



FY20 FY22 BUDGET PROPOSAL
for the
Trustee, Coordination Unit, and
Monitoring & Evaluation

May 15, 2019

1. CONTEXT & PROPOSED DECISION FOR THE STEERING COMMITTEE

1.1 CONTEXT

1. Important budget planning and reporting changes have been introduced over time to simplify the Global Agriculture and Food Security Program (GAFSP) administrative budgeting process and establish a better and longer-term planning mechanism for the Trustee, Coordination Unit (CU), and Monitoring and Evaluation (M&E) expenses. In August 2014, the GAFSP Steering Committee (SC) approved¹ the adoption of a three-year budget cycle for the foregoing functions. The transition from an annual to a multi-year budget cycle began with the fiscal years (FY) 2016-2018² period, with this FY20-22 Budget Proposal marking the second three-year planning cycle. The new multi-year cycle serves to further strengthen the strategic business planning framework and streamline the budget approval process for the CU, Trustee and M&E functions.
2. On March 8, 2018, the 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, there were uncertainties surrounding the estimated costs related to the ongoing restructuring of the

and (iv) operate on a full cost recovery basis³. With those underlying principles, the budget process provides transparency and clear reporting of its achievements and expenditures.

5. Decisions on priorities for the overall vision of GAFSP through 2030 were an important element in the development of the budget. The new vision called for the development of options for a restructured GAFSP operational and governance model. The fundamental concept supports a more streamlined and unified approach that exploits operational synergies across the Program. An Operational Restructuring Working Group (OWG) comprising GAFSP stakeholders, including CU and Trustee staff, jointly developed the operational and governance details for an adjusted GAFSP operational model. At the January 2019 SC meeting, the OWG presented the final Design Note and recommendations to the SC. The SC approved the OWG's overall recommendations for GAFSP 2.0 with some presentational adjustments and clarifications. The CU is leading the operationalization of the restructured FIF, with a target completion by the next SC meeting in late 2019.
6. The SC also earlier endorsed the GAFSP Resource Mobilization and Replenishment effort (RM), with a target of raising \$1.5 billion over five years. A joint venture—London based *Future Advocacy* with Berlin based *seebohm.berlin*, partnered under the name “Future Advocacy”—was recruited to support the SC in its resource mobilization efforts through the 2020 replenishment. This effort is expected to generate a ramp up in all functions, which would directly impact the level of associated activities carried out by the Trustee and CU (with the CU also managing the selected firm).

³ Framework Document for a Global Agriculture and Food Security Program (GAFSP), para. 90, p. 39.

1.2 PROPOSED DECISION FOR THE STEERING COMMITTEE

7. The GAFSP SC is requested to approve the following FY20-22 Administrative Budget Proposal:

(all values rounded in thousands of dollars -

- GAFSP Trustee: \$1,784
- Coordination Unit (CU): \$10,500
- Monitoring & Evaluation (M&E)⁴: \$1,437
- Total Request.....\$13,721

8. The proposed budget covers estimated costs for the period July 1, 2019 to June 30, 2022 (FY20-FY22). The proposed budget reflects best estimates using current available information as it relates to the ongoing GAFSP restructuring. The CU's budget proposal as presented assumes a successful replenishment. The Trustee's proposal may require further adjustments contingent on the outcome of the replenishment and application of the full cost recovery methodology changes resulting from the ongoing World Bank Trust Fund Reform⁵. Any revisions to the approved administrative budget will be submitted for approval to the SC. Additional information on cost assumptions is provided under each business section.

3. BUDGET BY BUSINESS FUNCTION

3.1.1 Trust fund financial and relationship management

17. 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 on the Trust Fund activities and donor relationship management. In addition, FY20 costs include the projected staff costs required for the restructuring of the GAFSP FIF, including revision of the GAFSP Framework and Governance documents, Contribution Agreements with donors, and Transfer Agreements with Supervising Entities. The FY20-22 estimates include the costs related to the management of the restructured GAFSP FIF, including the costs related to the management of private sector activities.

