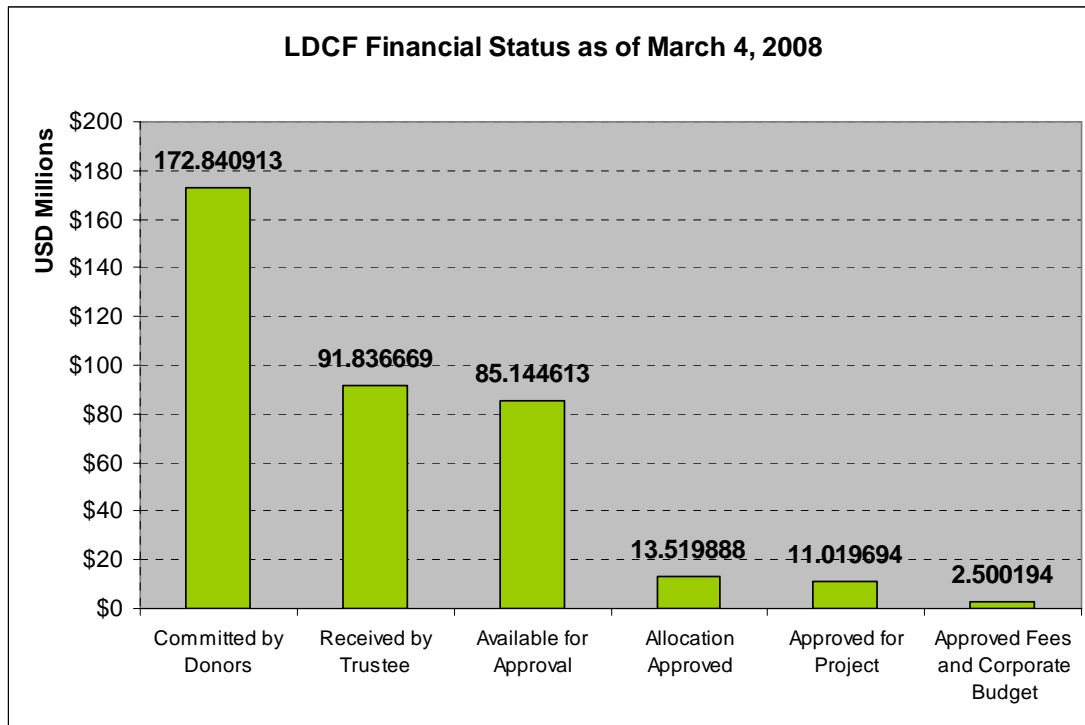
a/ Includes amounts allocated to cover administrative expenses to manage the LDCF and Corporate Activities.

13. Within the LDCF, current assets held in trust total USD eq.86.41million, comprising cash and investment. Out of this, USD 1.26 million is set aside to cover approved allocations pending disbursement, and the fund available for allocation is USD eq. 85.14 million.<sup>13</sup> Below is the graph of the financial status of LDCF as of March 2008, based on the Trustee report to GEF Council “Status Report on the Climate Change Funds as of March 4, 2008”. Details on the LDCF status of pledges and contributions can be found in Annex III. Details on the LDCF schedule of funds available can be found in Annex IV.

<sup>12</sup> GEF, “Status Report on the Climate Change Funds as of March 4, 2008”, p.10

<sup>13</sup> *ibid.* para.16

<Graph 2> LDCF Financial Status as of March 4, 2008



Source: Author's calculations based on GEF data

#### 4 Agency Fees and Corporate Management Expenditure of General GEF Programme

14. Since July 2004, GEF has adopted a fee policy that allows both Implementing and Executing Agencies to charge a 9% flat fee of the value of all types of their projects in GEF. Prior to that, it had a Fee-Based System for the recovery of costs incurred by Implementing and Executing Agencies for provision of Project Cycle Management Services.<sup>14</sup> Fees were paid to the agencies only after Council/CEO approval of projects, which was often a few years after a project enters the GEF pipeline.<sup>15</sup> After several reviews and evaluation of fee structure options, the Council approved the 9% flat fee to all Agencies so that the premium negotiation and related administrative costs would be saved. This new fee policy was reviewed in the GEF Council Meeting on June 6-9, 2006 and allowed to be continued with exceptions to Small Grants Program (4% fee) and the Country Support Program for GEF Focal Points (7% fee).<sup>16</sup>

15. The rationale behind the 9% fee is as such: First, even when allocating fees on a project type basis, in the long term, agency fee ratios converge to about 9 percent on a portfolio basis. Second, individual Agency overall fee ratios are

<sup>14</sup> GEF "Proposal for Revising the Fee System", GEF/C.23/8 (20 April 2004), p.1

<sup>15</sup> *ibid* p.10, para.27

<sup>16</sup> GEF, "Review of the Fee Policy", GEF/C.28/11Rev.1 (10 May 2006) para.6

very similar to the overall fee ratio of the portfolio.<sup>17</sup> The record of agency fees between 2000 and 2004 is presented below.

