

# Mid-Term Evaluation of the EFA Fast Track Initiative

## Draft Synthesis Report Volume 5: Appendices VI-VIII

30 November 2009





## Acknowledgements

The mid-term evaluation of the Fast Track Initiative has been carried out by a consortium of Cambridge Education, Mokoro Ltd. and Oxford Policy Management contracted by the World Bank on behalf of the FTI partnership.

The evaluation team has been led by Stephen Lister. The core team members were; Manos Antoninis, Felicity Binns, Roy Carr-Hill, Mailan Chiche, Catherine Dom, Keith Hinchliffe, Fred Merttens, Georgina Rawle, Abby Riddell, Anthea Sims Williams, Muriel Visser-Valfrey, and Eric Woods. The country reports and desk studies were carried out by members of the core team in conjunction with: Hassan Abdulmalik, Sulleiman Adediran, Zuber Ahmed, Emily Allardyce, Terry Allsop, Ramlatu Attah, Masooda Bano, Ann Bartholomew, Serge Bayala, Clare O'Brien, Elisabet Jané Camacho, Tim Cammack, Elsa Duret, Stephen Jones, Ian MacAuslan, Felicia Omibon, Eldah Onsomu, Ray Purcell, Nick Santcross, Tuomas Takala, George Taylor, Khieu Vicheanon and Daniel Wilde. Additional support to the evaluation team was provided by: Stephanie Allan, Valentina Barca, Rebecca Bird, Philip Lister, Frieda McAlear, Luca Pellerano, Daniel Ross, Sarah Scott and Shakil Sidat.

Programme management support has been provided by: George Hartless, Carlos Orte, Robert Smith and Diana Webster.

The internal quality assurance panel comprised Nils Boesen, Christopher Colclough, Steve Packer and Juliet Pierce. Juliet Pierce also facilitated the team's workshops and meetings.

The evaluation team has received guidance and comments throughout the evaluation from the Evaluation Oversight Committee which was coordinated by Joe DeStefano.

The evaluation team is very grateful to the Global Learning Portal, <http://www.glp.net>, which has hosted the evaluation team's internal website and provided technical support and to the Education Policy and Data Center, <http://epdc.org/>, which has provided data for the country case studies.

The Synthesis Report, the Preliminary Report, the Evaluation Framework and the accompanying country studies and working papers can all be downloaded from <http://www.camb-ed.com/fasttrackinitiative/>.

The evaluation team is very grateful to the FTI Secretariat, to all interviewees and to others who helped the team to locate documents and data and generally to understand the FTI.

This report is based on the work of an independent evaluation team. It has been reviewed by the Evaluation Oversight Committee (EOC) which determined that it meets an objective set of quality standards for an evaluation of this nature (based in part on DAC guidelines and on DFID's quality assurance guidelines for programme evaluations) and that it sufficiently meets the EOC requirements for having satisfied most of the relevant portion of the terms of reference to be shared as a discussion document.

This determination in no way signifies the endorsement of the report's conclusions or recommendations by the EOC as a whole, by any of its individual members or by the agencies they represent. The analyses, interpretations and opinions expressed in this report are those of the evaluation team.

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## Acronyms and Abbreviations

ARPP	Annual Report on Portfolio Performance
CAP	Consolidated Appeals Process
CCM	Country Coordinating Mechanism
CD	Capacity Development
CEO	Chief Executive Officer
CF	Catalytic Fund
CPIA	Country Policy and Institutional Assessment
CPR	Country Performance Rating
CRS	Creditor Reporting System
CSO	Civil Society Organizations
DFID	Department for International Development
DP	Development Partner
DQAF	Data Quality Assessment Framework
EA	Enabling Activities
EC	European Commission
EDF	European Development Fund
EFA	Education for All
EPDF	Education Program Development Fund
ESP	Education Sector Plan
FS	Fragile State
FTI	Fast Track Initiative
FTIS	FTI Secretariat
GAVI	Global Alliance for Vaccination and Immunisation
GBI	GEF Benefits Index
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
GEF	Global Environment Fund
GMR	Global Monitoring Report
GNI	Gross National Income
GNP	Gross National Product
GPI	GEF Performance Index
GRPP	Global and Regional Partnership Programs
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HLF	High Level Forum
HQ	Head Quarters
IASC	Inter-Agency Standing Committee
IDA	International Development Association (World Bank)
IEG	Independent Evaluation Group
IFFIm	International Finance Facility for Immunisation
IHP	International Health Partnership
IMF	International Monetary Fund
IPA	Innovations for Poverty Action
IRAI	IDA Resource Allocation Index
JAM	Joint Assessment Mission
J-PAL	Jameel Poverty Action Lab
LDG	Local Donor Group
LEG	Local Education Group
LFA	Local Fund Agents
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal

MoE	Ministry of Education
MoF	Ministry of Finance
MoU	Memorandum of Understanding
MSP	Medium-Sized Projects
MTBF	Medium Term Budgetary Framework
MTEF	Medium-Term Expenditure Framework
NGO	Non-governmental Organisation
ODA	Overseas Development Assistance
OECD	Organisation for Economic Cooperation and Development
OECD DAC	OECD Development Assistance Committee
PEFA	Public Expenditure and Financial Accountability
PER	Public Expenditure Review
PETS	Public Expenditure Tracking Survey
PFD	Programme Framework Document
PFM	Public Finance Management
PIF	Project Identification Form
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
RAF	Resource Allocation Framework
SBS	Sector Budget Support
SE	Supervising Entity
STAP	Scientific and Technical Advisory Panel
SWAp	Sector-Wide Approach
TA	Technical Assistance
TB	Tuberculosis
ToR	Terms of Reference
TRP	Technical Review Panel
UIS	UNESCO Institute for Statistics
UK	United Kingdom
UN	United Nations
Unicef	United Nations Children’s Fund
UNESCO	United Nations Educational Scientific and Cultural Organization
UPC	Universal Primary Completion
USA	United States of America
USD	United States Dollar
WB	World Bank
WHO	World Health Organisation

## **Appendix VI M&E Framework and Impact Evaluation**

## A. Introduction

1. In recent years and particularly since the Paris Declaration on Aid Effectiveness, development partners have been strongly emphasising the need to improve the performance of aid programmes defined in terms of development results. Indeed, impact is one of the five DAC criteria for evaluating development assistance.

