GLOBAL PARTNERSHIP FOR EDUCATION FUND TRUSTEE BUDGET ESTIMATE FROM JULY 1, 2016, TO JUNE 30, 2017, AND UPDATE ON APPROVED BUDGETS FROM JULY 1, 2015, TO JUNE 30, 2016.

For Decision

1. PURPOSE

The purpose of this paper is to seek the approval of the Board of Directors for the estimated administrative expenses of the World Bank, acting as trustee for the Global Partnership for Education Fund (the "GPE Fund") from July 1, 2016, to June 30, 2017, and to provide an update to the Board of Directors on estimated administrative expenses from July 1, 2015, to June 30, 2016.

2. RECOMMENDED DECISION

The trustee requests that the Board of Directors approve the following decision:

BOD/2016/06—: The Board of Directors approves of the estimated administrative expenses of US$399,000 for trustee services for the period of July 1, 2016, to June 30, 2017.

3. BACKGROUND

3.1 According to the GPE Fund Governance Document, the trustee is required to submit a budget estimate to the Board of Directors for approval on an annual basis.

3.2 As with all financial intermediary funds ("FIFs") for which the World Bank serves as trustee, the Bank's costs and expenses associated with delivering trustee services are reimbursed on a full cost-recovery basis.

4. TRUSTEE BUDGETS FROM JULY 1, 2015, TO JUNE 30, 2016

4.1 The table below shows details of the budget approved for fiscal year 2016,[1] as well as its execution.

4.2 The total staff costs to deliver trustee services for the GPE Fund have not changed since the fiscal year 2016 budget approval. The difference between the actuals for 2016 and the budget stems from the lower-than-expected fund balance in the GPE Fund.

5. TRUSTEE BUDGET FROM JULY 1, 2016, TO JUNE 30, 2017

5.1 The table below shows the estimated budget for services to be provided by the trustee, compared to the budget and actuals for fiscal year 2016.

5.2 The budget for fiscal year 2017 is 12 percent less than the actual budget for FY2016. Staff costs remain stable, but the expected investment management fee is estimated to be lower.

Table 1: Budgetary Requirements for Services Provided by the Trustee (in USD)

Trustee Services	Budget FY2016	Actuals FY2016	FY17 Estimate
Financial and Program Management	204,000	204,000	204,000
Investment Management	173,000	144,000	90,000
Accounting and Reporting	27,000	27,000	26,000
Legal Services	76,000	76,000	79,000
TOTAL	**480,000**	**451,000**	**399,000**

[1] BOD/2015/05 — Meeting of the Board of Directors, Seoul, Republic of Korea, May 22-23, 2015.

5.3 The budget includes the following components:

i. **Financial and program management:** Costs are based on staff time and expenses required for the management and execution of financial transactions, including receiving and processing donor contributions, recording allocations and commitments, making cash transfers to SEs and MEs, and resolving any financial and transactional issues with these counterparts. This estimate also covers travel costs of one World Bank staff to attend the regular GPE Board of Directors meetings and staff time associated with financial reporting of the GPE Fund, budget preparation and coordination with the Secretariat, SEs and MEs to develop and implement operational procedures related to financial transactions.

ii. **Investment management:** Investment management fees are calculated based on a flat fee of 3.5 basis points on the average annual balance of the portfolio; the portfolio size for the GPE Fund is US$423,000,000 as of March 31, 2016.

iii. **Accounting and reporting:** Costs are based on the management of the accounting model for the GPE Fund, including maintenance of appropriate records and accounts to identify contributions and other receipts as well as GPE Fund liabilities to SEs and MEs.

iv. **Legal services:** Costs are determined based on staff time required to draft and finalize contribution agreements/arrangements with the contributors and financial procedures agreements with SEs and MEs. Costs also include staff time needed for policy advice, legal review of financial documents and drafting new legal documents as required. This estimate also covers travel costs of one World Bank staff to attend the regular GPE Board of Directors meetings.