

FY21 BUDGET AND WORK PROGRAM

Please note: Board documents are deliberative in nature and, in accordance with the GPE Transparency Policy, are considered public documents only after their appraisal by the Board. It is understood that constituencies will circulate Board documents among their members prior to Board consideration for consultation purposes.

1. OBJECTIVE

1.1 The Board is requested to review and approve the FY21 Operating Expenses Budget and Work Program.

2. RECOMMENDED DECISION

BOD/2020/06 XX– Operating Expenses Budget and Work Program: July 2020 – June 2021: The Board of Directors:

- Approves an incremental amount of US\$40,972,000 to fund the FY21 Operating Expenses Budget as set out in BOD/2020/06 DOC 02 Annex 3 for the period July 1, 2020 – June 30, 2021 including US\$800,000 for the fifth-year budget of the Monitoring & Evaluation Strategy.
- Authorizes the GPE Secretariat to carry over any unspent FY20 funds related to multi-year initiatives and Secretariat administered program activities.

3. BACKGROUND

3.1 This paper provides the FY21 Operating Expenses Budget and Work Program for the Board's approval. The GPE Fund governance document requires that the budget be approved on an annual basis. As in FY20, the Operating Expenses budget will follow a July 1 – June 30 financial year, which is aligned with the World Bank financial year. The overall budget growth is a modest 2.2% from FY20, and the Secretariat has developed the budget in a manner that aims to keep operating expenses within a range of 5-7% of total fund expenditure including grant disbursements. The budget proposed is projected at 6.1% of total expenditure, although it should be noted that grant disbursements are outside the control of the Secretariat and can be impacted by delays or disruption to existing grants or the application pipeline.

3.2 It should be noted that the FY21 budget and work program is developed in the context of a transition period encompassing the final six months of the current GPE Strategic Plan "GPE2020" and the first six months of the new plan period "GPE2025". The ongoing impact of COVID-19 particularly on travel and events are difficult to determine beyond the first quarter of

FY21 (July-September 2020). The Secretariat Management Team will closely monitor implementation of the work program and budgetary implications as the year progresses and adjust as needed. The Finance and Risk Committee will receive an update at its next meeting on progress.

3.3 The workload of the Secretariat is expected to be extremely high in FY21 driven by an increasing grant portfolio which is also adapting to COVID-19 realities, development and rollout of the new strategic plan including operational model adjustments, the new financing campaign, and the added impact on staff of adapting to a changed work environment due to COVID-19. However, **the Secretariat is not proposing at this stage any increases in our regular staff headcount** and will rely heavily on temporary contracts to cope with increased work demands along with a continued focus on efficiency gains. As the longer-term implications of implementing the new strategic plan along with replenishment prospects become clearer, the implications on Secretariat longer term HR needs can be estimated with greater accuracy and discussed with the Board

3.4 This budget does not include costs related to the financing campaign event expected in mid-2021. Information on costs related to the event are provided for information only and are preliminary estimates. A request for replenishment related event costs will be presented for approval by December 2020 once there is greater clarity on the replenishment host and co-hosts and the event plans.

4. ANNEXES

Annex 1 - FY21 Work Program and Priorities

Annex 2 - Efficiency Gains

Annex 3 - Operating Expenses Budget Overview

Annex 4 - Status of FY20 Budget and Forecast

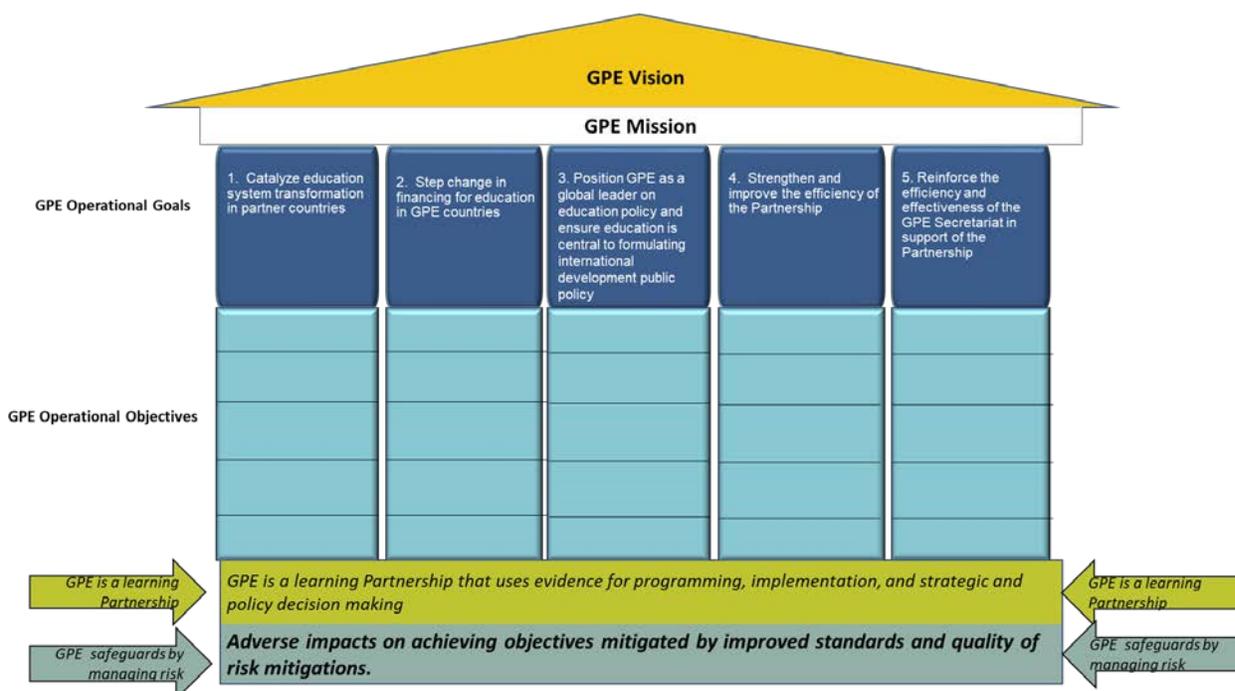
Annex 5 - Detailed FY21 Budget and Work program by Goal and Objective