2. In line with this orientation, the terms of reference of the FTI evaluation specified that “*a comprehensive design for FTI monitoring and evaluation, including an evaluation of impact and relevant baseline data, should be one of this evaluation’s outputs*” [TOR ¶13]. This being primarily a formative evaluation, it has not been expected that it would fully evaluate impact; instead it would “*help frame future monitoring and evaluation efforts*” [¶15] and “*provide guidance for the assessment of the impact of the FTI at a later stage*” [¶17].

3. This is also in line with the GRPP Sourcebook (IEG 2007) which included among its quality standards for global program evaluations an examination and critique of the existing monitoring and evaluation framework.

4. The issue of impact evaluation has been approached from the following angles:

- The Evaluation Team developed its own evaluation framework (Cambridge Education, Mokoro & OPM 2009), a detailed methodology that was circulated to the FTI partnership in January 2009. The evaluation framework document articulated a programme theory for each goal given the absence of a relevant formal FTI document.
- The challenges facing the FTI partnership on M&E were reviewed (Synthesis Report Section 3F and Annex F) particularly from the point of view of the M&E practices followed by the FTI partnership for management purposes.
- A study was commissioned from 3ie (White 2009) as part of this evaluation and completed in March 2009 to address methodological issues and possibilities for a final impact evaluation of the FTI initiative.

5. This appendix responds to the relevant parts of the terms of reference on M&E and impact evaluation. Section B discusses the general issue of an FTI monitoring and evaluation framework and proposes a framework for discussion. Section C provides an overview of the impact evaluation issues. Section D presents the options available. Finally, Section E concludes.

## B. Developing an M&E framework for the FTI

6. This section discusses the following two issues:

- It stresses the importance of an M&E framework and describes the implications that the absence of such a framework has had for the FTI partnership.
- It outlines a potential structure for such a framework to serve as a basis for discussion among the partners.

### *Existence of an FTI M&E framework*

7. This evaluation has been asked to answer, among other questions, whether the FTI initiative had “*an adequate monitoring and evaluation framework*” that has been “*creating regular, useful inputs to decision making*” [HLQ 3h].

8. Indeed, according to the GRPP Sourcebook (IEG 2007 ¶2.6):

A key enabling condition for effective evaluation is the early establishment of an M&E framework. Early after its launch, each GRPP should put in place an M&E framework, at least at the program level, which includes:

- (a) clear and coherent objectives and strategies
- (b) an expected results chain
- (c) measurable indicators that meet the monitoring and reporting needs of the governing body and management, and
- (d) systematic and regular processes for collecting and managing data, including baseline data

9. While some of these elements have been in place, important elements have been missing to the extent that it can be argued that the FTI has lacked an M&E framework. Taking each of the above points in turn:

- The *objectives* were specified in the 2004 FTI Framework (FTI 2004) as high-level *goals* underpinned by *principles*. However, the *strategies* to be followed in order to achieve each of these goals were often unclear. For example, in the case of the data gap, at the global level, the FTI would partner “with UNESCO to support the continued development of appropriate monitoring indicators” according to the FTI Framework. However, it is not clear how this modest activity would lead to the achievement of results specified in the FTI Framework such as “transparent annual monitoring of indicative framework ... targets”. At the country level, no FTI-specific activity was proposed in the FTI Framework. In many instances, the FTI was simply expected to encourage partners to engage in certain activities (e.g. according to the FTI Framework the FTI “encourages the open sharing of information on the policies and practices of participating countries and donors alike”). When necessary activities are vague and left to the discretion of the partners, then partners cannot be held to account if they did not implement them.
- The FTI has not had a fully worked out and agreed *results chain* theory linking the available inputs and activities to the desirable outputs and outcomes to guide performance M&E. By contrast, evaluations of high-profile partnerships have relied on analyses of mechanisms of influence. For example:
  - Stern et al 2008 considered whether the assumptions linking the implementation of the Paris Declaration with its possible outputs, outcomes and impacts were plausible. Drawing on general theory and context-specific situations, a set of propositions were proposed as indicative lines of enquiry for the next phase of the evaluation.
  - Bennett and Fairbank 2003 presented a conceptual framework that identified the channels through which the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) affects health systems and health outcomes in order to provide a basis for GFATM M&E.
- For FTI, there have been no *indicators* of success or at least no indicators that could be plausibly linked to the role of the FTI partnership. The specification of high-level outcome indicators, such as the Indicative Framework indicators, could not be a substitute as FTI represents only part of the overall efforts towards UPC and judging FTI solely from the achievement of these indicators would be misplaced.
- Accordingly, there has been no thorough description of the *data collection processes*. For example, there was an implicit commitment to collect information on ‘donor performance’ upon which to base regular reports. However, the data from the main source (DAC CRS) are often disputed by individual donors; yet, there has been no attempt to reconcile them with alternative sources. In practice,

information on donor performance has not been collected systematically and has not been tied to follow-up on specific donor performance commitments.

10. The GRPP Sourcebook added further that in cases “*where the objectives and strategies have not been well articulated ... evaluators will need to construct a clear and agreed-upon statement of the objectives and strategies in consultation with the governing body (or oversight subcommittee or external panel) that is overseeing the evaluation*” (IEG 2007 ¶9.5).

11. It is for this purpose that, within the scope of the evaluation framework document and in consultation with the Evaluation Oversight Committee, the Evaluation Team developed a *logical framework*. At a theoretical level, the framework set out a clear set of hypotheses to be tested. At a practical level, it listed relevant detailed evaluation questions, together with main sources of evidence needed to answer them – and provided a focus for the enquiries of each workstream.