**<Table 3> Agencies' Allocation and Fee Trends  
for All Project Types, FY00-FY04\*<sup>18</sup>**

	Total GEF Allocation (\$m)	Total Agency Fees (\$m)	Average GEF Allocation (\$m)	Average Agency Fees (\$m)	Fee Ratio
FY00	486.360	39.139	3.857	0.335	8.05%
FY01	472.096	39.182	2.879	0.256	8.26%
FY02	397.842	44.052	2.030	0.225	11.08%
FY03	555.623	53.834	2.416	0.229	9.66%
FY04*	302.020	29.824	2.932	0.287	9.85%
Total	2,213.940	206.032	2.703	0.256	<b>9.31%</b>

\* Not including May 2004 Work Program

16. The 2004 "Proposal for Revising the Fee System" to the GEF Council meeting compares the proposed 9% fee and fee percentages other organizations are charging and concludes "a benchmarking review reveals that the proposed flat percentage fee of 9.00 percent for the GEF is much lower than most fee percentages allocated in other organizations."<sup>19</sup> It further states, "For some organizations, the numbers shown are the percentage of fundraising and administrative costs as a percentage of total revenue. These are not exactly the same as, but broadly analogous to Agency fees."
17. However, it should be noted that the GEF Agency fee does not include additional administrative costs related to the GEF secretariat and the Trustee, and the general comparison between GEF Agency fee and fees of other organizations is highly misleading. For example, the UN charges a flat fee of 13%, but it includes all the administrative costs, thus not incurring any additional charge. When GEF Agency fee and the Corporate Budget for the Secretariat and the Trustee are added together, the actual additional charge being paid to the GEF from the SCCF and the LDCF would be much higher than the 9% flat fee of the project value.

#### 4.1 Agency Fees

18. According to the GEF 2004 document "Proposal for Revising the Fee System," "the current fee system was specially developed to clearly distinguish costs associated with the participation of Implementing Agencies in GEF Corporate activities such as Institutional Relations, Policy/Strategy and Programming, Finance and Management, Outreach and Communication, and Monitoring and Evaluation, from costs directly associated with provision of Project Cycle Management Services."<sup>20</sup> According to "Review of Administrative Expenses

<sup>17</sup> *ibid.* p.8, para.22

<sup>18</sup> *ibid.* p.8

<sup>19</sup> GEF, "Proposal for Revising the Fee System", GEF/C.23/8 (20 April 2004), p.10, para.26

<sup>20</sup> GEF "Proposal for Revising the Fee System", p.5, para.13

Allocated to GEF Implementing Agencies”<sup>21</sup>, the GEF provides each Agency with funding to provide Project Cycle Management, which comprises of concept development, preparation and appraisal, implementation, completion and evaluation of projects. Each Agency has its own fee allocation process into their program budget, and the fee allocation and actual expenditure amounts were not equal.

19. The review further reveals: “the Consultant encountered significant difficulties in acquiring and assembling comparable data on administrative costs from the three Agencies. For example, the Consultant was unable to extract data on administrative expenses related to project management costs under the individual project grants. For the two other categories (i.e. fees and corporate budgets), the Consultant relied largely on estimated budget breakdowns of the corporate budgets and projects fees granted to the Agencies during the period.”<sup>22</sup> Other findings of the review are: “There is a lack of definition or agreement on what constitutes cost categories such as administrative or overhead costs.”<sup>23</sup> “The Implementing Agencies classify and record administrative expenses differently.”<sup>24</sup> “There is not a common approach to developing budgets and tracking costs.”<sup>25</sup> “Corporate Budget requirements lack transparency and justification.”<sup>26</sup> More detailed information on the expenditure breakdown of each Implementing Agencies can be found on Annex V.

## 4.2 Corporate Budget

20. The Corporate budget was intended to fund common participation in GEF Corporate activities for the purpose of meeting Council requirements. These activities include Policy and Program development, Management and Finance, Monitoring and Evaluation, Institutional Relations, and Outreach and External Relations. Pie charts of total GEF Corporate management expenditure and that of each Implementing Agencies are attached as Annex IV.

## 5 Agency Fees and Corporate Budget in SCCF and LDCF

21. Since their inception, SCCF and LDCF have been managed separately from the Trust Fund with their own operational rules and procedures. Probably due to that, the GEF 9% flat fee is not consistent with the financial report for the SCCF and LDCF. As reviewed previously under the section “Financial reports of LDCF and SCCF as of March 2008” of this paper, the fees paid to the Agencies are 8.7% of the total amount allocated to projects in SCCF and around 9.9% of the total

<sup>21</sup> GEF, “Review of Administrative Expenses Allocated to GEF Implementing Agencies”, GEF/C.33/8, 24 March 2008

<sup>22</sup> *ibid.* p.2, para.7

<sup>23</sup> *ibid.* p.43

<sup>24</sup> *ibid.* p.44

<sup>25</sup> *ibid.* p.46

<sup>26</sup> *ibid.* p.47

amount allocated to projects in LDCF. If calculated including the Agency fee and the Corporate Budget for the Secretariat and Trustee, **the additional charge on top of the project fund is 10.52% of the total approved amount in SCCF and 18.49% of the total approved amount in LDCF.** There is no account as to why there is such difference between the fee rates for projects of SCCF and LDCF.

22. Corporate budget consists of two different administrative costs: GEF Secretariat and the Trustee. This will be reviewed in detail below.

### ***5.1 Administrative Charges of the GEF Secretariat from SCCF and LDCF***

23. According to the 2007 GEF LDCF/SCCF Council document “Administrative Budget for the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF),” the GEF Secretariat is responsible for oversight of the LDCF and SCCF funds; formulation of operational policies and programming strategies; review and processing of project proposals for CEO or Council approval; management of the portfolio of LDCF and SCCF projects; coordination with the GEF Agencies, the Trustee and the Convention Secretariat; and reporting to the Council and the Convention.<sup>27</sup>
24. There was more than a double increase in the budget proposal for the Administrative costs for the Secretariat for 2008. This was mainly due to staff costs because the Secretariat proposed to hire an additional senior-level staff “with a strong scientific and technical background in one or more of the vulnerable sectors.”<sup>28</sup> More details of the FY07 administrative costs for the Secretariat are presented below.

