

GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAM (GAFSP)

FY19 INTERIM BUDGET PROPOSAL

FOR

TRUSTEE AND COORDINATION UNIT ADMINISTRATIVE COSTS

AND

MONITORING AND EVALUATION COSTS

February 8, 2018

I. INTRODUCTION

In August 2014, the GAFSP Steering Committee (SC) approved the proposal for the Trustee and Coordination Unit (CU) to transition from an annual to a three-year budget. The first three-year budget cycle covered fiscal years (FYs) 2016 to 2018 (July 1, 2015 to June 30, 2018). As the end of the first three-year cycle approaches, pending clarity on the future direction of the Program, SC leadership has decided that an *interim one-year budget proposal* for FY19 (July 1, 2018 to June 30, 2019) would be appropriate to allow for immediate continuity of the CU, Trustee and Monitoring and Evaluation functions. This interim FY19 budget proposal is being presented for SC approval. Once fundamental decisions on the future of GAFSP have been taken at the April 2018 SC meeting, this interim budget will be revised, as needed, in line with the services the CU and the Trustee would be expected to provide, and folded into a three-year proposal for approval by the SC.

II. PROPOSED DECISION OF THE STEERING COMMITTEE

The GAFSP SC is requested to approve the FY19 interim budget for the GAFSP Trustee, Coordination Unit (CU), and Monitoring and Evaluation (M&E)¹. The proposed interim budget is prepared on the principle of full cost recovery under which the GAFSP Trust Fund operates,² and covers estimated costs for the period July 1, 2018 to June 30, 2019 (FY19). The proposed budget is based on a *status quo* trend and does not include any estimated costs related to the ongoing review of the GAFSP vision and model.

The proposed budgets for the Trustee, CU, and M&E are respectively: US\$255,000; US\$3,266,000; and US\$555,000. The total request is US\$4,076,000.

This document does not include the costs of the Supervising Entities (SEs) (e.g., administrative expenses, project preparation, and supervision) or the costs related to the work program of the Civil Society Organizations (CSOs). All figures are given in US dollars unless otherwise noted.

III. TRUSTEE

The World Bank serves as the Trustee for the GAFSP Financial Intermediary Trust Fund, through which the Public Sector Window is managed. In this capacity, the Trustee provides the following services: (i) financial and operational management; (ii) investment management; (iii) accounting and reporting; and (iv) legal services. The individual external audit of the Trust Fund is performed by the World Bank's external auditors, for which an external audit fee is charged. The next individual audit for the Trust Fund will cover the period July 1, 2017 to June 30, 2020 (FY17 to FY19) with audit costs to be included in the FY20 proposed budget. There is no charge

¹ M&E includes the DIME, CU M&E, and ENV (geo-referencing) work programs.

² Framework Document for a Global Agriculture and Food Security Program (GAFSP), para. 90, p. 39.

for the World Bank’s annual single audit exercise under which the GAFSP is included. Table 1 shows the estimated Trustee costs for FY19.

Table 1: Estimated Costs for Trustee Services in FY19

Trustee Services	FY19 Proposed Budget
Financial and Operational Management	100,000
Investment Management	95,000
Accounting and Reporting	50,000
Legal Services	10,000
Total Budget Trustee	255,000
a/ Investment Management fees are calculated based on a flat-fee of 3.5 basis points against the average annual balance of the portfolio; the average portfolio size is projected at US\$270 million in FY19.	

The proposed FY19 Trustee budget of US\$255,000 reflects the following components:

Trust fund financial and operational management: Costs are based on staff time and expenses required for the management and execution of financial transactions, including maintaining receipts of donor contributions, recording allocations and commitments, and processing cash transfers to Supervising Entities. This estimate also covers staff time associated with financial reporting of the Trust Fund activities, negotiation and signing of contribution agreements, and coordination with the CU and Supervising Entities on any changes to operational policies relating to financial transactions.

Investment management: Assets held in trust by the World Bank are maintained in a commingled trust funds investment portfolio (the “Pool”) for all trust funds administered by the World Bank’s Treasury, which includes the Trust Fund’s assets. World Bank’s Treasury manages the Pool and charges each participating trust fund an investment management fee in the amount of 3.5 basis points (i.e. 0.035%) on the average annual balance of a trust fund. The average portfolio size for the Trust Fund for FY19 is projected to be equal to US\$270 million.

Accounting and reporting: Costs are based on the management of the accounting model for the Trust Fund and maintenance of appropriate records and accounts to identify contributions and other receipts as well as Trust Fund liabilities to Supervising Entities.

Legal services: Costs are determined based on the time required to finalize and/or amend Contribution Agreements with Contributors and Transfer Agreements between Supervising

Entities and the Trustee. Costs also include staff time needed for policy advice, legal review of financial documents and drafting new legal documents as well as amending the existing legal documents for the Trust Fund’s operation, as necessary.

External Audit: The second individual external audit of the Trust Fund was performed in FY17 and covered the period FY14-16. Given the SC’s decision in August 2014 to conduct an individual external audit of the Trust Fund once every three fiscal years, the next individual audit will be conducted in FY20 and will cover FY17-FY19. Therefore, no costs related to the individual external audit of the Trust Fund are budgeted in the cost estimates for FY19.

