

GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAM (GAFSP)

FY13 ADMINISTRATIVE BUDGET

May 23, 2012

**Presented to the GAFSP Steering Committee for Approval
at the Sixth Steering Committee Meeting on May 23, 2012, revised June 19, 2012**

PROPOSED DECISION OF THE STEERING COMMITTEE

This proposal is presented to the GAFSP Trust Fund Steering Committee for their review and approval of the FY13 Administrative Budget for the GAFSP Trustee, acting as the fund manager of the financial assets of the GAFSP Trust Fund Public Sector Window and the GAFSP Coordination Unit, serving to support the various bodies of the GAFSP Governance structure, based on the principle of “full cost recovery” under which the GAFSP Trust Fund operates. The proposed budget of the Coordination Unit includes estimated costs of the Technical Advisory Committee (TAC).

The Steering Committee takes note that this proposal does not include the administrative expenses and project preparation and supervision costs of the Supervising Entities, the costs related to the work program of Civil Society Organizations (CSOs), or the costs related to the World Bank’s Development Impact Evaluation Initiative (DIME).

The Steering Committee agrees that the first set of audited financial statements will be prepared after the end of FY13, which will cover all activities since inception of the Trust Fund, and that the external audit costs will be charged to the GAFSP Trust Fund in FY14.

BACKGROUND

1. The GAFSP Trustee and Coordination Unit’s administrative budgets for FY12 and FY13 are presented to the GAFSP Steering Committee for consideration and approval at the Sixth GAFSP Steering Committee meeting on May 23, 2012. The FY12 revised and FY13 proposed administrative budgets have been prepared with the understanding that the GAFSP Trust Fund “will operate under full cost recovery basis, including recovery of all costs associated with design and set-up of the GAFSP, including the Trust Fund”.¹
2. Table I provides an overview of the Total Administrative Costs for FY12 and F13 for the Trustee and Coordination Unit. Further details on the individual budgets for the Trustee and Coordination Unit are discussed in subsequent sections.

Table I: Total Administrative Costs for FY12 and FY13

3. The FY12 administrative costs presented are revised estimates of costs and fees from July 1, 2011 through June 30, 2012 while the FY13 administrative costs presented are estimates based on the expected services required from the Trustee and Coordination Unit in the period starting July 1, 2012 and ending June 30, 2013. The revised FY12 and proposed FY13 budget will be adjusted at the end of the fiscal year to account for actual expenses incurred.
4. The World Bank serves as the Trustee for the Public Sector Window of the GAFSP Trust Fund. In this capacity, the Trustee provides the following services: (i) financial and relationship management, (ii) investment management, (iv) accounting and reporting; and (v) legal services.
5. The GAFSP Coordination Unit is housed within the Agriculture and Rural Development Department (ARD) of the World Bank

THE TRUSTEE

6. Table II shows the revised estimates of Trustee costs during FY12 as well as cost projections for FY13 for services to be provided.

Table II: Budgetary Requirements for Trustee Services in FY12 and FY13

FY12 Trustee Costs

7. As shown in Table II, the Trustee's revised estimate of costs during FY12 amount to US\$ 266,000, a decrease of US\$ 27,000 from the approved budget. This difference represents reduced costs for accounting and legal services in the amount of US\$ 79,000, offset by an increase in investment management fees.

- iii. **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;
- iv. **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; and
- v. **IT systems development:** In May 2011, the World Bank's IT Governance Board approved a Trustee sponso

included in the World Bank's annual single audit exercise, comprising: (i) a management assertion together with an attestation from the Bank's external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds as a whole;

THE COORDINATION UNIT

10. Table III shows the actual disbursements incurred by the Coordination Unit during FY11, FY12 as well as cost projections for FY13 for services to be provided by the Coordination Unit.

Table III: Budgetary Requirements for Coordination Unit Services

Budgetary Requirements for Services Provided by the Coordination Unit FY11 - FY12 Actuals and FY13 Estimates (in US\$)				
Type of Expenditure	FY11	FY12		FY13
	Disbursements (Actuals)	Approved Budget	Disbursements (*)	Proposed Budget
Total Staff Costs:	359,174	660,500	541,643	680,000
- Senior Coordination Unit Staff	263,818	501,500	278,318	335,000
- Junior Coordination Unit Staff	67,514	130,000	236,911	280,000
- Administrative Staff	27,842	29,000	26,414	65,000
Legal Services	50,000	50,000	50,000	50,000
Facilitation of Steering Committee Mtgs Travel by the GAFSP Coordination Unit	29,216	50,000	62,845	60,000

logistics, facilities, personnel support, audio-visual services and general operating costs; costs associated with a TAC meeting include meeting facilitation, consultant fees for all TAC members and travel for all non-DC based TAC members.

- xiii. **Travel by the GAFSP Coordination Unit (\$60,000):** Travel for members of the coordination Unit being requested to represent the GAFSP at meetings such as G20, Committee on Food Security (CFS), and other food security meetings and/or conferences. In addition, members of the Coordination Unit may be required to travel to recipient or donor countries. The budget provision proposed for this purpose is computed on the basis of 8 – 10 international trips .
- xiv. **Travel for Participation of non-DC based recipient representatives (\$40,000):** Travel expenses for the participation in physical Steering Committee meetings of non-DC based recipient representatives would be paid from the GAFSP Trust Fund as agreed by the Steering Committee during its first meeting to allow all constituents to participate. Travel expenses covered include airfare, and other incidental costs in line with the World Bank’s travel policy. The budgeted amount assumes the participation of five non-DC based recipient representatives in two meetings – a net increase of 2 international trips as compared to FY12.
- xv. **Outreach and Communications Activities (\$35,000):** Our outreach/communication efforts will continue in FY13. This includes the maintenance and development of the GAFSP website, publication of the GAFSP annual report and other written materials, and production of videos, etc. We have also included a provision for further communication activities which cannot be carried out by the Coordination Unit Staff including revamping of the Website should the name of GAFSP be changed.

14. The Coordination Unit also intends to arrange a major results-oriented outreach conference in Europe in the January – June 2013 window. This will be the subject of a supplemental budget request.

15. If the Steering Committee requests the Coordination Unit to take on additional tasks not detailed above, this may result in an increase in administrative costs (similarly, a reduced Coordination Unit work program could result in a reduction of the administrative costs detailed in the FY13 Proposed Budget). This would be reflected in the end-of-JETOT/m[(-)] TJET oJdetai

M&E Work program

17. The funding for the M&E work program is administered by the Coordination Unit, the total allocation amount included in the table on Cumulative Funding Decisions (Public Sector Window) in the GAFSP Financial Report prepared by the Trustee (as of March 31, 2012).