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<sup>27</sup> GEF, “Administrative Budget for the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF)” (29 May 2007), para.3

<sup>28</sup> *ibid.* para.7

<Table 4> FY07 Administrative Charges for the Secretariat (SCCF and LDCF)<sup>29</sup>

Table 1: LDCF FY07 Administrative costs for the Secretariat			
Expense Category	FY07 Approved Budget \$	FY07 Expected Actual \$	FY08 Budget Request \$
<b>Standard Services</b>			
<u>Staff Costs (Salaries and Benefits)</u>			
50% 2 Senior Professionals	94,600	84,963	185,000
25% Professional			35,000
25% ACS			16,875
<u>Travel</u>	30,000	5,052	35,000
(3.5 trips @ \$10,000 trip)			
<u>Consultants</u>			7,500
<u>General Operations Costs</u>	18,500	16,653	46,250
Office Space, Equipment, and Supplies			
<u>Cost of meetings</u>	6,000	4,078	6,000
<b>Total</b>	<b>149,100</b>	<b>110,746</b>	<b>331,625</b>

Table 2: SCCF FY07 Administrative costs for the Secretariat			
Expense Category	FY07 Approved Budget \$	FY07 Expected Actual \$	FY08 Budget Request \$
<b>Standard Services</b>			
<u>Staff Costs (Salaries and Benefits)</u>			
50% 2 Senior Professionals	94,600	84,963	185,000
25% Professional			35,000
25% ACS			16,875
<u>Travel</u>	30,000	9,641	25,000
(2.5 trips @ \$10,000 trip)			
<u>Consultants</u>			7,500
<u>General Operations Costs</u>	18,500	16,653	46,250
Office Space, Equipment, and Supplies			
<u>Cost of meetings</u>	6,000	4,078	6,000
<b>Total</b>	<b>149,100</b>	<b>115,335</b>	<b>321,625</b>

<sup>29</sup> ibid. p.3-4

The approved budget for FY08 was not executed all, and there was a slight increase to FY09 budget. More details of the FY08 administrative costs for the Secretariat are presented below.

<Table 4> FY08 Administrative costs for the Secretariat (SCCF and LDCF)<sup>30</sup>

Table 1: LDCF FY08 Administrative costs for the Secretariat			
Expense Category	FY08 Approved Budget	FY08 Expected Actual	FY09 Budget Request
	\$	\$	\$
<b>Standard Services</b>			
<u>Staff Costs (Salaries and Benefits)</u>			
50% 2 Senior Professionals	185,000	86,066	190,550
25% Professional	35,000	24,034	36,050
25% ACS	16,875	0	17,381
<u>Travel</u>	35,000	35,000	36,050
(3.5 trips @ \$10,000 trip)			
<u>Consultants</u>	7,500	0	7,725
<u>General Operations Costs</u>	46,250	34,070	47,638
Office Space, Equipment, and Supplies			
<u>Cost of meetings</u>	6,000	6,078	6,180
<b>Total</b>	<b>331,625</b>	<b>185,249</b>	<b>341,574</b>

<sup>30</sup> GEF, "Administrative Budget for the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF)" (20 March 2008), p. 2-3



Table 2: SCCF FY08 Administrative costs for the Secretariat			
Expense Category	FY08 Approved Budget \$	FY08 Expected Actual \$	FY09 Budget Request \$
<b>Standard Services</b>			
<u>Staff Costs (Salaries and Benefits)</u>			
50% 2 Senior Professionals	185,000	86,066	190,550
25% Professional	35,000	24,034	36,050
25% ACS	16,875	0	17,381
<u>Travel</u>	25,000	25,000	25,750
(2.5 trips @ \$10,000 trip)			
<u>Consultants</u>	7,500	0	7,725
<u>General Operations Costs</u>	46,250	34,070	47,638
Office Space, Equipment, and Supplies			
<u>Cost of meetings</u>	6,000	6,078	6,180
<b>Total</b>	<b>321,625</b>	<b>175,249</b>	<b>331,274</b>

## 5.2 Administrative Costs for the Trustee from SCCF and LDCF

25. According to 2007 GEF LDCF/SCCF Council document “Administrative Budget for the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF),” the Trustee will receive an administrative fee to cover the reasonable actual expenses incurred by the Trustee in carrying out the Trustee function for the LDCF and SCCF. The document explains the increase of administrative costs of the Trustee is due to the growing investment portfolio of LDCF and SCCF.<sup>31</sup> More details of FY07 administrative costs for the Trustee are presented below.

<sup>31</sup> GEF, “Administrative Budget for the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF)” GEF/LDCF.SCCF.2/5 (29 May 2007), para.13

<Table 5> FY07 Administrative costs for the Trustee (SCCF and LDCF)<sup>32</sup>

**Trustee Costs for the LDCF by Expense Category**

Expense Category	FY07 Approved Budget \$	FY07 Expected Actual \$	FY08 Budget Request \$
<b>Standard Services</b>			
<u>Staff Costs</u>	79,642	83,314	73,428
Salaries and Benefits	76,642	79,414	73,428
Travel	3,000	3,900	-
<u>Investment Management Fee</u>	-	8,050	16,800
<u>General Operations Costs</u>	11,958	12,300	10,772
Office Space, Equipment, and Supplies	6,218	6,500	5,779
Communications and Internal Computing	5,740	5,800	4,993
<b>Total Standard Services</b>	<b>91,600</b>	<b>103,664</b>	<b>101,000</b>
<u>External Audit Fee</u>	n/a	n/a	n/a
<b>Total</b>	<b>91,600</b>	<b>103,664</b>	<b>101,000</b>

**Trustee Costs for the SCCF by Expense Category**

Expense Category	FY07 Approved Budget \$	FY07 Expected Actual \$	FY08 Budget Request \$
<b>Standard Services</b>			
<u>Staff Costs</u>	90,040	106,360	113,703
Salaries and Benefits	87,040	102,460	113,703
Travel	3,000	3,900	-
<u>Investment Management Fee</u>	-	11,200	16,800
<u>General Operations Costs</u>	11,960	14,400	15,497
Office Space, Equipment, and Supplies	6,220	7,488	8,060
Communications and Internal Computing	5,740	6,912	7,437
<b>Total Standard Services</b>	<b>102,000</b>	<b>131,960</b>	<b>146,000</b>
<u>External Audit Fee</u>	14,000	27,513	30,000
<b>Total</b>	<b>116,000</b>	<b>159,473</b>	<b>176,000</b>