IV. COORDINATION UNIT

The governing principles behind this proposed CU budget remain, as in the past: (i) allow for flexibility in use of resources (both financial and in staff effort); (ii) capitalize on existing relationships with Supervising Entities and create synergies whenever possible; and (iii) ensure cost-effective choices are made at every opportunity. The FY19 interim budget proposal reflects a *status quo* approach in both staffing and work program. A total of US\$3,266,000 is requested³.

Table 2: Estimated Costs for Coordination Unit Services

Type of Expenditure	FY19				
	Staff Costs	Consultant Costs	Travel	Other	TOTAL
Core CU work	433,000	107,000	25,000	183,000	748,000
Outreach/Advocacy/Partnerships	336,000	196,000	150,000		682,000
Communications - Annual Report	91,000	4,000		20,000	115,000
Communications - General	267,000	28,000		45,000	340,000
TAC Meetings	0	0	0	0	0
Steering Cttee + Working Group Meetings	212,000	5,000	35,000	40,000	292,000
Operations & Portfolio	260,000	75,000	50,000		385,000
Portal	97,000	62,000		100,000	259,000
KM/Sharing/Training	156,000	6,000	95,000	35,000	292,000
Missing Middle Initiative	122,000	6,000	25,000		153,000
TOTAL BUDGET CU	1,974,000	489,000	380,000	423,000	3,266,000

Staff Costs: This budget proposal does not anticipate any changes in the current CU staffing level. At present, the CU staff roster includes a full-time Program Manager (PM), a Deputy

³ Note that the CU budget envelope as approved by the SC in the recent three-year budget cycle has been: FY16: \$2,681,100; FY17: \$2,531,100; FY18: \$3,017,300. The FY19 interim request represents an increase of 8% over the approved FY18 CU budget envelope.

PM, a Senior Agriculture Economist, a Communications Officer and a Communications Associate, two Economists, and one Program Assistant; in addition, a Senior Operations Officer and an Agriculture Economist contribute to the CU work program on a part-time basis.

Consultants and Temporary Staff: The CU anticipates continued reliance on a small pool of Short Term Consultants and Temporaries to supplement its own expertise.

Formal Meetings: This interim budget incorporates plans for one FY19 Steering Committee meeting, to be held in Washington DC, and no Working Group Meetings. Until additional funding is secured and a Call for Proposals is issued, no TAC meeting will take place.

CU and Private Sector Window Secretariat Annual Retreat: A joint team retreat will be held, together with the Private Sector Window Secretariat. This retreat will be held in-house and therefore only the cost of catering will be required.

CU Staff Travel: For this interim one-year budget proposal, the CU is anticipating travel expenditures at comparable levels to the current fiscal exercise.

Communications: The CU anticipates continuing the publication of written pieces such as the annual report, briefs, etc. The budget proposal also includes a provision for developing, producing, editing, and distributing a variety of short videos. No translation of any of these documents/videos is envisaged under this interim budget.

Portal: Enhancements to the online Portal⁴, a tool that provides a live web-based platform for GAFSP reporting and portfolio management and is accessible by all stakeholders, will continue in FY19. Portal maintenance costs are also included.

Knowledge Management/Sharing: The biennial Knowledge Forum (KF) for Task Team Leaders (TTLs) held in Rome, providing a platform for TTLs to share experiences and knowledge and for the CU to raise and address systemic portfolio-related issues, is scheduled for delivery in FY19. As with previous KFs, it is planned to be delivered in collaboration with Rome-based SE partners.

Missing Middle Initiative (MMI): Design documents for all five MMI projects have been approved by the SC, one project has been launched, and the remaining four are expected to launch in the first quarter of CY2018. Planned learning activities and knowledge sharing are expected to continue through FY19.

V. MONITORING AND EVALUATION

This section presents the DIME, ENV, and CU M&E budget requirements for FY19. Table 3 below summarizes the budget requirements for all units working on GAFSP M&E activities for the next fiscal year:

⁴ Also referred to as the Financial Intermediary Funds Collaboration Space.

Table 3: Proposed FY19 budget for M&E

DIME	---
ENV	220,000
CU	335,000
TOTAL BUDGET M&E	555,000

DIME

DIME will be completing the ongoing impact evaluations for Rwanda, Nepal and Liberia in FY19 without any FY19 budget allocation needed.

ENV

In FY19, geo-referencing work will focus on maintaining, updating and enhancing the GAFSP Mapping Platform and creating more content for GAFSP Stories. To complete the work as outlined below, a budget of US\$220,000 will be required. The activities planned for FY19 are:

GAFSP Mapping Platform: The activities include maintenance, update and enhancement of the Platform and completing the development of an off-line version.

Travel: Missions are planned to two countries to enhance the quality of the country maps and collect the data and information to create GAFSP Stories.

Country maps: To be developed in close collaboration with the GAFSP CU.

CU M&E

Now that the work on strengthening and updating the M&E Framework and Plan document has been completed, the CU anticipates that in FY19 it will focus primarily on implementation. That will include ongoing support to SE teams in their use of the new GAFSP core indicators, potential revisions based on lessons learned in early application, and Program-wide efforts to roll out the FIES survey module. With respect to FIES, the CU will be offering technical assistance and quality assurance support to teams as needed, including through a continued partnership with the Voices of the Hungry team at FAO. The interim budget request for FY19 is US\$335,000.