12. The framework followed a standard structure that proceeded through successive levels for each one of the five streams of hypothesised channels of influence: policy and planning; finance; data and M&E; capacity; and aid effectiveness:<sup>1</sup>

- Level zero captured the context at the global and country level before the FTI partnership was established.
- Level one listed the inputs provided and activities undertaken as part of the FTI.
- Level two considered the immediate effects (short-term outputs) that would be expected on the education sector processes.
- Level three envisaged intermediate effects (medium- to long-term outputs) such as changes in sector policy, expenditure and service delivery.
- Level four set out the long-term expected outcomes on quantity, quality, access and sustainability of primary education.
- Level five was reserved for the long term ‘personal, institutional, economic and social’ effects of expanded primary education

13. The logical sequence was couched in the context of external factors and assumptions that would need to be checked to confirm whether different stakeholders and different countries shared understanding of FTI objectives and functions. If not, then the logical sequence might have broken down with consequences for the assessment of the FTI’s efficiency, effectiveness and sustainability.

14. This logical framework looked backwards trying to interpret the actions of the FTI partners. However, what the partnership needs is a forward looking logical framework on which to base a future evaluation. This is also in accordance with the terms of reference, which requested that the new framework would be “*building on the evaluation framework created for this evaluation*” [TOR ¶15].

#### *Proposed M&E framework*

15. The proposed monitoring and evaluation framework is structured like a conventional logical framework. It consists of the following elements:

- Narrative statements of goal/impact, purpose/outcomes, outputs and activities.
- Indicators and sources (implicitly also addressing data collection processes).
- Baselines, milestones and targets.

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<sup>1</sup> See this report's Appendix V (Note on Approach and Methods), which provides additional discussion and reproduces in full the extended logical framework for the mid-term evaluation.

- Assumptions.
16. The *narrative statements* have been developed on the following basis:
- The *goal/impact* and *purpose/outcome* level statements are taken from the January 2009 evaluation framework of the Evaluation Team (Cambridge Education, Mokoro & OPM 2009).
  - The *output* level statements take the *Goals* of the 2004 FTI Framework (FTI 2004) as their point of departure: (i) more efficient aid for primary education; (ii) sustained increases in aid for primary education; (iii) sound sector policies in education; (iv) adequate and sustainable domestic financing for education; (v) increased accountability for sector results; and (vi) mutual learning on what works to improve primary education outcomes and advance EFA goals. These goals have been combined into narrative statements of output as follows:
    - Goal (i) corresponds to an aid effectiveness output (Output 4)
    - Goals (ii) and (iv) correspond to a finance output (Output 2)
    - Goal (iii) corresponds to a policy and planning output (Output 1)
    - Goals (v) and (vi) correspond to a data and M&E output (Output 3).<sup>2</sup>
  - The activity level statements are an attempt to pin down those activities that the partnership will directly undertake and will be monitored against. These will need to be carefully scrutinised by the partnership in view of further governance changes, changes in key elements of FTI strategy, and any decisions made on the role of the FTI Secretariat.
17. With respect to *indicators*:
- The main emphasis of the proposed framework is on the indicators at the activity and output level, where indicators have been for the most part absent, a fact that has blurred issues of accountability.
  - At the purpose/outcome level, the indicators should be selected among the EFA goals, notably the primary completion rate. Although the list could be expanded to include some 'service delivery' indicators of the current or revised Indicative Framework, it would be preferable to keep this list short.
  - At the goal/impact level, no indicators have been selected. The ultimate goal of universal primary education is a better quality of life. The FTI partners should be up to date with the latest research on the long-term impact of primary education on personal, institutional, economic and social aspects of life in developing countries, and potentially contemplate a limited set of relevant indicators.
18. In terms of setting *baselines, milestones and targets*, the Evaluation Team is faced with some constraints. According to the terms of reference, the framework to be proposed by this evaluation "*should indicate baseline data needed for the evaluation of FTI impact*" [TOR ¶15]. However, the choice of *baselines* depends on the choice of indicators, which in turn must be owned by the partnership. Nevertheless, the proposed indicators have been chosen carefully to ensure that they can be monitored either through existing systems or through reasonably straightforward extensions of such systems. A different approach has been followed in defining activity-level *milestones*: these resemble the progressive framework (used by the FTI to describe its approach to fragile states see FTI 2007) and recognise that, as countries are at different stages, the focus of FTI activities will have to

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<sup>2</sup> Note that although "capacity" appears as one of the four "gaps" there is no separate capacity development goal or output; capacity development is expected to be mainstreamed across all activities.

adjust to the needs of partner countries. Finally, targets and their level of ambition need to be set by the FTI partnership.

19. The *assumptions* are an adjusted version of the assumptions that were listed in the January 2009 evaluation framework. These will need to be monitored on a regular basis in order to provide confirmation that they remain valid.

20. Several important points on the proposed M&E framework need to be stressed:

- The framework is being proposed as a *basis for discussion* among FTI partners. It is meant to be reviewed extensively and amended by the partners so that it better reflects what the partnership believes it should achieve. The proposed framework should not be seen as a framework that should be adopted as is. To facilitate the discussion, a number of possible decisions that need to be made by partners in the selection of indicators are suggested in footnotes but these are merely indicative and by no means exhaustive.
- The framework *focuses on the monitoring of the FTI partnership* (with a particular emphasis on its activities and outputs). Although it includes a small number of key education sector indicators at the goal and purpose level, *it is not a framework for monitoring country EFA performance*.
- It is essential to monitor indicators for *FTI eligible countries*, not just countries which have been endorsed by the FTI; data confined to the latter group cannot yield robust information on the value-added of the FTI.
- The monitoring and evaluation of FTI takes place at two levels:
  - The proposed framework focuses on *global-level M&E*. It assumes that the FTI Secretariat would be responsible for its coordination.
  - *Country-level M&E* is also needed to focus on aspects of the compact which are harder to observe. For example, the monitoring of the donor and country commitments to finance an education sector plan requires specific country knowledge. However, the nuances of a country-specific M&E framework need to be addressed separately and are not the object of the following matrix.