<sup>32</sup> ibid. p.6,8

26. The 2008 GEF LDCF/SCCF Council document on the “Administrative Budget for the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF)” specifies the core elements of the Trustee work program: “management of donor contributions, financial and investment of resources, commitments and disbursements to the Agencies, infrastructure and systems support, accounting and reporting for the financial and operational activities of the LDCF(and SCCF), finalization of Financial Procedures Agreements between the Trustee and the Agencies, and development of an electronic messaging system to share financial and transaction information between the Agencies and the Trustee.”<sup>33</sup>
27. Trustee’s projected costs for FY09 increased 17% from the FY08 approved budget in LDCF and 1.4% in the SCCF. This is due to two main reasons: “first, the investment management fee has increased in proportion to the LDCF’s [and SCCF’s] higher portfolio balance.”<sup>34</sup> Second, due to the recent Council decision to give the GEF Executing Agencies direct access to the LDCF and the SCCF for the preparation and implementation of activities financed by these funds, the Trustee started the process “to take all necessary legal and administrative steps to ensure such access.”<sup>35</sup> More details of FY08 administrative costs for the Trustee are presented below.
28. The budgetary details for basic services provided by the Trustee for FY 08 and 09 are attached as Annex VII and VIII for additional information.

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<sup>33</sup> GEF, “Administrative Budget for the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF)” (20 March 2008), para.10

<sup>34</sup> *ibid.* para.9 and para.13 (regarding SCCF)

<sup>35</sup> *ibid.*

<Table 6> FY08 Administrative costs for the Trustee (LDCF and SCCF)<sup>36</sup>

Table 3: Trustee Costs for the LDCF by Expense Category

Expense Category	FY08 Approved Budget \$	FY08 Current Estimated \$	FY09 Budget Request \$
<b>Standard Services</b>			
Staff Costs	73,428	72,418	76,800
Salaries and Benefits	73,428	72,418	76,800
Travel	-	-	-
<b>Investment Management Fee</b>	16,800	25,200	30,000
<b>General Operations Costs</b>	10,772	10,882	12,000
Office Space, Equipment, and Supplies	5,779	5,876	6,480
Communications and Internal Computing	4,993	5,006	5,520
<b>Total Standard Services</b>	<b>101,000</b>	<b>108,500</b>	<b>118,800</b>
<b>External Audit Fee</b>	n/a	n/a	n/a
<b>Total</b>	<b>101,000</b>	<b>108,500</b>	<b>118,800</b>

Table 4: Trustee Costs for the SCCF by Expense Category

Expense Category	FY08 Approved Budget \$	FY08 Current Estimated \$	FY09 Budget Request \$
<b>Standard Services</b>			
Staff Costs	113,703	111,803	107,100
Salaries and Benefits	113,703	111,803	107,100
Travel	-	-	-
<b>Investment Management Fee</b>	16,800	22,000	25,200
<b>General Operations Costs</b>	15,497	15,497	16,200
Office Space, Equipment, and Supplies	8,060	8,060	8,748
Communications and Internal Computing	7,437	7,437	7,452
<b>Total Standard Services</b>	<b>146,000</b>	<b>149,300</b>	<b>148,500</b>
<b>External Audit Fee</b>	30,000	21,000	30,000
<b>Total</b>	<b>176,000</b>	<b>170,300</b>	<b>178,500</b>

<sup>36</sup> ibid. p.2,4

## 6 Conclusions

29. The GEF has a complicated structure with many layers of administration entities. This incurs tremendous amount of time and energy, and more importantly, deplete a large portion of the available funds that is meant to support developing countries' adaptation to climate change. On top of the Agency fees to each implementing and executing Agency, it also incurs administrative costs for the Secretariat and the Trustee. These additional charges including the Agency fee can be up to 10.52% of total approved amount in the SCCF and 18.49% of the total approved amount in the LDCF. The external financial audit reports the lack of guidance from GEF Secretariat to the implementing Agencies and the lack of coherence among Agencies in their financial practices, which makes it difficult to fully justify the relevance of their administrative costs.
30. Given the administrative cost of doing business with the GEF as an operating entity of financial mechanism of the climate-related funds (including that of having the World Bank as the Trustee for the funds), Parties to the UNFCCC might wish seriously to consider other alternative arrangements for operating the financial mechanism of the UNFCCC more effectively and in accordance of the guidance of the COP.

## Annex I: SCCF Status of Pledges and Contributions as of March 4, 2008<sup>37</sup>

Special ClimateChange Fund  
Status of Pledges and Contributions  
as of March 4, 2008