ANNEX 1 — FY21 WORK PROGRAM AND PRIORITIES

1.1 The Secretariat is increasingly focused on managing for results. The Work Program for FY21 takes that as its starting point, with a group of interlinked operational goals, operational objectives and cross-Secretariat foundations developed in line with development of the GPE Strategy 2025. We have introduced budgeting by objective and, for priority objectives, mandatory key performance indicators that the Management Team will use to monitor progress.

1.2 Our FY21 Operational Goals and Operational Objectives are built as a house, with top-level structures for the vision and mission of GPE held up with pillars of the Secretariat goals and objectives, and firmly rooted in cross-Secretariat foundations for learning and managing risk.

The “GPE House”



1.3 Table I below details our goals and objectives for the coming year. The priority objectives (in bold in the table) underpin the broad directions of the GPE Strategy 2025 and the upcoming financing campaign. Goals 1-4 are primarily outward facing, with a focus on supporting the Partnership in transforming education systems, increasing the amount and diversity of its funding, advocating to raise the profile of education and GPE’s added value at the highest levels of international development policy, and strengthening the Partnership. Goal 5 is primarily inward looking, with a focus on strengthening Secretariat processes to adapt to a possible new operating model for the Partnership and ensuring the efficiency and efficacy of our core business functions. The Cross-Secretariat foundations emphasize our integrated approach to learning and managing risk for the Partnership.

Table I: GPE FY21 Work Program
(objectives in bold are priority)

Operational Goals	Operational Objectives
1. Catalyze education system transformation in partner countries	1.1 Reformed approach to country engagement is designed and rolled out
	1.2 The education system is strengthened by joint planning and sector monitoring led by governments and based on evidence
	1.3 Inclusive dialogue facilitates partners learning from each other and ensures mutual accountability
	1.4 High-quality grant applications are accelerated with reinforced support to countries
	1.5 Rapid detection of challenges to program implementation and appropriate action through enhanced grant monitoring
Cross-Secretariat Foundations	
<p><i>Learning</i></p> <p><i>Managing Risk</i></p>	<p><i>CSL 1.1 The GPE Partnership has relevant and rigorous evidence to learn about the relevance and effectiveness of its processes and funding.</i></p> <p><i>CLS 1.2 Countries monitor and lead evaluations of progress towards their education objectives</i></p> <p><i>CSS 1.1 Adverse impacts on achieving objectives are mitigated by improved standards and quality risk mitigations.</i></p>
2. Step change in financing for education in GPE countries	2.1 Financing for the GPE Fund is increased and diversified
	2.2 The financing campaign is successfully launched and implemented
	2.3 Coordinated support/impact on domestic financing
	2.4 Strengthened political will for education and GPE driven by a cadre of public and private, global, regional, and national influencers
	2.5 Increased and better aligned external financing behind government sector plans
Cross-Secretariat Foundations	
<i>Learning</i>	<i>CSL 2.1 A strong case for investment is informed by evidence on the impact of GPE programming.</i>

Operational Goals	Operational Objectives
<i>Managing Risk</i>	<i>CSS 2.1 Adverse impacts on achieving objectives are mitigated by improved standards and quality risk mitigations.</i>
3. Position GPE as a global leader on education policy and ensure education is central to formulating international development policy	3.1 Evidence-based advocacy for education mobilized and shared across the Partnership
	3.2 GPE is recognized at the top political levels as a leader in the global education sector with demonstrated added value
	3.3 GPE influence and visibility in global education policy initiatives and international development fora is strengthened
	3.4 Education and GPE are prominent in global and regional public policies including relevant private sector and philanthropic settings
	3.5 Maintain corporate external communications for public accountability and increase GPE’s visibility and reputation
<i>Cross-Secretariat Foundations</i>	
<i>Learning</i>	<i>CSL 3.1 Evidence based education guidance, solutions and innovations are available to national policy makers through global and regional knowledge exchange and peer learning.</i>
<i>Managing Risk</i>	<i>CSS 4.1 Adverse impacts on achieving objectives are mitigated by improved standards and quality risk mitigations.</i>
4. Strengthen and improve the efficiency of the Partnership	4.1 Partners are aware of mutual accountabilities and adherence is facilitated through monitoring
	4.2 Open communication, consultation and experience sharing within and across constituencies
	4.3 EPR tools and messages are communicated consistently and rolled out effectively across the Partnership
	4.4 Board and Committee operations work efficiently and for maximum impact within strengthened frameworks for ethical conduct
	4.5 Governance operations are agile and cost-efficient, with a reduced ecological footprint and improved management of institutional memory.
<i>Cross-Secretariat Foundations</i>	