21. While effort has been made to include indicators that are feasible to measure, in several cases extra effort will be needed. Three different types of increased effort that might be called for are mentioned below as examples:

- The FTI undertook an assessment of the quality of ESP documents (World Bank 2007) and it is proposed that this initiative is continued. However, transparent criteria for the assessment need to be captured clearly in a formal document (and might also need to be extended to cover other areas of interest). Moreover, the criteria will need to be compatible with country specific conditions.<sup>3</sup>
- There is a data quality assessment framework (DQAF) that has been adapted to education statistics by the World Bank and UIS. It is proposed that this is applied (partly or in its entirety) to assess the quality of education data collection processes. However, this will call for a programme and the allocation of resources by the FTI.
- The current quality of some data may not be entirely satisfactory (e.g. public recurrent spending on education as percentage of total public recurrent discretionary spending). This will require FTI to cooperate closely and actively with key institutions (e.g. UIS or other) to ensure that the quality of the data is

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<sup>3</sup> The work of the Public Expenditure and Financial Accountability (PEFA) initiative provides a relevant pattern for standardising such assessments.

improved and may call for a formal agreement of cooperation. In fact, it highlights the fact that the active involvement of UIS, GMR and DAC in the finalisation of the M&E framework should be considered. The proposed framework specifies the likely sources of each indicator but the data collection protocol for each of these indicators (and the direct responsibility of the FTI Secretariat itself) should be clearly specified.

## Proposed FTI partnership M&E framework

GOAL / IMPACT	Indicator	Baseline [200X]	Milestone 1	Milestone 2	Target [201X]
Long-term benefits from universal primary completion derived	[To be defined]				
		Source			

PURPOSE / OUTCOMES	Indicator	Baseline [200X]	Milestone 1	Milestone 2	Target [201X]
Universal primary completion / EFA goals achieved	[UPC 1] Primary completion rate by gender <b>by FTI eligible country</b> 1. Estimated on the basis of administrative data 2. Estimated on the basis of nationally representative household survey data for the cohort of 15-19 year olds				
	Source	1. UIS / United Nations Population Division 2. Education Policy and Data Center			
	Indicator	Baseline [200X]	Milestone 1	Milestone 2	Target [201X]
	[UPC 2] Number of out-of-school children <b>by FTI eligible country</b> 1. Estimated on the basis of administrative / population census data 2. Estimated on the basis of nationally representative household survey data for the cohort of 6-14 year olds <sup>1</sup>				
	Source	1. UIS / United Nations Population Division 2. Education Policy and Data Center			
	Indicator	Baseline [200X]	Milestone 1	Milestone 2	Target [201X]
Indicator of learning outcomes <b>by FTI eligible country</b> <sup>2</sup> 1. Early grade: proportion of students who, after two years of primary schooling, demonstrate sufficient reading fluency and comprehension to 'read to learn' ["School children are able to read with comprehension a country-defined number of words per minute by the end of second grade"] 2. End of cycle: proportion of students who are able to read with comprehension, according to their countries' curricular goals, by the end of primary school.					
Source	To be specified The FTI partnership will promote systematically the implementation of national assessments of reading skills				

1. But such data must not be used uncritically, since they are likely systematically to underestimate out-of-school children (see commentary on data issue in [Appendix I](#)).

2. The indicators are taken from the memo 'Addition of learning outcomes indicators' issued by the FTI Secretariat in July 2009.

Appendix VI: M&E Framework and Impact Evaluation

OUTPUT 1	Indicator	Baseline [2007]	Milestone	Target [201X]	ASSUMPTIONS	
[EDUCATION POLICY AND PLANNING] Sound sector policies in education developed	Quality of education sector plans in FTI eligible countries	[FTI review of 28 countries]			<input type="checkbox"/> Political stability <input type="checkbox"/> National elites support EFA <input type="checkbox"/> Governance committed to development results <input type="checkbox"/> Accommodating public service organisational and pay structure <input type="checkbox"/> Medium-term budget framework implemented	
		Source				
		Adapted FTI scoring formula <sup>1</sup>				
	Indicator	Baseline [200X]	Milestone	Target [201X]		
	Quality of education sector plans in FTI eligible countries in terms of coverage of crosscutting issues (gender, HIV/AIDS, disability, equity)					
		Source				
		New FTI scoring formula <sup>2</sup>				
	Indicator	Baseline [200X]	Milestone	Target [201X]		
	Variation between education sector plan allocation and actual budget expenditure in FTI eligible countries <sup>3</sup> 1. Total expenditure 2. Non-salary recurrent expenditure					
		Source				
		Joint Annual Reviews				

1. Extend and apply the methodology of the 2007 FTI ESP review to plans of all FTI eligible countries (ensuring that the methodology is clearly documented and understood). The formula scores four sections (planning; financing; data; capacity) along three dimensions (clarity, strategy, and monitoring). Consider extending the review to also cover aspects such as inclusivity/transparency in plan preparation.

2. Extend the above methodology in a straightforward way to assess cross-cutting issues.

3. The indicator could alternatively: (1) assess variation between MTEF allocation and actual budget spending (if an MTEF exists); (2) focus on primary and/or basic (rather than total) education spending.