Total Pledges Outstanding and Contributions Finalized a/				Pledges Outstanding		Contribution Agreements Finalized				
						Paid (Receipts)			Unpaid	
1	2	3 = 5+7	4 = 6+9+11	5	6	7 = 8+10	8	9	10	11
Contributing Participant	Currency	Total Contribution	USD Eq.	Amount	USD Eq. b/	Total Contribution	Amount Paid in Currency	USD Eq.	Amount Due in Currency	USD Eq.
Canada	CAD	13,500,000	12,894,703	0	0	13,500,000	13,500,000	12,894,703		
Denmark	DKK	37,500,000	6,588,547	0	0	37,500,000	37,500,000	6,588,547		
Finland	USD	367,592	367,592	0	0	367,592	367,592	367,592	0	0
Finland	EUR	1,670,000	2,268,629	0	0	1,670,000	1,670,000	2,268,629	0	0
Germany	EUR	10,000,000	14,532,824	0	0	10,000,000	3,000,000	3,898,100	7,000,000 c/	10,634,724
Ireland	USD	1,600,000	1,600,000	0	0	1,600,000	1,600,000	1,600,000	0	0
Italy	USD	10,000,000	10,000,000	0	0	10,000,000	5,000,000	5,000,000	5,000,000 d/	5,000,000
Netherlands	EUR	2,400,000	3,128,880	0	0	2,400,000	2,400,000	3,128,880	0	0
Norway	NOK	51,000,000	8,698,457	0	0	51,000,000	51,000,000	8,698,457	0	0
Portugal	EUR	1,070,000	1,299,099	0	0	1,070,000	1,070,000	1,299,099	0	0
Spain	EUR	2,000,000	2,598,000	0	0	2,000,000	2,000,000	2,598,000	0	0
Sweden	SEK	25,000,000	3,738,293	0	0	25,000,000	25,000,000	3,738,293	0	0
Switzerland	CHF	3,200,000	2,586,893	0	0	3,200,000	3,200,000	2,586,893	0	0
Switzerland	USD	400,000	400,000	0	0	400,000	400,000	400,000		
United Kingdom	GBP	10,500,000	19,594,994	500,000	991,827	10,000,000	10,000,000	18,603,167	0	0
			90,296,912		991,827			73,670,361		15,634,724

a/ Pledged contributions are made towards the Program for Adaptation and for the Transfer of Technology.

b/ Valued at exchange rates available on March 4, 2008.

c/ This amount is payable in installments of EUR 1.0 million each, in April 2008, July 2008, April 2009, July 2009, July 2010, July 2011 and July 2012.

d/ This amount was payable in February 2008.

<sup>37</sup> GEF, "Status Report on the Climate Change Funds as of March 4, 2008", p.5

## Annex II: SCCF Schedule of Funds Available<sup>38</sup>

Special Climate Change Fund Schedule of Funds Available Updated as of March 4, 2008 (in USD)			USD eq.
<b><u>Program for Adaptation</u></b>			
<b><u>1. Funds held in Trust</u></b>			<b>58,555,293</b>
Cash and investments	58,555,293		
Promissory notes	0		
<b><u>2. Restricted Funds</u></b>			<b>0</b>
Reserve to cover foreign exchange rate fluctuations	0		
<b>3. Funds held in Trust with no restrictions ( 3 = 1 - 2 )</b>			<b>58,555,293</b>
<b><u>4. Allocations pending disbursement</u></b>			<b>29,568,600</b>
Amounts endorsed by CEO	7,637,000		
Amounts CEO endorsed not yet Committed	531,600		
Amount Council Allocated not yet CEO Endorsed	21,400,000		
Monthly approvals pending confirmation from Agencies			
<b>5. Funds Available for Council Allocation or CEO Approval ( 5 = 3 - 4 )</b>			<b>28,986,693</b>
<b><u>Program for Transfer of Technology</u></b>			
<b><u>6. Funds held in Trust</u></b>			<b>14,662,124</b>
Cash and investments	14,662,124		
Promissory notes	0		
<b><u>7. Restricted Funds</u></b>			<b>0</b>
Reserve to cover foreign exchange rate fluctuations	0		
<b>8. Funds held in Trust with no restrictions ( 8 = 6 - 7 )</b>			<b>14,662,124</b>
<b><u>9. Allocations pending disbursement</u></b>			<b>0</b>
Amounts endorsed by CEO	0		
Amounts allocated by Council but not yet CEO endorsed	0		
Monthly approvals pending confirmation from Agencies	0		
<b>10. Funds Available for Council Allocation or CEO Approval ( 10 = 8 - 9 )</b>			<b>14,662,124</b>
<b>11. Net Funds Available for Council Allocation or CEO Approval ( 11 = 5 + 10 )</b>			<b>43,648,817</b>

<sup>38</sup> GEF, "Status Report on the Climate Change Funds as of March 4, 2008", p.8

### Annex III: LDCF Status of Pledges and Contributions as of March 4, 2008<sup>39</sup>

Least Developed Countries Fund  
Status of Pledges and Contributions  
as of March 4, 2008

Total Pledges Outstanding and Contributions Finalized				Pledges Outstanding		Contribution Agreements Finalized				
1	2	3 = 5+7	4 = 6+9+11	5	6	7 = 8+10	Paid (Receipts)		Unpaid	
							8	9	10	11
Contributing Participant	Currency	Amount	USD Eq. a/	Amount	USD Eq. b/	Total Contributions	Amount Paid in Currency	USD Eq. c/	Amount Due in Currency	USD Eq. b/
Australia	AUD	7,500,000	6,600,750	0	0	7,500,000	7,500,000	6,600,750		
Austria	EUR	400,000	580,400	0	0	400,000	400,000	580,400		
Canada	CAD	10,000,000	6,518,366	0	0	10,000,000	10,000,000	6,518,366	0	0
Denmark	DKK	90,400,000	16,256,614	0	0	90,400,000	70,400,000	12,179,225	20,000,000 d/	4,077,389
Finland	EUR	3,700,000	4,854,110	0	0	3,700,000	3,700,000	4,854,110	0	0
France	EUR	10,850,000	15,862,747	0	0	10,850,000	3,350,000	4,468,380	7,500,000 e/	11,394,367
Germany	EUR	40,000,000	57,653,872			40,000,000	15,000,000	19,672,650	25,000,000	37,981,222
Ireland	EUR	1,384,869	1,749,794	0	0	1,384,869	1,384,869	1,749,794		
Ireland	USD	6,000,000	6,000,000	0	0	6,000,000	6,000,000	6,000,000	0	0
Italy	USD	1,000,000	1,000,000	0	0	1,000,000	1,000,000	1,000,000	0	0
Japan	USD	250,000	250,000	0	0	250,000	250,000	250,000	0	0
Luxembourg	USD	4,120,000	4,120,000	0	0	4,120,000	3,090,000	3,090,000	1,030,000 f/	1,030,000
Luxembourg	EUR	1,000,000	1,519,249	0	0	1,000,000	0	0	1,000,000	1,519,249
Netherlands	EUR	10,200,000	14,448,470	0	0	10,200,000	6,800,000	9,282,998	3,400,000 g/	5,165,471
Netherlands	USD	2,100,000	2,100,000	0	0	2,100,000	2,100,000	2,100,000	0	0
New Zealand	NZD	3,600,000	2,509,740	0	0	3,600,000	3,600,000	2,509,740	0	0
Norway	NOK	28,000,000	4,673,748	0	0	28,000,000	28,000,000	4,673,748	0	0
Norway	USD	2,001,658	2,001,658	0	0	2,001,658	2,001,658	2,001,658	0	0
Portugal	EUR	50,000	64,065	0	0	50,000	50,000	64,065	0	0
Spain	EUR	783,900	987,178	0	0	783,900	783,900	987,178	0	0
Sweden	SEK	7,000,000	886,747	0	0	7,000,000	7,000,000	886,747	0	0
Switzerland	CHF	2,800,000	2,366,860	0	0	2,800,000	2,800,000	2,366,860	0	0
United Kingdom	GBP	10,000,000	19,836,546	10,000,000	19,836,546 h/	0	0	0	0	0
			172,840,913		19,836,546			91,836,669		61,167,698