Operational Goals	Operational Objectives
<p><i>Learning</i></p> <p><i>Managing Risk</i></p>	<p><i>CSL 4.1 Evidence gathering, analysis and reporting are consolidated in one place.</i></p> <p><i>CSL 4.2 GPE Partnership has relevant and rigorous evidence to learn and make informed decisions about its effectiveness</i></p> <p><i>CSS 4.1 Adverse impacts on achieving objectives are mitigated by improved standards and quality risk mitigations.</i></p>
<p>5. Reinforce the efficiency and effectiveness of the GPE Secretariat in support of the Partnership</p>	<p>5.1 Reform of core business processes and significant changes in ways of working to adapt to a new operating model</p> <p>5.2 The GPE Fund is effectively and efficiently managed.</p> <p>5.3 Secretariat administrative services are delivered with increasing efficiency</p> <p>5.4 The Secretariat workplace and culture reflects diversity and inclusion, recognizes and rewards achievement, and challenges and supports staff to develop their skills and careers</p> <p>5.5 Secretariat leadership is supported to deliver on strategic and operational mandates (Executive Office)</p>
<p><i>Cross-Secretariat Foundations</i></p>	
<p><i>Managing Risk</i></p>	<p><i>CSS 5.1 A culture of risk awareness and management embedded across the Secretariat.</i></p> <p><i>CSS 5.2 The Board and Committees have timely corporate risk updates.</i></p> <p><i>CSS 5.3 Adverse impacts on achieving objectives are mitigated by improved standards and quality risk mitigations.</i></p>

1.4 Under each objective, teams within the Secretariat outline the specific activities and tasks that they will work on in FY21 and budget accordingly by objective. The detailed budget by the above objectives is outlined in Annex 5.

ANNEX 2 – EFFICIENCY GAINS

2.1 The Secretariat continuously strives to find more efficient and effective ways of working. Over the course of FY20, the Secretariat has:

- Completed an intensive review of the entire grant process from Maximum Country Allocation (MCA) to first disbursement. The findings led to changes in the process and have contributed to concepts embedded in proposals for the new strategic plan and operating system.
- Redeployed existing staff and repurposed vacant positions to meet emerging priorities particularly relating to increasing our Country Support Team’s capacity to conduct outreach to non-member eligible countries, increasing capacity on gender, and our ability to engage with the private sector and private foundations.
- Streamlined our internal approval processes and delegated approval authority related to small grant applications—roughly 80 per year—reducing significantly the level of effort and time required to process those applications.
- Continued to maintain a restrictive economical approach to travel and to fee structures for consulting contracts.
- Launched a reorganization process addressing structural and non-structural issues.
- Convened internal cross-secretariat task teams to tackle emerging challenges including a focus on grant approvals and disbursements, and more recently a COVID-19 taskforce. The Approvals and Disbursements team meets weekly to identify and resolve bottlenecks to faster grant approvals and disbursements. The COVID-19 task team, stood up in late March, has overseen all aspects of the Secretariat’s programmatic response to the pandemic, including securing Board approval and implementation of a US\$250M COVID-19 accelerated funding window. The COVID team drew on concepts planned for the reorganization—a grants operations team, streamlined but rigorous processes, delegation of authority, adaptation, and cross-team collaboration—to respond rapidly. The impact of these actions is clearly seen in a rapid response to COVID-19 and a significant pick up in grant applications so far in 2020 where we’re on track for a record year of grant approvals.
- Continued implementation of the Effective Partnership Roll-out, including the launch of a communications program to ensure all country-level players understand their roles, the shaping of the strategic plan, and a joint training with UNHCR. The Secretariat is in discussion with other partners to expand these joint EPR training initiatives.
- It should be also noted that the Board’s decision in December and more recently in relation to the COVID-19 grants to delegate greater authority to the Secretariat with respect to grant approvals has made a difference in reducing workloads, opening opportunities for streamlining processes, and improving the speed in which GPE can respond to country needs.

- Taken steps to improve internal communications by conducting a survey of staff information needs, providing staff with ready access to key documents through the intranet, introducing Deputy CEO (DCEO) monthly “coffees” (replaced since mid-March with weekly all-staff meetings), and converting the DCEO’s weekly emails into a Secretariat newsletter.
- Introduced the management by objective budgeting and work-planning process that will enable the Secretariat to better track progress on activities and adjust based on better information.
- The CEO’s office initiated a series of reforms to strengthen its support of the CEO and DCEO, improve the flow and tracking of tasks and actions, and use the intranet to provide Secretariat staff with improved guidance and access to important documents.
- Dramatically increased the use of and facility by all staff with collaboration and video conferencing platforms to continue operations while on home-based-work, strengthen collaboration across time zones, and provide support for the Board and committees. The Secretariat used these technologies to support a DCP Board Member hold a conference on COVID-19 with over twenty education ministers. The lessons and benefits, including significantly reduced costs, from our experience with the technology will inform operations even after staff return to the office.
- Launched a new client relationship management system beginning with the External Relations team and the Executive Office.
- Began work on a staff strategy to address an array of issues including skill and career development, mobility and promotions, diversity, and recognition.

2.2 Going forward in FY21, priorities in relation to efficiency gains will involve:

- The onset of the COVID crisis and mandated working from home has hastened Secretariat-wide adoption of remote ways of working. Continued use of these tools where appropriate and relevant will generate efficiencies.
- We are rolling out a new system to more effectively manage our relationships and a client relationship management system is being introduced throughout the Secretariat.
- We will continue to review our core business processes and procedures to ensure that they are effective and efficient, with a focus on design of and adaptation to the new operational model to support implementation of GPE2025, and automation of workflows.
- We will continue to rationalize our internal communications.

- We will build on the new budget and work-plan process to introduce quarterly portfolio reviews of programmatic and financial progress.
- We will support the implementation of the Governance Review leading to decisions by the Board in December. Those decisions, even those related to the Board and committee structure and processes, will have significant implications for the Secretariat's ability maximize its efficiency and effectiveness.