Activity	Indicator	Low	Middle	High
1.1 Advocate UPC/EFA at the global and country level with particular emphasis on fragile states	Number of country visits by FTI staff	Visit focus: introduce FTI concepts and process	Visit focus: review plan implementation	Visit focus: support local donor groups
1.2 Advocate preparation of ESP in all FTI eligible countries	Number of FTI eligible countries with endorsed sector-wide ESP	Sub-sector plans	Sector-wide plans	Sector-wide plans embedded in PRS/MTBF
1.3 Implement education sector plan endorsement process with FTI appraisal guidelines	Percentage of appraisals completed within x months from submission of the ESP	Endorsement appraisal external to countries	Endorsement appraisal involves local stakeholders	Endorsement process is part of country processes
1.4 Advise, monitor and report on the results of the joint annual review processes with an emphasis on the use of their results for education policy decision making.	Number of FTI eligible countries whose education sector performance reports are posted on the FTI website.	No annual education sector performance report	Annual education sector performance report approved by stakeholders	Recommendations of report followed up and acted upon
1.5 Ensure that there is a capacity development strategy linked to the sector plan and FTI capacity development guidelines, report on results and update on recommendations	Number of capacity development strategies prepared (as organic part of the ESP) in past three years	No capacity development strategy	Capacity development strategy covers education sector	Capacity devt strategy links to broader PFM and public service reform
1.6 Use the EPDF to “strengthen country capacity to develop and effectively implement good education policies, robust results-oriented programmes and realistic budgets”	Volume of resources allocated to EPDF (new) Objective 1	Decisions on use of funds involve local stakeholders and are related to the ESP	Monitoring systems are used to assess EPDF funds effectiveness	Feedback from monitoring improves alignment of EPDF projects with ESP
1.7 Use the EPDF to “reinforce the role of Local Education Groups in coordinating support to the education sector, engaging and aligning a broad constituency, and advancing country leadership and accountability” <sup>1</sup>	Volume of resources allocated to EPDF (new) Objective 3	Ad hoc community involvement in education planning	Coordinated community involvement in education planning	Civil society involvement in and education planning and accountability

1. Use the *Country-level process guide* (or a revised FTI Framework document that will incorporate the process guide) as a basis to develop a checklist of Local Education Group activities to be monitored.

OUTPUT 2	Indicator	Baseline [200X]	Milestone	Target [201X]	ASSUMPTIONS
[EDUCATION FINANCE] Adequate and sustainable domestic and external financing for education mobilised	Total				<input type="checkbox"/> Global economic conditions do not lead to reduced aid commitments <input type="checkbox"/> Domestic economic conditions are favourable <input type="checkbox"/> Humanitarian crises do not put a strain on the budget <input type="checkbox"/> Public financial management reforms keep pace in central government (esp. finance and planning), including both budget and fiduciary processes
	1. commitments	Source			
	2. disbursements	OECD/DAC CRS			
	Indicator	Baseline [200X]	Milestone	Target [201X]	
	Share of basic education				
	1. commitments	Source			
	2. disbursements	OECD/DAC CRS			
	in total education ODA to FTI eligible countries				
	Indicator	Baseline [200X]	Milestone	Target [201X]	
	Predictability of external financing: proportion of aid (to basic education) disbursed within scheduled fiscal year <sup>1 2</sup>				
	[Paris Declaration monitoring indicator 7]	Source OECD/DAC CRS, Paris Declaration Survey			
	Indicator	Baseline [200X]	Milestone	Target [201X]	
Public recurrent spending on education as percentage of total public recurrent discretionary spending					
	Source				
	UIS				

1. The indicator can alternatively focus on long term (3-year) instead of short term (1-year) predictability. The Paris Declaration survey only focuses on the latter so additional information would be needed.
2. The Paris Declaration survey does not go down to (education) sector or (basic education) sub-sector level so supplementary information would be needed.

Activity	Indicator	Low	Middle	High
2.1 Engage with the Ministry of Finance to support domestic public financial management reforms that can be applied in the education sector	Quality and timeliness of in-year budget reports <sup>1</sup>	Weak financial planning, management (costing and budgeting), monitoring and reporting in education	Financial planning, management, monitoring and reporting processes developed in education	Consolidated public financial management system
2.2 Advocate increased levels of aid for basic education and mobilise external funds to replenish Catalytic Fund to improve the predictability of external aid flows	Commitments to Catalytic Fund	Volatile aid to education	Predictable aid to education	Predictable aid to education captured in budget documentation
2.3 Assess Catalytic Fund applications according to formula consistent with the FTI objectives	Distribution of Catalytic Fund allocations by criteria	Allocations unrelated to any formula	Introduction of formula	Allocations according to formula
2.4 Ensure that Catalytic Fund resources are provided in a timely manner to fund and support selected activities	Time lag between Catalytic Fund grant allocation and first disbursement	Non-FTI procedures delay disbursements	Disbursements as fast as alternative aid channels	Disbursements faster than alternative aid channels

1. PEFA indicator

Appendix VI: M&E Framework and Impact Evaluation

OUTPUT 3	Indicator	Baseline [200X]	Milestone	Target [201X]	ASSUMPTIONS	
[DATA AND M&E] Reliable, timely and useful data being produced and used by national and local education stakeholders	[Indicator monitoring progress in quality of data systems in FTI eligible countries] <sup>1</sup>				<input type="checkbox"/> Cultural and political obstacles to evidence-based decision making overcome: sufficient demand to use data for policy <input type="checkbox"/> Staff appointed in key positions for education data management at central and local offices <input type="checkbox"/> Information and communication technology infrastructure promotes sharing of information	
		Source	FTI and UIS / World Bank			
		Indicator	Baseline [200X]	Milestone		Target [201X]
	Number of FTI eligible countries which report to the UIS their data on primary completion rate within 12 months from the end of the school year					
		Source	UIS			
		Indicator	Baseline [200X]	Milestone		Target [201X]
	Number of FTI eligible countries which conduct an annual school census that collects data from all types of primary education institutions (formal and non-formal, public and private, secular and religious)					
		Source	UIS			
		Indicator	Baseline [200X]	Milestone		Target [201X]

1. The indicator (or composite index) should be based on one or more of the dimensions of the Data Quality Assessment Framework ('A Framework for Assessing the Quality of Education Statistics') developed jointly by the World Bank and the UIS: integrity, methodological soundness, accuracy and reliability, serviceability, accessibility.

