



FY19 Budget Performance Review

October 1, 2019

1. FY19 PERFORMANCE SUMMARY

1.1 SUMMARY

1. The FY19 Performance Review is being issued after the close of the 2019 financial year (FY)¹ consistent with standard practice and serves to report on the total costs incurred compared to the approved budgets for the Trustee, Coordination Unit (CU), and Monitoring and Evaluation (M&E) functions.
2. On March 8, 2018, the Steering Committee (SC) approved an interim administrative budget for FY19 for the Trustee and CU, including M&E. The one-year interim budget was approved as bridge funding based on an FY19 status quo program, since at the time of preparation uncertainties surrounding the estimated costs related to the ongoing GAFSP restructuring and the supporting Financial Intermediary Fund (FIF) prevented the development of a well-informed three-year budget proposal. With the agreements on the restructuring only having been reached at the January 2019 SC meeting, and the operational details and budget implications of the restructuring still under development, it was reasonable to let the FY19 budget remain distinct from the multi-year budget cycle. Therefore, the CU sought and received the endorsement of the SC on April 16, 2019 to treat FY19 as an off-cycle budget with the reinstatement of the normal three-year budget cycle shifting to the FY20-22 period.
3. With the conclusion of the FY19 budget period, a **total of \$0.814 million in undisbursed funds will be returned** to the GAFSP Trustee Fund. Table 1.1 below provides a breakdown of the approved budget and expenditures for each function and is discussed further in subsequent sections of this document. All figures are presented in US dollars and in \$'000, unless otherwise noted.

Table 1.1: Summary of FY19 Approved Budget vs Actual Expenditures

| Function | FY19 Approved Budget | FY19 Actual Expenses | Variance (\$) | Variance (%) |
|---|----------------------|----------------------|---------------|--------------|
| CU | 3,266 | 2,691 | 575 | 18% |
| Trustee | 255 | 375 | (120) | -47% |
| <i>Adjustment - offset in FY20 Budget</i> | | | 120 | |
| M & E | 555 | 316 | 239 | 43% |
| TOTAL | 4,076 | 3,382 | 814 | 20% |

¹ The World Bank's financial year runs from July 1 through June 30.

2. FY19 PERFORMANCE BY BUSINESS FUNCTION

2.1 TRUSTEE

4. Actual costs and expenses incurred by the Trustee during FY19 were \$375k, or \$120k more than the budget amount approved by the SC. Table 2.1 shows the overall variance at -47%, stemming solely from costs related to financial and relationship management. To cover the shortfall of \$120k, an adjustment to the Trustee's FY20 budget was sought and approved by the SC as part of the FY20-22 budget proposal. The approved adjustment in the FY20-22 budget proposal is \$186k and was based on best estimates of full-year cost using information available at the time of budget proposal preparation. The actual result of -\$120k after the close of the fiscal year on a full cost recovery basis is lower than the estimated amount of -\$186k and is therefore revised down accordingly by \$66k in this reporting. The difference of \$66k will be earmarked for return to the GAFSP Trust Fund as part of the FY20-22 budget reconciliation exercise.

Table 2.1: FY19 Approved Budget vs Actual Expenditures

| Trustee Services | FY19 Approved Budget | FY19 Actual Expenses | Variance (\$) | Variance (%) |
|------------------------------|-------------------------------------|-------------------------------------|--------------------------|-------------------------|
| Financial & Relationship Mgt | 100 | 220 | (120) | -120% |
| Investment Management | 95 | 95 | - | 0% |
| Accounting & Reporting | 50 | 50 | - | 0% |
| Legal Services | 10 | 10 | - | 0% |
| TOTAL | 255 | 375 | (120) | -47% |

2.1.1 Trustee Activities and Results

5. **Trust Fund Financial and Relationship 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 also covers staff time associated with financial reporting of the GAFSP 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. The higher financial and relationship management costs in FY19 reflect staff time costs related to the revision of the GAFSP operational and governance model as approved by the SC at its April 2018 meeting.

6. **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, including the Trust Fund’s assets. The 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.
7. **Accounting and reporting:** Costs are based on the management of the accounting model for the GAFSP Trust Fund and maintenance of appropriate records and accounts to identify contributions and other receipts as well as GAFSP Trust Fund commitments and transfers to Supervising Entities. This also includes staff time associated with the preparation of financial statements and arrangement of the individual external audit.
8. **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 GAFSP Trust Fund’s operation, as necessary.