a/ Represents (1) the actual US dollar value of paid-in cash contributions and (2) the March 4, 2008 value of unencashed promissory notes and amounts due.

b/ Valued at exchange rates available on March 4, 2008.

c/ Represents (1) the actual US dollar value of paid-in cash contributions and (2) the March 4, 2008 value of unencashed promissory notes, if any.

d/ This amount is payable in October 2008.

e/ This amount is payable in three installments of EUR 2.5 million each in June 2008, June 2009 and June 2010.

f/ This amount is payable in October 2008.

g/ This amount is payable in October 2008.

h/ This pledge will be paid over a 3 year indicative time frame.

<sup>39</sup> ibid. p. 9



## Annex IV: LDCF Schedule of Funds Available <sup>40</sup>

Least Developed Countries Fund for Climate Change Schedule of Funds Available Updated as of March 4, 2008 (in USD)			USD eq.
<b>1. Funds held in Trust</b>			<b>86,409,088</b>
Cash and investments	86,409,088		
Promissory notes	0		
<b>2. Restricted Funds</b>			<b>0</b>
Reserve to cover foreign exchange rate fluctuations	0		
<b>3. Funds held in Trust with no restrictions ( 3 = 1 - 2 )</b>			<b>86,409,088</b>
<b>4. Allocations pending disbursement</b>			<b>1,264,475</b>
Amounts Trustee Committed	520,000		
Amounts CEO endorsed not yet Committed	744,475		
Amount Council Allocated not yet CEO Endorsed	0		
Monthly approvals pending confirmation from Agencies			
<b>5. Funds Available for Council Allocation or CEO Approval ( 5 = 3 - 4 )</b>			<b>85,144,613</b>

<sup>40</sup> ibid. p.11

## Annex V: GEF Agency Fee Expenditures<sup>41</sup>

Portfolio Management Expenditures and Staff Years (\$ millions) FY 2001 – 2006				
	UNDP	UNEP	WB	Total
<b>Total Labor</b>	\$62.5	\$20.4	\$92.0	\$174.9
Agency Staff	\$54.3	\$19.4	\$72.5	\$146.2
Consultants	\$8.2	\$1.0	\$19.5	\$28.7
<b>Total Non-Labor</b>	\$13.0	\$2.5	\$28.4	\$43.9
Travel	\$12.3	\$2.1	\$26.2	\$40.6
Other	\$0.7	\$0.4	\$2.2	\$3.3
<b>Grand Total</b>	\$75.5	\$22.9	\$120.4	\$218.8
<b>Average Staff Years</b>	65.8	24.2	119.7	209.6

Figure A.5: IA Fee Expenditures

UNDP (\$ millions) FY 2001 – 2006	Concept Development and Preparation & Appraisal	Implementation and Completion & Evaluation	Total
<b>Labor</b>	\$25.0	\$37.5	\$62.5
Agency Staff	\$21.7	\$32.6	\$54.3
Consultants	\$3.3	\$4.9	\$8.2
<b>Non-Labor</b>	\$5.2	\$7.8	\$13.0
Travel	\$4.9	\$7.4	\$12.3
Other	\$0.3	\$0.4	\$0.7
<b>Total</b>	\$30.2	\$45.3	\$75.5
<b>Annual Average Staff Years</b>	157.9	236.9	394.8

Figure A.6 UNDP's PCM Expenditures by Activity

<sup>41</sup> GEF, "Review of Administrative Expenses Allocated to GEF Implementing Agencies", p.54, 55

UNEP (\$ millions) FY 2001 – 2006	Concept Development and Preparation & Appraisal	Implementation	Completion and Evaluation	Total
Labor	\$7.6	\$11.2	\$1.6	\$20.4
Agency Staff	\$7.2	\$10.6	\$1.5	\$19.3
Consultants	\$0.4	\$0.6	\$0.1	\$1.1
Non-Labor	\$0.9	\$1.4	\$0.2	\$2.5
Travel	\$0.7	\$1.2	\$0.2	\$2.1
Other	\$0.2	\$0.2	\$0.0	\$0.4
Total	\$8.5	\$12.6	\$1.8	\$22.9
Annual Average Staff Years	9.0	13.3	1.9	24.2

