



Explanation of Fees for Trustee, Secretariat and Partner Entities

Trustee

Consistent with World Bank policy of full cost recovery for trust funds, the Trustee will submit an annual budget proposal to the Steering Committee for approval prior to each World Bank fiscal year (July – June) containing an estimate of actual costs and expenses expected for Trustee services for the coming year, including financial and program management, investment management, accounting and reporting, and legal services. Upon approval, the Trustee may commit and transfer the approved budget to its own account which will then be subject to an end-of-year adjustment based on actual costs and expenses incurred.

Included in the FY11 Trustee budget is a one-time fee of \$250,000 to recover World Bank central department costs related to trust fund administration, including but not limited to, quality control and compliance, internal audit and human resources management, in accordance with the World Bank's Trust Fund policy for all funds with over US\$100 million in expected contributions.

Secretariat

As noted in the Standard Provisions, “Administrative Costs incurred by the Secretariat shall be charged to the Trust Fund on an actual basis.”

The Secretariat will submit a separate annual budget proposal to the Steering Committee for approval prior to each World Bank fiscal year. This will cover the costs of creating and maintaining a Secretariat in Port-au-Prince for:

- (a) receiving project and program proposals and funding requests for review by the Steering Committee;
- (b) notifying the Trustee of funding requests approved by the Steering Committee;
- (c) organizing meetings of the Steering Committee;
- (d) drafting and circulating minutes of Steering Committee discussions;
- (e) providing public information on Trust Fund Activities on a website to be created;
- (f) offering guidance to the Partner Entities on the processes and requirements as laid out by the Steering Committee;
- (g) receiving and consolidating annual reports on implementation results;
- (h) receiving periodic financial reports submitted by the Partner Entities for distribution to the Steering Committee and Donors;
- (i) drafting the operational manual;

- (j) collaborating with the Trustee to ensure that the Trustee has all the information necessary to carry out its responsibilities; and
- (k) performing any other functions assigned to it by a decision of the Steering Committee.

Upon approval, the Trustee will transfer the approved budget to the Secretariat's account which will then be subject to an end-of-year adjustment based on actual costs incurred.

Partner Entities

The Standard Provisions note that "Trust Fund funds may also be used to cover the Administrative Fees incurred by the Partner Entities."

Each Partner Entity will include its proposed fee as part of its project or program submission to the Steering Committee. The Steering Committee is establishing a fee structure as part of its Operations Manual to guide the Partner Entities on appropriate charges for the preparation and supervision of projects and programs. The IDB and the World Bank will not charge fees for those operations that may be presented to the HRF for co-financing that are already in preparation or for future stand-alone operations that may be co-financed by the HRF, including general budget support.

For proposals where UNDP is the Partner Entity representing the UNDG organizations, the following additional fees that will be charged:

a) 1% of the value of the proposal for the UNDP Multi-Donor Trust Fund Office to cover costs for the following services it provides on behalf of the participating UN organizations:

- (i) receive contributions from the Trustee, administer and disburse such funds to each of the Participating UN Organizations in accordance with instructions from the Steering Committee taking into account the budget set out in the approved programmatic document/Joint Programme Document;

- (ii) consolidate statements and reports, based on submissions provided by each participating UN organization, and provide these to the UNDG HRF Management Committee for endorsement and subsequently to the HRF Steering Committee through the HRF Secretariat; and

- (iii) provide certified annual and final financial statement ("Source and Use of Funds") no later than five months (31 May) and seven months (31 July) after the end of the calendar year following the financial closing of all the UNDG HRF funded projects/programs.

b) The individual participating UN organizations will charge 7% of the total value of the proposal to cover their indirect costs when implementing projects approved by the HRF Steering Committee.

These fees have been approved for global application by the member states of the UN through a resolution of the General Assembly to which any review could ultimately have to be referred.

Summary of HRF Fees

Total cumulative HRF fees (administrative budgets for the Trustee and the Secretariat, and Partner Entity fees) are estimated to total approximately 6% over the six-year life of the HRF. If contributions to the HRF exceed the estimated value of \$300 million, then the estimated total fees as a percentage of total contributions would decrease. Finally, this illustration does not take into account the income that will be earned through management of undisbursed contributions.

Table: Illustrative Example of Total Fees

Nature of Fee	Maximum Cited in AA	FY11 Estimate	Estimated Fees as a % of Total Contributions¹
Trustee administrative budget, including one-time central unit fee	1.96% of total contributions + 0.58% of total contributions = 2.54% of total contributions	\$588,000 ²	0.76%
Secretariat administrative costs	Not specified	\$997,000 ³	1.99 ⁴
Partner Entity project preparation and supervision costs	\$50,000- \$350,000 ⁵	Depends on size of project	0.67 ⁶
For projects where UN is Partner Entity: <ul style="list-style-type: none"> • UNDP MDTF Unit • UN organization 	1% of proposal 7% of proposal	Depends on value of activities allocated to UN	2.67 ⁷

¹ Estimated total cumulative fees over 6 years as a percentage of total HRF contributions, assuming total contributions of \$300 million.

² The annual budget for FY11 (July 2010 – June 2011) approved by the Steering Committee

³ This the approved annual budget for FY11 (July 2010 – June 2011) and approved by the Steering Committee

⁴ Based on a six-year total at a constant annual value

⁵ These are guidelines subject to approval by the Steering Committee as follows: a) \$50,000 for proposals under \$1 million in value; b) sliding scale of \$50 - 250,000 for proposals from \$1 - 10 million; and c) \$350,000 for proposals over \$10 million

⁶ Assumes 10 activities at an average preparation and supervision cost of \$200,000 per activity and 10 activities where the Partner Entities do not charge fees

⁷ Assumes that UN as Partner Entity is allocated one-third of HRF funds, i.e. \$100 million