2.2 COORDINATION UNIT

9. The CU finished FY19 under budget by \$575k (or 18%). Actual expenditures were \$2.691 million against an approved budget of \$3.266 million. With the exception of the Steering Committee & Working Group activities and the Portal, the budget variance reflects savings across the board, noting that the FY19 Budget was approved on the basis of a status *quo* program. The notably large variance in the Steering Committee & Working Group activities was a direct result of the increased support to the GAFSP restructuring activities, which was offset by the savings redeployed from other business areas. The CU also experienced a temporary reduction in staff costs primarily resulting from the Program Manager's departure in the last quarter of the financial year, as well as cost savings achieved through operational efficiencies gained from redistribution of work when staff are on leave. Table 2.2 provides a breakdown of expenses by thematic area that are discussed in further detail below. **The CU will return a total of \$575k** in undisbursed funds from its FY19 budget to the GAFSP Trustee Fund.

Table 2.2: CU FY19 Cost by Task/Thematic Area

| Coordination Unit | FY19 Approved Budget | FY19 Actual Expenses | Variance (\$) | Variance (%) |
|----------------------------------|----------------------|----------------------|---------------|--------------|
| Core CU work | 748 | 528 | 220 | 29% |
| Outreach/Advocacy/Partnerships | 682 | 564 | 118 | 17% |
| Communications (General) | 340 | 167 | 173 | 51% |
| Communications (Annual Report) | 115 | 41 | 74 | 65% |
| Steering Comte & Working Gr mtgs | 292 | 492 | (200) | -69% |
| TAC Meetings | - | - | - | 0% |
| Operations & Portfolio | 385 | 324 | 61 | 16% |
| KM/Sharing/Training | 292 | 200 | 92 | 32% |
| Missing Middle Initiative | 153 | 100 | 53 | 35% |
| Portal | 259 | 276 | (17) | -7% |
| Sub-Total CU BUDGET | 3,266 | 2,691 | 575 | 18% |

2.2.1 Coordination Unit Activities and results

10. Below summarizes the CU's activities and financial results for FY19:

- **Core CU (29%):** The Core CU work includes overall Program leadership and administration, administrative support activities to sustain the unit, and the development and implementation of program-specific management tools, procedures and systems in supporting the SC and the Program as a whole. The bulk of unused funds primarily represents budget earmarked to support the Resource Mobilization effort, which was subsequently funded through a supplemental allocation approved by the SC for RM.
- **Outreach Advocacy, and Partnerships (17%):** This business area involves outreach activities and non-project specific liaison with external stakeholders (workshops, conferences, events, etc.), and activities to initiate/strengthen relationships with partners as part of the

program advocacy agenda. Outreach Activities in FY19 were particularly important being the full inaugural year for key developments on and towards the GASFP Restructuring agenda and the Resource mobilization ancillary activities. Outreach activities included, *inter alia*, The 2018 UN High Level Political Forum (HLPF), New York; Committee on World Food Security (CFS 45), Rome; UN and G77 meetings, New York; AfDB's Africa Investment Forum, Johannesburg, and several other bilateral meetings throughout the fiscal year with GAFSP stakeholders. The budget balance is a result of the reallocation of staff resources to other business areas as well as efficiency gains in travel (e.g. mission composition, combining and leveraging missions).

- **Communication** (54% combined): In addition to covering the cost of delivering the GAFSP Annual Report, this business area also includes costs to support the new website, production of thematic briefs, development of additional external content and outreach materials via effective communication channels. The lower costs compared to budget reflects savings in staff costs and contractual services, with the cost of producing the Annual Report straddling two fiscal years.
- **Steering Committee & Working Group Meetings** (-69%): This business area includes costs associated with planning and execution of the SC meeting, and any support to Working Group meetings and processes. The CU organized a successful and pivotal 14th Steering Committee Meeting held at the Federal Ministry for Economic Cooperation and Development (BMZ) Berlin Germany, January 15-17, 2019. This meeting served to discuss, *inter alia*, the Operational Restructuring of GAFSP and the GAFSP replenishment effort. The Operational Restructuring Working Group (OWG) presented its final Design Note and recommendations to the SC, and the SC approved the overall recommendations for GAFSP 2.0 with some presentational adjustments and clarifications. The other major discussion was centered around the Resource Mobilization Action Plan, which was presented by the newly-recruited fundraising joint venture, Future Advocacy. The notably high expense compared to the approved budget was a direct result of expanded activities carried out by CU staff during FY19 in support principally of the GAFSP restructuring and also the Resource Mobilization activities related to the SC meeting, which had not been budgeted for in the FY19 interim budget.
- **TAC Meeting** (N/A) The TAC is an independent expert body, tasked with providing due diligence and technical screening of GAFSP project proposals submitted to the GAFSP Public Sector Window in response to a Call for Proposals, as input to the financing decisions undertaken by the SC. The TAC is typically comprised of 10-12 members, and members are identified through an SC-led nomination process then endorsed by the SC Chair. All TAC costs are 100% covered by the CU's administrative budget. A TAC was not convened during FY19. The next TAC meeting is planned for November 2019 during FY20 at the World Bank DC Headquarters.
- **The Operations & Portfolio** (16%): Work in this area includes portfolio management and Analysis (lessons learned and good practice examples and travel related to the portfolio), six-monthly reporting, portfolio review and quality control, due diligence, Calls for Proposals, liaison/coordination with supervising entities, and maintaining and developing guidelines (country guidelines, supervising entity guidelines). The relatively modest underspend was principally in the areas of travel and staff costs. This result was in direct correlation to the