Figure A.7: UNEP's PCM Expenditures by Activity

The World Bank FY 2001 – 2006 (\$ millions)	Lending	Supervision	Other	Total
Total Labor	\$44.0	\$34.3	\$13.7	\$92.0
Labor	\$32.6	\$27.7	\$12.2	\$72.5
Consultants	\$11.4	\$6.6	\$1.5	\$19.5
Non-Labor	\$15.5	\$11.2	\$1.7	\$28.4
Travel	\$14.3	\$10.3	\$1.6	\$26.2
Other	\$1.2	\$0.9	\$0.1	\$2.2
Grand Total	\$59.5	\$45.5	\$15.4	\$120.4
Annual Average Staff Years	57.2	44.6	17.8	119.7

Figure A.8: The World Bank's PCM Expenditures by Activity

## Annex VI: GEF Corporate Budget Expenditure<sup>42</sup>

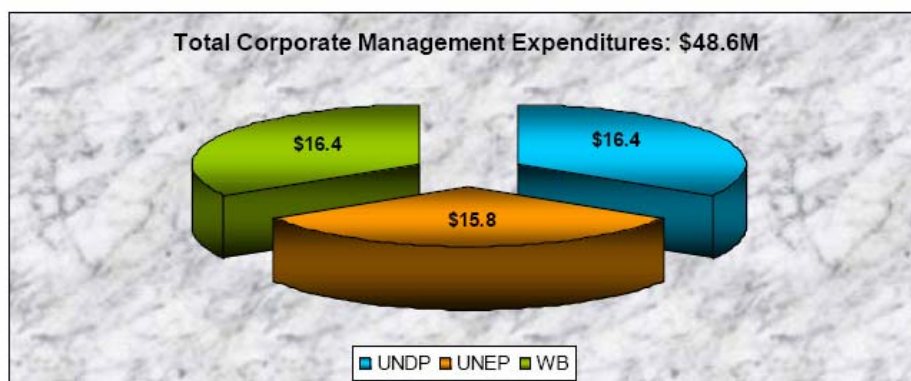


Figure 2.2: GEF Corporate Management Expenditures by IA

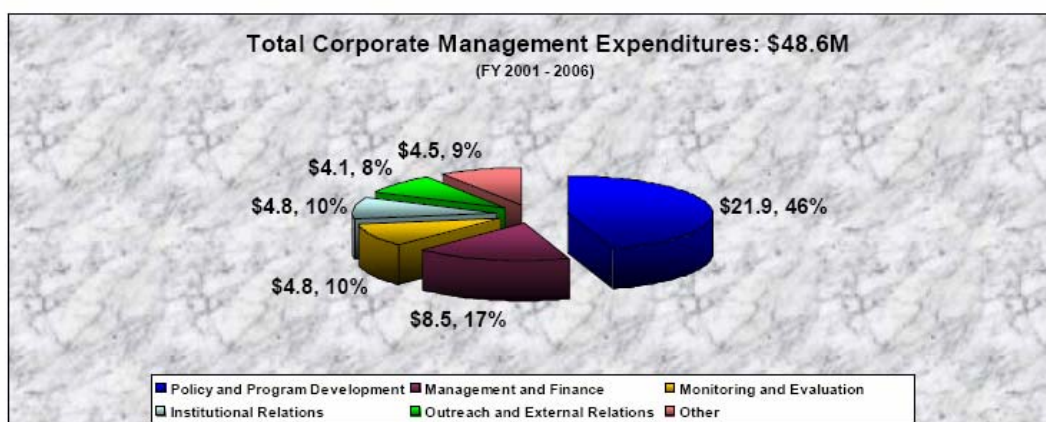


Figure 2.3: Total Corporate Management Expenditures by Activity

<sup>42</sup> *ibid.* p. 15-19

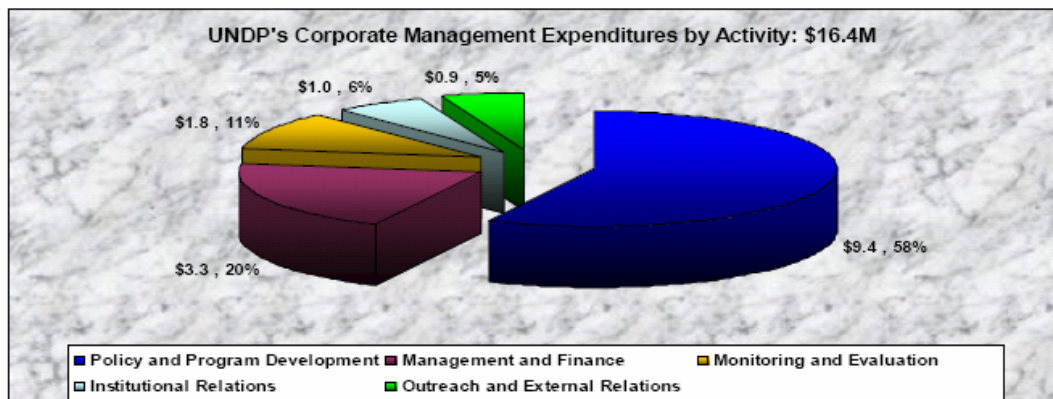


Figure 2.7: UNDP's Distribution of Expenditures by Corporate Management Activity

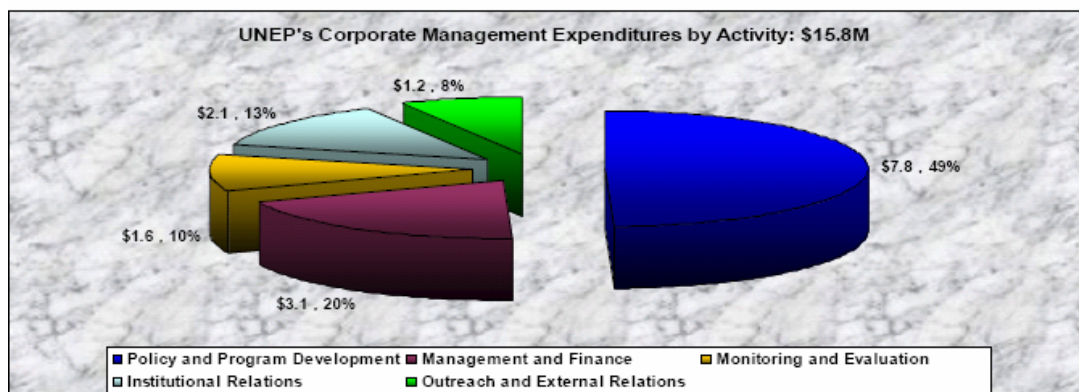


Figure 2.8: UNEP's Distribution of Expenditures by Corporate Management Activity

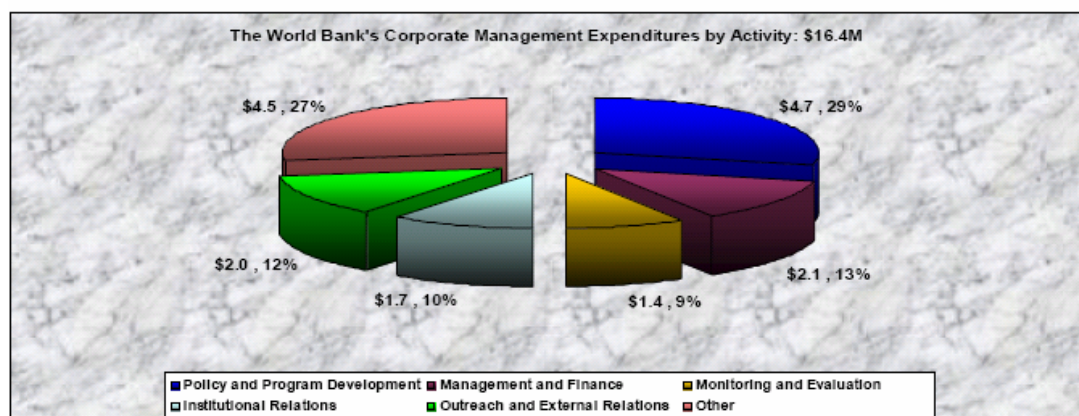


Figure 2.9: The World Bank's Distribution of Expenditures by Corporate Management Activity

## Annex VII: SCCF Budgetary Details for Trustee Services <sup>43</sup>

### Least Developed Countries Fund Budgetary Details for Basic Services Provided by the Trustee

Task Description	FY07 Approved Budget	FY07 Estimated Actual	FY08 Proposed Budget
	\$	\$	\$
GEF Financial Management	14,800	14,800	18,191
Investment Management	-	8,050	16,800
GEF Relationship Management	24,320	24,460	24,985
Accounting and Reporting	13,200	15,832	16,382
Legal Services	24,322	24,322	13,870
Infrastructure and Systems	11,958	12,300	10,772
Estimated travel costs	3,000	3,900	-
<b>Total Standard Services</b>	<b>91,600</b>	<b>103,664</b>	<b>101,000</b>
External Audit	n/a	n/a	n/a

<sup>43</sup> GEF, "Administrative Budget for the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF)" (29 May 2007) p.9,10



Special Climate Change Fund  
Budgetary Details for Basic Services Provided by the Trustee