2.3 In relation to staffing and structures, we are making a number of changes focused on ensuring our readiness to implement the GPE Strategy 2025 and to ensure we have the right people in the right places with the right skills. Throughout FY21, we will develop frameworks for talent management, leadership development, career development and learning, and diversity and inclusion. Our aim is to ensure we have the most efficient and effective Secretariat so that we may continue to draw on our strongest assets to support our goals.

2.4 Organizational structural changes will be put into effect from 1 July focused on improving and consolidating our support to DCP governments, strengthening the evaluation and learning function, and increasing the efficiency of our grant operations. The key changes include:

- Consolidation of our Education Policy and Learning staff with Country Support into a new Country Support, Policy and Learning Team (CSPL) under the management of our Chief Technical Officer, Jo Bourne. The focus of the team will be to support system transformation at country level to accelerate learning and inclusive access by providing DCP governments and its partners with knowledge, advice and support related to GPE country level engagement, key policy areas, and grants including sector diagnostics and policy formulation, implementation and monitoring, inclusive sector dialogue and coordination. The team will also contribute to shaping global education policy dialogue informed by GPE country needs, lessons and innovations to mobilize global political support for technically sound solutions at country level.
- We will create a stand-alone team for results and performance reporting to the DCEO. The unit will lead on the new strategy's expected requirement to strengthen GPE as a learning entity with focus on strengthening country-level learning.
- We will also consolidate all our grant operations work into a single Finance and Grant Operations team under our Chief Financial Officer, Pdraig Power. The focus of this team will be to maximize the impact of the GPE Fund. This will be achieved through sound financial planning, management, and analysis of resources, robust fiduciary and risk oversight, innovative financing, streamlined, well-orchestrated, clear and consistent processes to access GPE funds, including quality assurance, supporting systems and tools, monitoring & data, and adaptive management processes to rapidly identify and support reprogramming needs.
- Non-structural changes, including greater delegation of authority, streamlined processes and greater cross-team collaboration, are also being planned.

2.5 Over the course of FY20, we have continued to staff up our Paris office and as of today, we have seven staff assigned to the office, with an expectation of at least 10-11 over the Summer

months. The impact of COVID-19 and travel restrictions will dictate when some staff can physically make the move. In terms of overall numbers, we are still on track mainly through recruitments and aiming for approximately 25 staff in place by FY22. We have encountered difficulties in moving existing staff from Washington DC to Paris due to changes to the World Bank's compensation and benefits policies and limitations on the use of temporary assignments (50% of original projected staffing numbers). These changes are linked to the Bank's own decentralization process which has been ongoing for much of FY20. We are also experiencing challenges in securing top candidates for recruited positions due to the salary offered.

2.6 With respect to the cost of operating the office, we have not incurred much expenses to date as most of the staff moves have been recruitments rather than transfers and our staff have occupied existing offices. Work is now being planned in the Paris office to fit out additional space to accommodate the increase in numbers, and as we incur costs for this and staff transfers, we will expense more. However, we still expect these one-time costs to be fully covered from within the contribution provided by France. In terms of overall cost efficiency, as staff salaries are on average 15-20% lower in Paris than in DC, we're seeing some savings on HR costs and on staff travel costs, but these won't make a material impact until the office is fully staffed up.

ANNEX 3 - OPERATING EXPENSES BUDGET OVERVIEW

3.1 The proposed FY21 12-month annual budget is shown in Table 1, along with FY20 and FY19 budgets for comparison purposes. The budget breaks down into three broad categories:

- A. Core Budget – regular operating costs of the Secretariat and Board, Committee, and DCP Constituency meetings.
- B. Multi-Year Initiatives – operating costs for investments that stretch over multiple years such as the M&E Strategy, replenishment surge and investments in information systems
- C. Secretariat Administered Programs / Special Initiatives – Secretariat administered costs related to various programmatic initiatives that have been approved by the Board and the Paris Office which is funded from targeted contributions. These funds have already been approved but the budget is valid for the duration of the program and is shown for transparency.

Table 1: FY19 Revised, FY20 Revised and Proposed FY21 Budget (US\$ 000)

Comparison of FY19, FY20 and Proposed FY21 Budget (\$ '000)	FY19 Revised	FY20 Revised	FY21 Proposed
Core			
Fixed Costs (Staff, Rent/IT/Communications)	24,963	25,279	26,500
Variable Costs (Consultants -- short-term and long term / Travel/ Contractual Services)	9,952	10,994	12,334
A. Total Core	34,915	36,273	38,834
Multi-Year Initiatives			
M&E Strategy	3,463	4,006	800
Replenishment Surge		734	2,700
Replenishment Event (***)Will be requested later in 2020		-	-
Investment in Information Systems and Technology	1,000	1,423	1,538
B. Total Multi-Year Initiatives	4,463	6,163	5,038
A+B. Total Operating Budget	39,378	42,436	43,872
Note - FY20 M&E includes \$1.6m carryover from FY19. IT for FY20/21 include \$200k p/y in depreciation carryover			
Replenishment Surge approved in Dec 2019, Paris Office approved June 2019 and covered by targeted contribution			
Comparison of FY19, FY20 and Proposed FY21 Budget (\$ '000)	FY19 Revised	FY20 Revised	FY21 Proposed
Secretariat Administered Program Costs / Special Initiatives			
Paris Office Establishment Budget	-	540	540
Gender -- CIFF	274	-	-
BELDS	1,502	181	-
A4L	712	107	-
Knowledge and Innovation Exchange (KIX)	980	175	-
C. Total Secretariat Administered Program Costs	3,468	1,003	540
Total Budget	42,846	43,439	44,412
Annual Percentage Growth		1.4%	2.2%
Of which already approved (Replenishment 2,700k, Paris 540k, IT budget 200k)			3,440
Incremental Request for FY21			40,972

*** Replenishment Event budget will be requested later in 2020 and will impact the FY21/FY22 budget. Based on the 2018 Dakar event, a similar event budget would be approx. US\$1.4m

ANNEX 3

FY21 Budget

3.2 The total budget proposed of US\$44.4m represents growth of less than US\$1m or 2.2% compared to FY20. The largest increase is in core variable costs and this is attributed to increased usage of temporary consulting contracts rather than regular staff contracts to fill additional workload needs related to a heavy grant pipeline, development and roll out of the strategic plan, and the financing campaign. Core staffing levels have been maintained for FY20 and there are no requests for new staff positions. However, staff costs have risen due to near full employment, annual salary inflation, and the end of a number of targeted financing initiatives which had covered some staff costs in prior financial years.