Activity	Indicator	Low	Middle	High
3.1 Assess regularly the quality of data supporting the education sector plan and identify areas to be addressed	Number of FTI-eligible countries assessed	Review school census	Review all administrative data systems	Review all education statistics
3.2 Conduct joint programme with UIS and GMR to ensure that four key indicators (primary completion rate, net enrolment rate, adult literacy rate and gender parity) are monitored globally in a coordinated way	Number of countries for which a comparison of these four indicators (agreed between FTI, UIS and GMR to allow for comparisons across countries and over time) can be made for three consecutive years	All countries report systematically on 1 indicator	All countries report systematically on 2-3 indicators	All countries report systematically on 4 indicators
3.3 Conduct joint programmes to address gaps in data on education aid (with OECD/DAC and individual major donors) and public education spending (with IMF/IFS)	Number of countries for which a comparison of [core indicators of domestic and external financing to basic education] can be made for three consecutive years	Public finance and aid statistics can be monitored for 50% of eligible countries	Public finance and aid statistics can be monitored for 75% of eligible countries	Public finance and aid statistics can be monitored for all eligible countries
3.4 Conduct joint programme (with UNPD) to address gaps in out-of-school children data and population estimates	Number of FTI eligible countries where the estimation of out-of-school children is reformed	Conventional estimates of out-of-school children	Estimates take into account issue of children refugees	Estimates take into account issue of urban slum areas
3.5 Conduct joint programme to address gaps in learning outcomes data	Number of FTI eligible countries with a national systems for learning assessments / reading skills	10% of eligible countries have a national system	25% of eligible countries have a national system	50% of eligible countries have a national system
3.6 Use the EPDF to "deepen knowledge and learning around issues identified as priority by countries and in global fora, where appropriate in partnership with existing national and international institutions"	Volume of resources allocated to EPDF (new) Objective 2	Purpose of EPDF supported projects selected by international stakeholders	Purpose of EPDF supported projects selected by national stakeholders	Results of EPDF supported projects reflected in national reviews and policies
3.7 Publish reviews of policy experiences across countries to inform decision making by FTI partners	Number of publications that synthesise relevant findings on progress towards UPC/EFA	Two publications per year	Four publications per year	Six publications per year

OUTPUT 4	Indicator	Baseline [200X]	Milestone	Target [201X]	ASSUMPTIONS
[AID EFFECTIVENESS] Aid for primary education delivered efficiently	Alignment: Percentage of education aid that is listed in the budget and annexes [Paris Declaration monitoring indicator 3] <sup>1</sup>				<input type="checkbox"/> Global commitment on aid effectiveness through coordination, harmonization and alignment persists <input type="checkbox"/> Donor incentives to reform their behaviour. <input type="checkbox"/> Recipient countries demand accountability by all stakeholders
		Source			
		Paris Declaration Survey			
	Harmonisation: Use of common arrangements and procedures in education sector [Paris Declaration monitoring indicator 9]				
		Source			
		Paris Declaration Survey			
	Managing for results: Difference of amount received at Catalytic Fund grant renewal compared to original grant between strong and poor performing grants				
		Source			
		FTI			

1. The indicator can alternatively focus on how much education aid is being disbursed (1) through government PFM systems [Paris Declaration monitoring indicator 5a] and/or (2) using government procurement systems [Paris Declaration monitoring indicator 5b].

Activity	Indicator	Low	Middle	High
4.1 Encourage coordinated donor support to the education sector plan	Type of modality agreed for aid to basic education in general	Coordinated mechanism to assess need and deliver aid: JAM, CAP, IASC cluster <sup>1</sup>	Joint aid management and delivery: pooled funding, multi-donor trust funds	Country-led coordinating mechanism to manage aid and deliver results
4.2 Ensure CF and EPDF modalities are aligned with country processes	Type of modality agreed for grants from the Catalytic Fund	Not aligned	Partly aligned	Fully aligned
4.3 Review aid effectiveness arrangements in education sector across FTI eligible countries and act upon recommendations	Number of countries for which an annual briefing note on the implementation of the FTI compact is prepared <sup>2</sup>	Aid provided in a fragmented manner and guided mostly by individual donor priorities	Coordination mechanisms reviewed and strengthened	Aid is coordinated, harmonised and aligned
4.4 Build capacity of Local Donor Groups <sup>3</sup>	Number of workshops organised by FTI in country /region to inform Local Donor Groups of good practice in aid effectiveness	Poor and insufficiently consultative mechanisms in-country to discuss aid effectiveness	Stakeholders regularly provided with updated information on aid flows and aid effectiveness	Clarity on mutual commitments and time frames among partners

1. Relevant for fragile states: JAM = Joint Assessment Mission; CAP = Consolidated Appeals Process; IASC = Inter-Agency Standing Committee

2. This type of annual briefing note could become a requirement for Catalytic Fund disbursements.

3. Use the *Country-level process guide* as a basis to develop a checklist of Local Donor Group activities to be monitored.

*Next steps*

22. The above framework should be treated as a basis for a long overdue discussion among the partners. It is therefore necessary to make the following disclaimers, taking the following quote from the GRPP Sourcebook (IEG 2007, ¶9.6) into account:

Although logframes are common in project evaluation, placing responsibility for the creation of a logframe on the evaluators themselves is more problematic for GRPPs. Many GRPPs have extensive authorizing environments, and the construction of a logframe should ideally be a participatory exercise among all the partners and participants in order to enhance accountability for results.

23. *The framework needs to be developed and owned by FTI.* In any case, this evaluation has recommended a substantial re-design of FTI which should feed into this process. Therefore, the aim of the proposed M&E framework is to help initiate a process (to agree activities and outputs, indicators and targets) and should not to be seen as an off-the-shelf solution to the FTI's need for an M&E framework. This process should be seen as an opportunity to articulate a common interpretation of the objectives of the partnership and what the partnership will do for them to be achieved. It is envisaged that the search for clear indicators and agreed means of verification / data collection processes will forge joint understanding of FTI potential and limitations among stakeholders and reach agreement on what exactly the partnership attempts to accomplish, how likely it is that the selected activities will lead to the accomplishment of these targets and what the implications are in terms of resources.

