JUNE 3-4, 2026 – MEETING OF THE BOARD OF DIRECTORS
PARIS, FRANCE – BOD/2026-06 DOC 04 – FOR DECISION

FY2027 TRUSTEE BUDGET ESTIMATE AND UPDATE ON FY2026 TRUSTEE BUDGET

Please note: In accordance with the GPE Transparency Policy, documents are public only after their appraisal by the relevant governance instance. Governance officials may circulate documents to their constituency for consultation purposes, except for documents of a confidential nature.

Key issues for consideration:

- Members of the Finance and Risk Committee (FRC) reviewed the proposed budget and raised questions regarding the small increase in costs for fiscal year 2026, compared to the approved estimate, and the outlook for fiscal year 2027.
- The Trustee explained that the additional costs were due to higher investment management fees stemming from a slightly larger-than-estimated fund balance, as the fee is charged at a flat rate based on the average amount held. The Secretariat noted that investment returns so far in FY26 reached US$52 million, representing strong value for money.
- The Trustee and Secretariat anticipates lower management costs in fiscal year 2027 as disbursements are likely to be higher than donor contributions reducing the fund balance available for investment.

Objective

1. This document sets out the estimated administrative expenses of the World Bank, acting as Trustee for the Global Partnership for Education Fund (the "GPE Fund") from July 1, 2026 to June 30, 2027 (FY27) for decision by the Board of Directors. It also provides an update of the estimated administrative expenses from July 1, 2025 to June 30, 2026 (FY26), including operation of the foreign exchange (FX) management pilot.

Recommended decision

BOD/2026/06-XX—Trustee Budget: The Board of Directors approves the estimated administrative expenses of US$1,328,500 for trustee services for the period of July 1, 2026, to June 30, 2027, which includes US$400,000 for ongoing operation of the foreign exchange (FX) management pilot, and an additional US$12,900 for FY26 over the approved budget of US$1,398,000.

Background and overview

1. According to the GPE Fund Governance Document, the Trustee is required to submit a budget estimate for services provided by the Trustee to the Board of Directors for approval on an annual basis.
2. As with all Financial Intermediary Funds ("FIFs") for which the World Bank serves as Trustee, the World Bank's costs associated with delivering trustee services are reimbursed on the basis of full cost recovery.
3. The services and related costs of the Trustee are separate and distinct from the services and related costs of the World Bank in the roles of host of the GPE Secretariat and grant agent. There is no duplication of costs.
4. The Trustee budget estimates for FY27 and FY26 are set out in Annex A.

Annex A - Trustee Budgets for FY26 and FY27

Annex A – Trustee Budgets for FY26 and FY27

Trustee Budget from July 1, 2025 to June 30, 2026 (FY26)

1. Table 1 presents the budget approved for FY26 (BOD/2025/06-04) relative to actual costs incurred.
2. The Trustee is reimbursed for its services based on the principle of full cost-recovery and presents budgets to the GPE Board for approval, including adjustments for actual expenses at the end of each fiscal year. This includes *standard* services (financial and program management, accounting, legal, and investment services) and *specialized* services (implementation of the FX management strategy).
3. In FY26, the estimated actual costs for financial and program management and accounting services are in line with the approved budget and legal service fees are lower than anticipated. Investment management fees are higher than estimated as the fund balance throughout FY26 was higher than anticipated.
4. The FY26 cost of *specialized* services was in line with the approved budget of US$400,000 as all FX trades and monitoring and reporting activities were executed as planned.
5. In total, the cost of FY26 trustee services is US$1,410,900, which is US$12,900 more than the approved budget of US$1,398,000. With approval from the GPE Board, this amount will be transferred from the GPE Fund.

Trustee Budget from July 1, 2026, to June 30, 2027 (FY27)

6. Table 1 presents the estimated budget for provision of trustee services in FY27.
7. The estimated budget for *standard* trustee services for FY27 is US$928,500, which is US$82,400 lower than FY26 due to a lower investment management fee resulting from a lower projected fund balance. The cost of legal services is expected to remain unchanged, and the cost of financial and program management and accounting services is expected to increase slightly.
8. The *specialized* trustee service for the FX hedging management is anticipated to remain unchanged from FY26, assuming the GPE Board decides to continue the strategy. If the GPE Board decides to end the FX management strategy, the implication on the budget will be determined, and any remaining funds will be returned to the GPE Fund.

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

Trustee Services	Approved Budget FY26	Estimated Actual for FY26	Proposed Budget for FY27
Financial and Program Management	384,000	384,000	403,200
Investment Management	430,000	446,100	341,500
Accounting and Reporting	64,000	64,000	67,000
Legal Services	120,000	116,800	116,800
Management of FX pilot	400,000	400,000	400,000
Total	**1,398,000**	**1,410,900**	**1,328,500**

9. These budget estimates will be subject to adjustment at the end of the period, based upon costs incurred in the provision of following trustee services to GPE:

    a. **Financial and program management** involves the management and execution of financial transactions. This includes receiving donor contributions, recording allocations and commitments, processing cash transfers to grant agents, resolving any financial and transactional issues with these counterparts, maintaining reporting systems, developing transactional processes and procedures, and travel costs for trustee participation in GPE Board meetings.

    b. **Investment management** includes a flat fee of 4.5 basis points (i.e. 0.045%) of the average annual liquid balance of the GPE Fund. The projected average annual balance over FY27 is US$759 million.

    c. **Accounting and reporting** includes management of the accounting model for the GPE Fund, maintenance of records, accounts and systems to identify contributions, disbursements, and financial reporting.

    d. **Legal services** include drafting and finalizing contribution agreements or arrangements with contributors and financial procedures agreements with grant agents. It also covers providing policy advice, legal review of financial documents and drafting new legal documents as required.

Estimated Trustee Budgets beyond FY27

10. Assuming the current scope of GPE continues over the two subsequent years (FY28 and FY29), the *standard* trustee services are anticipated to remain unchanged. Since the investment management cost is a function of GPE's liquid fund balance, the cost is expected to increase as contributions are received in FY28 and FY29 post-replenishment.

11. With respect to *specialized* trustee services, the two-year pilot period of the FX management strategy will conclude in May 2026. Assuming the strategy continues beyond the pilot phase, management costs are expected to remain around US$400,000 per year.
12. Estimated budget estimates for FY28 and FY29 are set out below (assuming the FX management strategy continues beyond the pilot phase):
    a. In FY28, the anticipated budget is US$ 1,392,000 based on an estimated average fund balance of US$900 million.
    b. In FY29, the anticipated budget is US$ 1,437,000 based on an estimated average fund balance of US$1 billion.