3.1.2 Investment management

18. 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. From FY20, investment management fees will be 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. This increased fee is applied to all FIFs administered by the World Bank (from 3.5 basis points to 4.5 basis points), reflecting general increased costs for treasury services since the fee was last reviewed in 2003. In keeping with the pace of evolving industry trends and to continue delivering first class asset management service for trust funds, additional resources are needed for more complex investment options, process implications of regulatory requirements imposed on counterparties and transactions, increased cost of compliance, systems etc. Finally, fees charged for asset management services are found to be lower than average for fixed income industry market pricing, according to a recent independent review of investment management services. Based on prior years’ experience, the estimated annual

3.1.8 Incoming New Fee-based approach to trustee cost recovery

24. The World Bank plans to roll out the new pricing structure for trustee services provided to FIFs, which seeks to provide increased transparency and predictability while remaining within the World Bank's policy of full cost recovery. This new approach will be rolled out in phases, with the increase of 1 basis point to the fee for investment management services applicable from FY20, and the flat fee approach for legal, accounting and reporting, and financial and program management applicable from FY21. Any revisions to the approved administrative budget will be submitted for approval to the SC.

3.2 COORDINATION UNIT

25. A total of \$10.5m is requested to carry out the CU work program for FY20-22. This represents an increase of 28% or \$2.27m over the prior three-year cycle.

3.2.1 Core CU Work

27. The Core CU work continues to include Program Management and Administration, and office support activities to sustain the unit, and involves the development and implementation of program-specific management tools, procedures and systems, and activities which are intended to improve the efficiency and effectiveness of the Unit in supporting the SC and the Program as a whole.
28. During the FY20-22 cycle, the CU expects an increase in cost for carrying out its business functions, including:
- Facilitating communication between the Steering Committee, Supervising Entities, CSOs and other GAFSP stakeholders;
 - Outreach and advocacy to support the SC resource mobilization (FY20);
 - Organizing yearly SC meetings and coordinating annual Calls for Proposals and TAC meetings;
 - Support to the Portal platform development;
 - Other activities associated with managing the new windowless FIF;
 - Collaborating with the Trustee, including on the planned external audit; and,
 - Performing and/or managing any other functions/business development assigned by the SC.

3.2.2 Donor Outreach / Advocacy /Partnerships

29. Activities for the FY20-22 cycle include program communications and outreach to donors and other stakeholders. S

Portfolio also involves (i) delivery of the annual Portfolio Review, (ii) due diligence of projects to ensure alignment with proposals approved by the SC, the recommendations of the TAC, and with M&E requirements, and (iii) updates on cross-cutting issues (gender, nutrition, and climate change co-benefits) that feed into the six-monthly updates and Annual Report. Looking forward, these activities will cover due diligence, oversight and monitoring of new projects approved under the restructured and replenished GAFSP FIF, which is assumed to operate on the basis of annual CfPs.

35. During those years in which a CfP is issued, CU's support to that process is also covered in this business area. Activities include preparation of CfP launch documents, continuous update

3.3 BUDGET FOR GEO-REFERENCING AND CU M&E
48.

48. This section presents the Geo-Referencing M&E as well as the CU M&E budget requirements for FY20-22. Table 3.3 summarizes the budget requirements for both activities.

Table 3.3: FY20-22 Proposed M&E Budget

3.3.1 Geo-Referencing 0091(RG(-))TIT2.024 484.63 Tm0.122 0.216 0.388 rg0.122 0.216 0.388 RG(3.3.)4(1))TIT

Table 3.4: FY20-22 Proposed Geo-Referencing M&E Budget

3.3.5 CU M&E

53. The CU anticipates that in FY20 it will focus primarily on continued implementation of the GAFSP M&E plan. That will include ongoing support to SE teams in their use of the GAFSP core indicators, potential revisions based on lessons learned in early application, and Program-wide efforts to roll out the Technical Assistance on Food Insecurity Experience Scale (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 CU will also continue oversight and due diligence functions for the GAFSP Impact Evaluation portfolio.

Table 3.5: FY2022 Proposed CU M&E Budget