Task Description	FY07 Approved Budget \$	FY07 Estimated Actual \$	FY08 Proposed Budget \$
Financial Management	33,180	33,180	36,773
Investment Management	-	11,200	16,800
Relationship Management	24,460	24,460	24,710
Accounting and Reporting	18,050	31,220	36,625
Legal Services	11,350	13,600	15,595
Infrastructure and Systems	11,960	14,400	15,497
Estimated travel costs	<u>3,000</u>	<u>3,500</u>	<u>-</u>
<b>Total Standard Services</b>	<b>102,000</b>	<b>131,560</b>	<b>146,000</b>
External Audit	14,000	27,513	30,000
<b>Total</b>	<b>116,000</b>	<b>159,073</b>	<b>176,000</b>

## Annex VIII: LDCF Budgetary Details for Trustee Services<sup>44</sup>

### Least Developed Countries Fund Budgetary Details for Basic Services Provided by the Trustee

Task Description	FY08 Approved Budget \$	FY08 Current Estimated \$	FY09 Proposed Budget \$
Financial Management	18,191	13,200	18,500
Investment Management	16,800	25,200	30,000
Relationship Management	24,985	24,985	21,900
Accounting and Reporting	16,382	16,382	17,900
Legal Services	13,870	17,851	18,500
Infrastructure and Systems	10,772	10,882	12,000
Estimated travel costs	-	-	-
<b>Total Standard Services</b>	<b>101,000</b>	<b>108,500</b>	<b>118,800</b>
External Audit	n/a	n/a	n/a

### Special Climate Change Fund Budgetary Details for Basic Services Provided by the Trustee

Task Description	FY08 Approved Budget \$	FY08 Current Estimated \$	FY09 Budget Request \$
Financial Management	36,773	31,768	27,600
Investment Management	16,800	22,000	25,200
Relationship Management	24,710	24,710	21,900
Accounting and Reporting	36,625	36,625	37,000
Legal Services	15,595	18,700	20,600
Infrastructure and Systems	15,497	15,497	16,200
Estimated travel costs	-	-	-
<b>Total Standard Services</b>	<b>146,000</b>	<b>149,300</b>	<b>148,500</b>
External Audit	30,000	21,000	30,000
<b>Total</b>	<b>176,000</b>	<b>170,300</b>	<b>178,500</b>

<sup>44</sup> GEF, "Administrative Budget for the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF)" (20 March 2008), p.5,6



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