24. A long-term framework for impact assessment is not a substitute for basic management monitoring of the activities that the FTI partners will commit to undertake and the inputs they will provide. In order to achieve this, *the M&E function at the Secretariat needs to be strengthened considerably.*

25. The proposed logical framework does not include *a narrative analysis of the results chain mapping the FTI channels of influence.* Various FTI documents need to be pulled together to describe in concrete terms the nature of the compact and its implications regarding the channels of influence that fall directly under the control of the FTI partnership and those that are left to the discretion of individual partners.

26. The proposed M&E framework constitutes a part of the overall recommendation of this evaluation that the FTI partnership should aim to articulate a common interpretation of the objectives of the partnership and what the partnership will do in order to achieve them. The search for clear indicators and agreed means of verification should forge a joint understanding among stakeholders of the FTI's potential and limitations. It should help in reaching agreement on what exactly the partnership attempts to accomplish, how likely it is that the selected activities will lead to the accomplishment of these targets, and what the implications are in terms of financial resources, the configuration of the Secretariat, and the sharing of responsibilities among the various bodies connected with the FTI.

27. As recommended in Chapter 5 of the main report, *a new constitutional document for the FTI, to replace the 2004 FTI Framework, should be developed.* Such a document would supersede not only the existing Framework document but also the country level processes guide and the governance document and would also capture the final version of the M&E framework. The M&E framework should be an intrinsic part of the design on the way forward and not just an afterthought.

## C. Issues in impact evaluation

28. This section focuses on the element of the TOR that relates specifically to an eventual impact evaluation of the FTI – to “*provide guidance for the assessment of the impact of the FTI at a later stage*” [TOR ¶17]

29. Agreement on a monitoring and evaluation framework that reflects consensus on activities, outputs, purpose and goal among the partners will significantly simplify future evaluation efforts. This will be achieved primarily through the strengthening of the monitoring mechanisms that will be required.

30. This evaluation commissioned a scoping study (White 2009) on the feasible approaches to FTI impact evaluation and their respective advantages. It contrasted two commonly used but different definitions of impact:

2.2 The tradition in evaluation has been that ‘impact’ refers to the final level of the causal chain (or log frame), with impact differing from outcomes as the former refers to long-term effects. For example, the DAC definition of impact is ‘positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended’. Any evaluation which refers to impact (or often outcome) indicators is thus, by definition, an impact evaluation. ...

2.3 But this definition is not shared by many working on impact evaluation .... Impact is defined as the difference in the indicator of interest (Y) with the intervention (Y1) and without the intervention (Y0). That is,  $\text{impact} = Y1 - Y0$  (e.g. Ravallion 2005). An impact evaluation is a study which tackles the issue of attribution by identifying the counterfactual value of Y (Y0) in a rigorous manner ....<sup>4</sup>

31. The first definition focuses on monitoring the achievement of outcomes of a specific (set of) intervention(s). The second definition is not restricted to outcomes (it also covers indicators lower down the causal chain) and also places emphasis on tackling attribution.<sup>5</sup>

32. The scoping study focused on the potential for applying attribution analysis, in other words, on the possibility of using a particular methodology to assess the proportion of observed change which can really be attributed to the FTI or to another specific (set of) intervention(s).

33. In brief, attribution can be examined at two levels:

- At the input-to-output level: whether FTI influences policy and resource allocations at the global and country level; and
- At the output-to-purpose level: whether the policy changes (supported by FTI) have a beneficial impact on educational outcomes.

34. Evaluating the *input-to-output* relationships requires a qualitative approach starting from a mapping of the possible channels of FTI (direct and indirect) influence on policy and resource allocation decisions at the country level (as mentioned in ¶25 above). However, many factors outside FTI affect these decisions. This was demonstrated in the case studies under this evaluation, which involved stakeholder analyses at the country and

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<sup>4</sup> Note that such impact evaluations cannot easily be done in retrospect. The baseline data need to be collected at the outset of a programme in order to try to measure change over its duration.

<sup>5</sup> The terms of reference of the FTI evaluation alternate between the two possible definitions of impact evaluation. For example, when talking of ‘development of a manageable set of indicators for tracking progress towards sustainable impact and baseline data from case study countries on those indicators’ it is a case of the first definition (with *impact* referring to monitoring of outcome trends). When asking ‘how has the FTI impacted government support for other EFA objectives’, it is a case of the second definition (with *impact* referring to counterfactual analysis).

agency level to come to specific conclusions about which policies were assisted by the FTI and how. FTI activities and influences at the country level will continue to be rather heterogeneous and a small part of a complex picture. The scoping study (White 2009, Table 1) noted the difficulty of constructing a comparison group for a counterfactual scenario that can lead to a clear interpretation of results:

- There are many *confounding factors* affecting education policy and resource allocation decisions other than the FTI.
- There is a *selection bias*, as countries are endorsed because they have sounder education policies, so these countries would likely be better performers than non-FTI countries even in the absence of the FTI.
- There are positive *spill-over effects* as non-endorsed countries may benefit from knowledge of better sector policies even if they do not join the FTI.
- *Contamination* may occur as other agencies implement parallel projects that affect the outcomes of interest.

35. An assessment along the lines of the mid-term evaluation, which will establish whether the activities undertaken by the FTI partnership contributed to the achievement of the outputs, is necessary. This assessment will be greatly facilitated with a clear FTI M&E framework. However, partners need to be aware that this evaluation cannot be conducted in the expectation that the results will be able to be clearly attributed to the FTI.

36. Evaluating the *output-to-purpose* relationships, in other words whether (policy, financing, data and capacity) changes relevant to FTI objectives are linked to changes in educational outcomes, also has to tackle similar problems in selecting a control group but solutions are more likely to be forthcoming. This approach will resonate with the 2004 FTI Framework goal to establish which policies work and then propagate them. Two different ways can be followed.