redeployment of staff resources necessary to support the working group efforts for the GAFSP restructuring.

- **Knowledge Forum (32%):** The expenses in this area include costs associated with the meeting logistics as well as participant costs and personnel costs associated with the planning and execution of the Knowledge Forum. The Forum took place in May 13-15, 2019 at the World Food Programme Headquarters in Rome. The savings primarily reflects lower staff costs and travel expenses.
- **The Missing Middle Initiative (MMI) (35%):** This expense area represents costs of the CU's support to the MMI initiative funded from its administrative budget. These costs primarily involved staff, consultant, and travel expenses to support one MMI project Launch in FY19 (October 2018—Senegal), and efforts to produce the lessons learnt from the initial phase of implementation of all MMI projects. It also includes initial preparations for an MMI workshop scheduled for FY20 in Senegal.
- **Portal (-7%):** System enhancements were made to the online Portal—a tool that provides a live web-based platform for GAFSP reporting and portfolio management—to improve functionality and product capabilities. The higher expenditures in FY19 are a result of additional priority enhancements identified for the Portal during the year as well as maintenance costs covering the last quarter of the fiscal year.

2.3 MONITORING & EVALUATION

11. This section discusses the M&E expense outcome for FY19. Table 2.3 summarizes the overall FY19 expense outcome for CU M&E and Geo-referencing M&E. **The CU will return a total of \$239k** to the GAFSP Trustee Fund representing funds remaining in its FY19 budget for support to Monitoring & Evaluation.

Table 2.3: M&E FY19 Approved Budget vs Actual Expenses

| M&E | FY19 Approved Budget | FY19 Actual Expenses | Variance (\$) | Variance (%) |
|--------------|----------------------|----------------------|---------------|--------------|
| CU M&E | 335 | 166 | 169 | 50% |
| Geo-Ref. M&E | 220 | 149 | 71 | 32% |
| TOTAL | 555 | 316 | 239 | 43% |

2.3.1 M&E Activities and results

12. Below summarizes the M&E activities and financial results for FY19.

- **The CU M&E** expensed \$166k against its FY19 approved budget of \$335k. The costs include staff and consultant time and travel to support the implementation of the GAFSP M&E framework, including FIES, and the Program Evaluation results. The undisbursed budget balance primarily reflects savings on staff and travel cost due to redeployment of staff resources to the GAFSP restructuring including the working group activities.
- **The Geo-Referencing M&E** activity expensed \$149k against its FY19 budget of \$220k resulting in an overall savings of \$71k. Explanations for variance in each cost area are provided in Table 2.4 below.

Table 2.4: Geo-Referencing M&E Results

| Activity | FY19 Approved Budget | FY19 Actual Expenditure | Variance | Reasons for Variance |
|------------------------------------|----------------------|-------------------------|-----------|---|
| Platform upgrade and maintenance | 15 | 0 | 15 | Small technical adjustments completed by the team directly. Necessary changes to the GAFSP Open Data Platform to be aligned with new GAFSP web page, postponed. |
| Personnel (Short Term Consultants) | 160 | 144 | 16 | Missions cancelled and postponed and technical adjustments to the GAFSP Open Data Platform postponed resulting in used consultant days. |
| Travel | 45 | 6 | 39 | Missions to projects postponed and cancelled. Travel cost covers participation in GAFSP Knowledge Forum. |
| TOTAL | 220 | 149 | 71 | |

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