

**Concessional Financing Facility  
Administrative Budgets for the Trustee and Coordination Unit  
for the period from July 1, 2016 to June 30, 2017 (FY17)**

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1. The purpose of this budget paper is to present, for Steering Committee (SC) approval, the proposed Trustee and Coordination Unit budgets for the period July 1, 2016 to June 30, 2017 (FY17).
2. The governing documents of the Concessional Financing Facility provide for the costs incurred by the World Bank as Trustee and as Coordination Unit to be covered by the Trust Fund through annual budgets submitted to the SC. The Trustee and the Coordination Unit have in the following sections provided information on the estimated costs and expenses for the period between July 1, 2016 and June 30, 2017 (FY17).
3. An overview of the Trustee and Coordination Unit FY17 budgets is presented below.

**Table 1: Trustee and Coordination Unit FY17 Estimated  
Administrative Costs**

	<b>USD</b>
Coordination Unit	380,000
Trustee	395,000
<b>Total Budget</b>	<b>775,000</b>

**A. Trustee Budget**

4. **The estimates in Table 2 reflect the Trustee's best estimate of the fees, costs and expenses for the fiscal year 2017, on a full cost-recovery basis.** These will be subject to adjustment at the end of the period, based upon revised estimates of the fees, costs and expenses incurred in the provision of trustee services to the MENA CFF, and comprise the following:

- i. **Financial and program management:** Costs are based on staff time required for establishment of the FIF Trust Fund, management and execution of financial transactions, including receiving and processing of contributions, recording allocations and commitments, processing cash transfers to Implementation Support Agencies using World Bank financial systems and procedures, and financial reporting.
- ii. **Investment management:** Investment management fees are calculated as a flat fee of 3.5 basis points (i.e. 0.035%) of the average annual balance of the undisbursed cash in the Trust Fund. The projected average balance over the fiscal year is estimated at USD 145 million. In the event that the average balance is lower, investment management fees would be reduced accordingly.
- iii. **Accounting:** Costs are based on the management of the accounting model for the Trust Fund, clearance of agreements, and maintenance of appropriate records, accounts and systems to support financial reporting.

- iv. **Legal services:** These costs include drafting, negotiation and processing of contribution, financial procedures and other legal agreements as needed. The estimate also covers staff time to provide policy advice and legal review on issues as they may impact the MENA CFF and the services of the Trustee. Costs are expected to be higher in the first year due to services required for the governance and establishment documents and initial contribution arrangements.

**Table 2: FY17 Trustee estimated costs and expenses (USD)**

<b>Trustee Services</b>	<b>USD</b>
Financial and Trustee Management	130,000
Accounting	100,000
Legal Services	115,000
Investment Management*	50,000
<b>TOTAL</b>	<b>395,000</b>
Note: Estimates include all overhead costs and will be adjusted based on actual costs incurred	
*fixed fee of 3.5bps on the average annual balance in the trust fund	

## **B. Coordination Unit Budget**

5. **The estimates in Table 2 reflect the Coordination Unit’s best estimate of the fees, costs and expenses for the fiscal year 2017, on a full cost-recovery basis.** These will be subject to adjustment at the end of the period, based upon revised estimates of the fees, costs and expenses incurred in the provision of Coordination Unit services to the MENA CFF.

6. The Coordination Unit budget is classified into four categories: Program Management Costs, Travel, Contractual services and meetings. Services provided under these headings include:

- **Program Management:** These costs include: (a) the provision of legal services for the review and amendment of the Operations Manual as necessary; (b) provision of treasury services for Concessionality Spread and review of Concessionality Amount Calculations, and (c) program administration and management by the Program Coordinator with the support of one administrative staff to support the SC, including liaising with the Trustee and ISAs, organization of meetings, review of proposals received for funding approval, six-monthly progress reporting, and website maintenance among others.
- **Travel:** Travel costs related to all the functions of the Coordination Unit including the Program Coordinator, and other staff, including Legal and Treasury services as needed to attend SC meetings, to dialogue with Benefitting Countries and attend other relevant meetings that may be held from time-to-time.
- **Contractual services and meetings:** This category includes the costs associated with contractual services related to arranging meetings (including venue, food, printing, etc.), website development and management costs, produce an annual report, translation of materials and the costs to produce other communications materials on the CFF.

7. The Coordination Unit FY17 proposed budget of USD 380,000 is presented in Table 3.

**Table 3: FY17 Coordination Unit Costs estimated costs and expenses (in USD)**

<b>Coordination Unit Services</b>	<b>Proposed FY17 Budget</b>
Program Management (Coordination Unit)	240,000
<i>Legal Services</i>	<i>83,000</i>
<i>Treasury Services</i>	<i>68,000</i>
<i>Coordination and Administration</i>	<i>89,000</i>
Travel	120,000
Contractual Services and Meetings	20,000
<b>TOTAL</b>	<b>380,000</b>
<b>Note:</b> estimates include all overhead costs and will be adjusted based on actual costs incurred.	

**C. Proposed Decision**

8. The MENA CFF Steering Committee is requested to approve an estimated budget of USD 395,000 to cover estimated costs and expenses for trustee services; and USD 380,000 to cover estimated costs and expenses for Coordination Unit services.

**D. Next Steps**

9. Upon Steering Committee approval of the FY17 Trustee and Coordination Unit budgets, the Trustee will transfer the amounts approved from available resources in the MENA CFF Trust Fund.