3.3 Workload in FY21 is expected to be as high if not higher than FY20 with a significant emphasis on country support for both the active grant portfolio and heavy grant pipeline of applications. While significant progress has been made in FY20 in moving a heavy grant pipeline, a significant number of applications are still in process and these applications will stretch into the first quarter of 2021 due to COVID related delays. The number of active grants in the portfolio will also be significantly higher over the course of FY21 as the Secretariat will have to monitor and report on the impact of the US\$250 million COVID-19 envelope as well as support what is expected to be a high volume of requests for grant reprogramming related to the impact of the pandemic.

3.4 In addition to the heavy grant related workload, the completion of the Strategic Plan and subsequent design and roll-out of the plan, particularly changes to the operational model will put pressure on resources, and provisions have been made in the budget to support the finalization and roll-out of the plan. The Secretariat will continue to focus on the Effective Partnerships Roll-out and the ongoing implementation of the knowledge and innovation exchange, and education out loud which are now fully active.

3.5 While replenishment related surge costs have already been provisioned, the financing campaign itself will draw on many existing parts of the Secretariat will increase workloads on teams beyond external relations.

3.6 The one area of the budget that is reducing however is travel costs which are budgeted at lower levels than in FY20 given the impact of COVID-19 on mission travel. Beyond the impact on travel and meetings in the first 3 months of FY21 (July – September 2020), it is difficult to ascertain what the full year impact will be.

FY21 Multi-year Budget

3.7 The Monitoring & Evaluation Strategy was approved in June 2016 for the FY17-FY21 period with a budget of US\$8.1m, of which US\$7.3m for FY17-FY20 has been approved to date. A request of US\$0.8m is being made to support the ongoing evaluation work, however the level of expenditure and activity will be at a significantly reduced level compared to FY20 given the completion of the independent evaluation. As this is a multi-year initiative, the Secretariat is

requesting in line with existing practice, that any unspent funds from FY20 be carried over to the next fiscal year. A new multi-year M&E strategy related to the next strategic plan will be presented next year.

3.8 The replenishment surge budget was approved by the Board in December 2019 to cover the costs of the campaign leading to a replenishment pledging event in 2021. While the budget is a multi-year budget covering FY20-FY22 and is already approved, the vast majority of the expenditure for the campaign will be incurred over the course of FY21. The costs for the event itself anticipated in mid-2021 have not yet been requested but a budget will be requested for this later in the year once further details are known around plans for the event in conjunction with the co-hosts for the replenishment.

3.9 For FY21 a one-year budget for investment in GPE specific information systems and knowledge management practices, including our external website and intranet is submitted that will mainly focus on three areas: (1) maintenance and support of existing systems; (2) continuing improvement of the functionality of GPE's core Grant Management System (including accommodation of COVID-19 accelerated funding, Results, Risk, and Travel Management modules), changes to GPE Intranet and collaboration tools to accommodate restructuring, the next phase of the Client Relationship Management system; (3) changes on external web site to reflect new branding and prepare for replenishment, new cloud-based GPE Governance Hub that hosts Committees' documents and affirmative voting system, dashboards and improved information management systems for the GPE's CEO and Executive Office. A multi-year budget will be submitted to ensure that GPE's information systems will support the needs of our next strategic plan for FY22 when the operational implications of the next strategic plan are clearer.

Secretariat Administered Program Costs / Special Initiatives

3.10 Arising from previous Board and FRC discussions to distinguish operating expenses from programmatic costs administered by the Secretariat or initiatives covered from targeted financing, the budget is disclosed for transparency purpose. As these initiatives were previously approved by the Board, no incremental budget is requested.

3.11 No budget for initiatives previously approved under the Knowledge and Good Practice Exchange initiative is requested for FY21 as these activities have now been completed or programs are winding down. Any Secretariat costs including staff time required to support close out of these programs are incorporated into the core budget.

3.12 Multi-year funding for Knowledge and Innovation Exchange mechanism (KIX) was approved in December 2017 to cover initial administrative and operating costs and to support further technical design work needed to launch KIX. As the KIX program is now up and running, Secretariat related costs are incorporated within the core budget.

