

2. FY18 PERFORMANCE BY BUSINESS FUNCTION

2.1 TRUSTEE

14. Actual costs and expenses incurred by the Trustee during FY18 were \$353k, or \$21k less than the estimated amount approved by the CS in October 2015. Table 2.1 shows the overall variance at 6%, with further details on the variances with respect to the costs related to financial and relationship management and investment management provided below under each functional area.
15. Apart from a slight overage reported in FY16, the Trustee costs have remained within the overall estimated approved budget during the three year period

Table 2.1: FY18 Original Budget vs Actual Expenditures

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\$725 million in FY18.

2.1.1 Trustee Activities and Results

16. 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 FY18 reflect staff time costs related to the revision of the GAFSP operational and governance model as approved by the CS April 2018 meeting.

17. 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. The decrease in investment management fees was due to the average balance of the GAFSP Trust Fund of \$498 million being lower than the projected portfolio size of \$725 million.
18. 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 initial external audit.
19. 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 used 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.

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- < The Operations & Portfolio (41%) came in under budget with savings of \$177k realized in the areas of travel and contractual services.
- < Knowledge Forum did not take place in FY18. The small reported expenditures represent delayed posting of travel costs related to the FY17 Forum, which occurred late in the fiscal year.
- < The Missing Middle Initiative had not been included as an expenditure category in the original FY16/18 budget. Funds were redeployed from other line items to support this work.
- <

2.3 MONITORING & EVALUATION

25. This section discusses the M&E expense outcome for FY18. Table 2.3 summarizes the overall FY18 expense outcome for CU M&E and Geo-referencing M&E.

Table 2.3: M&E FY18 Budget vs Actual Expenditures

M&E	FY18 Orig Bud	FY18 Actuals	Variance (\$)
CU M&E ^{1/}	608	379	228
		359	(359)
Geo-Ref. M&E	217	148	69
TOTAL	825	886	(61)

^{1/}Undisbursed balance contributed to the financing of the Program Evaluation

2.3.1 M&E Activities and results

26. Below summarizes the M&E activities and financial results for FY18

- ◁ The CU M&E expensed \$379k against its FY18 original budget of \$608k. 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. Note that the undisbursed balance reflected against the FY18 original budget was approved separately by the SC to contribute to financing the cost of the Program Evaluation.
- ◁ The Geo-Referencing M&E activity expensed \$148k against its FY18 budget of \$217k resulting in an overall savings of \$69k. Explanations for variance in each cost area are provided in Table 2.4 below.

Table 2.4: Geo-Referencing M&E Results

Cost Categories	FY18 Budget	FY18 Expenditures	Variance	Comments
Contractual Svcs				
Platform upgrade and maintenance	17	0	17	Savings: Small technical adjustments completed by the team.
Personnel Costs	0	0		
Consultants	155	148	7	Savings: Days released in one of the consultant contracts.
Travel		0		
Travel	45	0	45	Savings: Planned missions to Niger, Senegal, Nicaragua and The Gambia cancelled for several reasons.
TOTAL	217	148	69	

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