3.13 With the decision to approve Paris as the European Headquarters for GPE, a budget related to the one-time costs of establishing the office over the FY20-FY22 period was approved by the Board with the funding to be made available from a targeted contribution from the French Government. Relatively little expenses have been incurred to date related to staff transfer costs but this will increase once the costs for office fit out have been factored in and work is currently

underway to prepare to fit out offices within the World Bank building in Paris to accommodate the 25 staff that will eventually be based there. As this is a multi-year initiative, any underspend from FY20 will roll forward into FY21

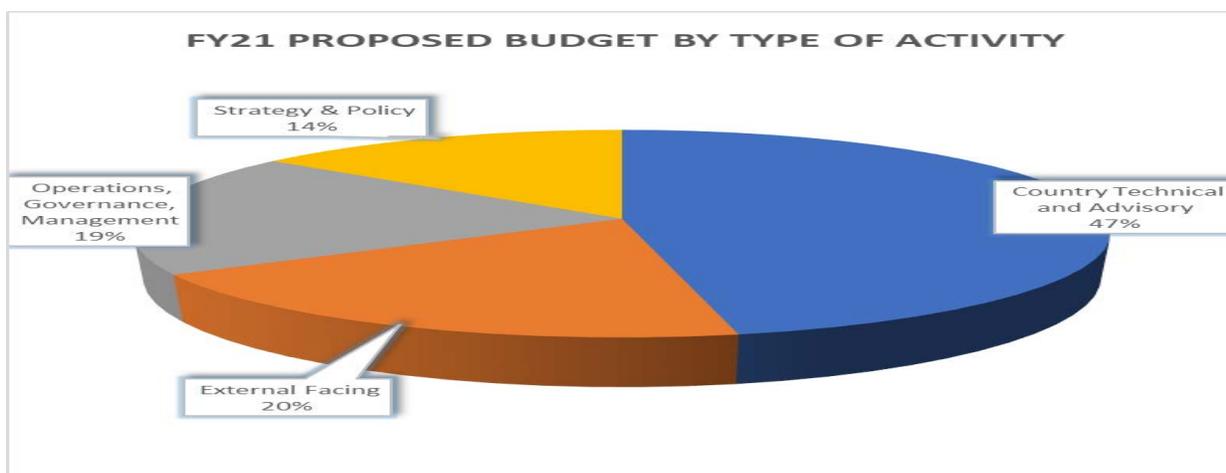
Summary

3.13 The total budget for FY21 of US\$44.4m is approximately 6.1% of total projected expenditure in FY21 which is within the 5-7% range established by the Board for budgeting purposes. While grant disbursement projections have attempted to factor in both the impact of COVID related delays and demand for the COVID-19 funding envelope, there is considerable uncertainty on actual disbursement levels for FY21 given risks related to the pandemic and factoring in that the Secretariat does not control the pace of grant disbursements. However even if grant related disbursements are lower by US\$100 million, the operating expenses should still be at or around 7%

Projected Expenditure FY21	Amount	%
ESPIGS / Multiplier	\$638.8	87.2%
KIX / ASA / Small Grants / Other	\$49.7	6.8%
Operating Expenses	\$44.4	6.1%
Total	\$732.9	100%

3.14 For FY21, we have adopted a different approach to the work program and budget using Secretariat goals and objectives which seek to support our strategic plan as outlined in Annex 2. The details of this approach for our budget is shown in Annex 5. As country technical and advisory work spans multiple objectives, the chart below represents the overall budgeted allocation by broader categories, with 47% of resources allocated to Country Technical and Advisory, which is a slight increase on the 46% budgeted in FY20 and continues the upward trajectory since 2016 when just 28% was dedicated to country facing activities.

Chart 1: FY21 Proposed Budget Breakdown



ANNEX 4 . STATUS OF FY20 BUDGET AND FORECAST

4.1 Of the US\$43.4m available for FY20, US\$31.5m was either spent or committed by end of March. The expenditure rate at end of March of 89% of the year to date budget is higher than at the corresponding period last year, when it was at 81%. For the year, the Secretariat is anticipating a final expenditure rate of approximately 90% of budget.

4.2 The explanation for any underspending includes the COVID-19 impact on travel and meeting costs, while there is also expected to be some timing issues related to spending on multi-year budgets such as the M&E strategy budget, replenishment surge, and Paris office costs where payments may fall into the first few months of FY21.

Table 2: Status of Secretariat FY20 Budget as of March 31, 2020, and Projections as of End of June 2020 (US\$ 000)

Description	(\$'000)
FY20 Approved Budget (including carryover)	43,439
Actual Spent	
Staff	17,083
Other Fixed	1,255
Variable	10,514
Commitments	2,681
Total Actual Expenses and Commitments	31,534
Available Balance	11,905
Expenditure as a % of Total Budget	66%
Burn Rate adjusted for July 2019 –March 2020 period	89%
Projected FY20 utilization	90%

4.3 All funds that are not spent by the end of GPE's financial year, and for which a specific authority from the Board does not exist to carry over funds into the next fiscal year, are returned to the Trustee and made available for allocation.

ANNEX 5 – DETAILED BUDGET BY OBJECTIVE

GOAL	OBJECTIVE	Staff Costs	Rent /IT / Equip / Comm Cost	Total Fixed Cost	Consultants	Travel Cost	Contractual Services	Total Variable Cost	Total Budget
1. Catalyze education system transformation in partner countries	1.1 Reformed approach to country engagement is designed and rolled out**	1,264,007	131,667	1,395,674	55,381	31,808	218,265	305,454	1,701,128
	1.2 The education system is strengthened by joint planning and sector monitoring led by governments and based on evidence.	930,669	96,945	1,027,614	115,501	315,368	23,665	454,534	1,482,148
	1.3 Inclusive dialogue facilitates partners learning from each other and ensures mutual accountability.	859,680	89,550	949,230	470,119	388,928	776,065	1,635,112	2,584,342
	1.4 High-quality grant applications are accelerated with reinforced support to countries (existing MCAs)	4,374,421	455,669	4,830,089	1,230,570	338,937	170,728	1,740,235	6,570,324
	1.5 Rapid detection of challenges to program implementation and appropriate action through enhanced grant monitoring.	1,761,361	183,475	1,944,836	96,473	215,184	11,270	322,927	2,267,763
	CSL 1.1 The GPE Partnership has relevant and rigorous evidence to learn about the relevance and effectiveness of its processes and funding.	95,691	9,968	105,659	27,690	29,638	8,678	66,007	171,666
	CSL 1.2 Countries monitor and lead evaluations of progress towards their education objectives**	228,478	23,800	252,278	27,690	16,358	8,678	52,727	305,004
	CSS 1.1 Adverse impacts on achieving objectives mitigated by improved standards and quality of risk mitigations	15,377	1,602	16,979	33,400	0	9,000	42,400	59,379
2. Step change in financing for education in GPE countries'	2.1 Financing for the GPE Fund is increased and diversified.	810,693	84,447	895,140	356,528	70,968	200,000	627,496	1,522,636
	2.2 The financing campaign is successfully launched and implemented. **	2,022,969	210,726	2,233,695	1,423,138	328,121	691,324	2,442,583	4,676,278
	2.3 Coordinated support/impact on domestic financing.	350,346	36,494	386,841	61,145	22,115	18,339	101,599	488,440
	2.4 Strengthened political will for education and GPE driven by a cadre of public and	540,218	56,273	596,491	108,936	80,198	35,000	224,134	820,624

GOAL	OBJECTIVE	Staff Costs	Rent /IT / Equip / Comm Cost	Total Fixed Cost	Consultants	Travel Cost	Contractual Services	Total Variable Cost	Total Budget
	private, global, regional and national influencers.								
	2.5 Increased and better aligned external financing behind government sector plans.	516,134	53,764	569,898	41,420	59,656	15,000	116,076	685,974
	CSL 2.1 A strong case for investment is informed by evidence on the impact of GPE programming. exchange and peer learning **	11,650	1,214	12,863	0	0	0	0	12,863
	CSS 2.1 Adverse impacts on achieving objectives mitigated by improved standards and quality of risk mitigations	15,377	1,602	16,979	0	0	0	0	16,979
3. Position GPE as a global leader on education policy and ensure education is central to formulating international development policy	3.1 Evidence-based advocacy for education is mobilized and shared across the partnership.	377,749	39,349	417,097	165,174	76,302	17,356	258,832	675,930
	3.2 GPE is recognized at the top political levels as a leader in the global education sector with demonstrated added value.	640,132	66,680	706,812	572,473	466,729	47,356	1,086,557	1,793,370
	3.3 GPE influence and visibility in global policy initiatives and international development aid fora is strengthened.	820,151	85,432	905,583	443,168	87,538	53,265	583,971	1,489,554
	3.4 Education and GPE are prominent in relevant private sector and philanthropic settings.	352,088	36,676	388,764	462,892	75,330	352,500	890,722	1,279,486
	3.5 Maintain corporate external communications for public accountability and Increase GPE's visibility and reputation.	1,344,296	140,031	1,484,327	492,278	39,225	236,000	767,503	2,251,830
	CSL 3.1 Evidence based education guidance, solutions and innovations are available to national policy makers through global and regional knowledge exchange and peer learning **.	669,179	69,706	738,885	56,235	50,720	11,778	118,734	857,618
	CSS 3.1 Adverse impacts on achieving objectives mitigated by improved standards and quality of risk mitigations	34,251	3,568	37,819	0	0	0	0	37,819

GOAL	OBJECTIVE	Staff Costs	Rent /IT / Equip / Comm Cost	Total Fixed Cost	Consultants	Travel Cost	Contractual Services	Total Variable Cost	Total Budget
4. Strengthen and improve the efficiency of the Partnership	4.1 Partners are aware of mutual accountabilities and adherence is facilitated through monitoring. **	242,800	25,292	268,092	55,800	125,306	150,000	331,106	599,198
	4.2 Open communication, consultation and experience-sharing within and across constituencies.	275,968	28,747	304,715	281,000	10,010	80,000	371,010	675,725
	4.3 EPR tools and messages are communicated consistently and rolled out effectively across the Partnership.	411,377	42,852	454,228	13,845	9,088	3,430	26,363	480,592
	4.4. Board and Committee operations work efficiently and for maximum impact within strengthened frameworks for ethical conduct.	578,464	60,257	638,720	88,178	102,470	1,120,000	1,310,648	1,949,368
	4.5 Governance operations are agile and cost-efficient, with a reduced ecological footprint and improved management of institutional memory	531,329	55,347	586,676	58,520	0	190,000	248,520	835,196
	CSL 4.1 Evidence gathering, analysis, and reporting are consolidated in one place (results report, portfolio review, evaluations)	557,693	58,093	615,786	58,800	0	0	58,800	674,586
	CSL 4.2 The GPE Partnership has relevant and rigorous evidence to learn and make informed decisions about the effectiveness of its processes and funding.	489,877	51,029	540,906	95,250	10,010	5,000	110,260	651,166
	CSS 4.1 Adverse impacts on achieving objectives mitigated by improved standards and quality of risk mitigations	15,377	1,602	16,979	0	0	0	0	16,979
5. Reinforce the efficiency and effectiveness of the GPE Secretariat in support of	5.1 Reform of core business processes and significant changes in ways of working to adapt to a new operating model **	689,418	71,814	761,232	250,518	17,267	1,197,981	1,465,767	2,226,999
	5.2 The GPE Fund is effectively and efficiently managed.	408,380	42,540	450,920	482,378	0	150,000	632,378	1,083,298
	5.3 Secretariat administrative services are delivered with increasing efficiency.	748,652	77,985	826,637	0	0	330,000	330,000	1,156,637

GOAL	OBJECTIVE	Staff Costs	Rent /IT / Equip / Comm Cost	Total Fixed Cost	Consultants	Travel Cost	Contractual Services	Total Variable Cost	Total Budget
the Partnership	5.4 The Secretariat workplace and culture reflects diversity and inclusion, recognizes and rewards achievement, and challenges and supports staff to develop their skills and careers.	283,605	29,542	313,147	117,563	0	660,000	777,563	1,090,710
	5.5 Secretariat leadership is supported to deliver on strategic and operational mandates.	129,943	13,536	143,479	25,400	0	0	25,400	168,879
	CSL 5.1 Secretariat staff know and integrate into their work advances and innovations in the education sector	184,210	19,188	203,398	27,690	16,358	8,678	52,727	256,125
	CSL 5.2 The GPE Secretariat has relevant and rigorous evidence to learn and make informed decisions about the effectiveness of its processes and funding.	211,080	21,988	233,068	264,440	26,368	8,678	299,487	532,555
	CSS 5.1 A culture of risk awareness and management embedded across the Secretariat.	65,010	6,772	71,782	0	0	0	0	71,782
	CSS 5.2 The Board and Committees have timely corporate risk updates.	107,647	11,213	118,860	0	0	0	0	118,860
	CSS 5.3 Adverse impacts on achieving objectives mitigated by improved standards and quality of risk mitigations.	34,251	3,568	37,819	0	35,184	0	35,184	73,003
	Total		24,000,000	2,500,000	26,500,000	8,059,595	3,045,186	6,808,033	17,912,814



BOD/2020/06 DOC 03 Annex-Rev.1
Meeting of the Board of Directors
June 9-11, 2020
For Decision

GLOBAL PARTNERSHIP FOR EDUCATION FUND TRUSTEE BUDGET ESTIMATE FROM JULY 1, 2020 TO JUNE 30, 2021, AND UPDATE ON APPROVED BUDGETS FROM JULY 1, 2019 TO JUNE 30, 2019~~20~~.

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, 2020 to June 30, 2021 (FY21), and to provide an update to the Board of Directors on estimated administrative expenses from July 1, 2019 to June 30, 2020 (FY20).

2. RECOMMENDED DECISION

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

BOD/2020/06—: The Board of Directors approves of the estimated administrative expenses of US\$~~587,000~~ **761,000** for trustee services for the period of July 1, 2019~~20~~ to June 30, 2020~~1~~, and a supplementary budget of US\$199,400 for the period of July 1, 2019 to June 30, 2020 to cover higher investment management costs resulting from a larger than anticipated average fund balance and a higher level of Trustee activities as set out in BOD/2020/06 DOC 02 Annex 3;

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, 2019, TO JUNE 30, 2020

4.1 Table 1 below shows details of the budget approved for FY20¹ relative to actual costs incurred.

4.2 The estimated actuals for FY20 is more than the approved budget largely due to higher investment management costs resulting from a higher than anticipated average fund balance throughout the year (the FY20 budget assumed an average fund balance of \$550 million while the actual average fund balance of \$882 million, resulting in an additional cost of \$149,000). In addition, the level of Trustee activities increased in FY20 (the number of funding allocations, contribution receipts, commitment and cash transfer requests increased by approximately 60% relative to FY19), and the Trustee completed its review of an equity index that incorporates environmental, social and governance (ESG) considerations for potential inclusion into GPE’s investment management strategy.

5. TRUSTEE BUDGET FROM JULY 1, 2020, TO JUNE 30, 2021

5.1 Table 1 below also shows the estimated budget for services to be provided by the trustee for FY21.

5.2 The budget proposed for **FY21 of \$761,000** is \$25,400 less than the estimated actuals for FY20. The proposed budget is based on the best estimated costs for FY21. As a reflection of the expanding scope and objectives of GPE, the underlying Trustee activities and related cost drivers with respect to financial and program management, accounting and reporting, and legal are expected to increase in FY21. This is offset by an anticipated decrease in investment management costs due to a lower anticipated average fund balance in FY21.

Table 1: Budgetary Requirements for Services Provided by the Trustee (in USD)			
Trustee Services	Budget for FY2020	Actuals for FY2020	Proposed budget for FY2021
Financial and Program Management	231,000	275,400	324,000
Investment Management	248,000	397,000	293,000
Accounting and Reporting	30,000	30,800	54,000
Legal Services	78,000	84,200	90,000
Total	587,000	786,400	761,000

¹ BOD/2019/06 – Meeting of the Board of Directors, Stockholm, Sweden, June 11-13, 2019.

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

- **Financial and program management** service comprises of management and execution of financial transactions, including receiving and processing of receipts of donor contributions, recording allocations and commitments, and processing cash transfers to Grant Agents using World Bank financial systems and procedures, and resolving any financial and transactional issues with these counterparts; coordination with the Secretariat and Grant Agents to develop and implement operational procedures related to financial transactions.
- **Investment management:** From FY20, investment management fees are 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. The projected average annual balance over FY21 is estimated at USD 650 million. The actual investment management costs may vary depending on the actual average liquidity level during FY21.
- **Accounting and reporting** service include the management of the accounting model for the GPE Fund, and maintenance of appropriate records, accounts and systems to identify contributions and other receipts as well as GPE Fund liabilities to Grant Agents and to support financing reporting.
- **Legal services** include drafting and finalizing contribution agreements/arrangements with the 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.

5.4 The World Bank is currently reviewing an updated pricing approach for trustee services provided to Financial Intermediary Funds (FIFs), including GPE. The updated pricing approach will seek to provide increased transparency and predictability while remaining within the World Bank's policy of full cost recovery. Any revisions to the proposed Trustee budget due to the revised pricing approach will be presented at the end of FY21, following the established practice in GPE.