37. First, existing evidence can be marshalled. Since the FTI was established, a number of organisations have built up a body of evidence on what works in primary education, including, not least, some of the FTI partners themselves, such as the EFA-GMR and individual donor agencies, but also the International Initiative for Impact Evaluation (3ie), the Abdul Latif Jameel Poverty Action Lab (J-PAL) and the Innovations for Poverty Action (IPA). The FTI can prepare summaries of these reviews (particularly in the form of briefing notes for policy makers) to benchmark good practice in line with one of its working principles. This would help:

- ensure the relevance of FTI by promoting policies with proven impact; and
- guide any original empirical work to be undertaken in areas in which there is insufficient knowledge.

38. Second, new quantitative work could be undertaken at country level. This could take two forms:

- A programme of data collection for specific indicators of the Indicative Framework for which existing systems are currently weak. This could first concentrate on intermediate outcome indicators that could be used to illuminate progress both for EFA and FTI and for which there are usually reasonably reliable data available although not currently monitored systematically (e.g. books per student, latrines per student) and then move on to indicators that are harder to measure (e.g. effective annual instructional hours, proportion of children coming to school without breakfast etc).
- Targeted impact studies of selected policies to understand the effects of policy changes that have been supported by FTI (but for which knowledge

gaps have been identified). These might be based on existing or newly collected data. Indeed, in the course of this evaluation the Evaluation Team has noted proposals to implement in-depth (and costly) studies at country level.<sup>6</sup> However, the Evaluation Team would not recommend that such studies be pursued because – in the light of the overall agenda – it is unlikely that they would usefully (and in a cost-effective manner) address the issue of *FTI impact* that should remain the priority for the partnership. Moreover, it is unclear whether the FTI, even in a restructured form, will have a comparative advantage in directly undertaking or even commissioning such studies.

## D. Options

39. The above outline has argued that a rigorous quantitative evaluation of the full impact of the FTI is not possible. However, it has presented a menu of options from which the partnership can choose in order to highlight those aspects of the FTI that demonstrate the initiative's relevance, effectiveness and efficiency. The three options proposed below are based on an assumption that the partnership will have an evaluation budget broadly equivalent to that at its disposal for the mid-term evaluation. Rough order-of-magnitude suggestions are given for how the available budget might be divided among the three options.

40. First, a second/final evaluation of the FTI will be undertaken in five years' time along the lines of the mid-term evaluation. Contribution analysis will be used to demonstrate whether or not the FTI was one of the causes of observed changes (at the national and global levels) from the point of view of achieving the expected outputs, outcomes and impacts. This evaluation will have a much better and more efficient starting point than the mid-term evaluation if an M&E framework is adopted and if FTI monitoring systems are strengthened and adjusted to collect information on all the selected indicators. [*Dedicate 50% of impact evaluation budget to this activity*]

41. Second, indicative meta-analyses and reviews of core education policy questions could be undertaken on a range of issues that the FTI has supported or is interested to support: conditional cash transfers, abolition of fees, regulation of private schools, school proximity, decentralisation of education decisions, early childhood education programmes, special needs education programmes, teacher training programmes, monitoring of attendance, school grants, school feeding programmes, provision of instruction materials and textbooks etc. There is a great deal of knowledge about the effectiveness of these programmes. What is needed is a substantial job to synthesise and present them in ways that are appropriate for informed policy discussions to take place. The FTI could therefore generate a series of policy briefings drawing on studies already undertaken. It is noteworthy that, compared to health services research, the tradition of systematic reviews is in its infancy in the international education field (e.g. there is no equivalent to the internationally recognised Cochrane collaboration<sup>7</sup> in the health field). The proposal here therefore is to draw up a list of topics and produce a series of low cost policy briefings based on existing research. Once a body of reviews has been completed (e.g. within the next 18 months), it would be appropriate for FTI (in conjunction with GMR and UIS) to participate in a series of workshops on sensible approaches to impact evaluation for the education sector. [*Dedicate 15% of impact evaluation budget to this activity*]

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<sup>6</sup> The commissioned paper from 3ie includes outline TOR and approach for such studies, together with indicative costs and a suggestion as to which countries might present least difficulty in terms of availability of data (e.g. from household surveys), see White 2009, Annex E.

<sup>7</sup> See [www.cochrane.org/](http://www.cochrane.org/).

42. Third, strengthen the monitoring of particular indicators, which are central to the FTI partnership yet for which there are substantial gaps. These might include indicators of assumptions of what is (or might be) good educational policy practice (such as the effective number of instructional hours), indicators of adherence to the FTI compact (such as basic education aid commitments and disbursements) or indicators of desirable educational outcomes (such as learning outcomes). The model would be to support existing institutions collecting data, such as the UIS, DAC or other. Their involvement in the design of the M&E framework should be considered. [*Dedicate 35% of impact evaluation budget to this activity*]

## **E. Summary**

43. This appendix has argued that a useful impact evaluation (and indeed an effective partnership) requires a clear programme logic with well-specified indicators. This element has been missing and has resulted in lack of clarity about what the partnership is meant to be doing and what resources it is supposed to be expending accordingly. A detailed M&E framework has been proposed as a basis for discussion among FTI partners. It calls for a sharper focus of monitoring activities to be undertaken directly by the FTI.

44. With respect to an eventual impact evaluation that identifies the contribution of the FTI to improved policies, finance, data and capacity at the country level, the same challenges that faced the mid-term evaluation are likely to continue. In particular, although the focus of the partnership may sharpen, it is likely that the activities of the FTI will continue to be a small part of a larger picture. In this context, it is questionable whether impact evaluation case studies of particular (small and perhaps non-replicable) packages of FTI inputs would be as good a use of evaluation resources as analyses of specific policies that the FTI does or might promote, or improvements in the information base.

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## **Appendix VII Design Options for the Future Catalytic Fund**

## Introduction

- 1 The Catalytic Fund (CF) has become an increasingly important feature of the FTI. Its past operations are reviewed in detail in Appendix III, and it features strongly in the overall findings of the evaluation described in the main volume of this report. The evaluation noted that what began as a limited supplementary instrument for the FTI is now accessible to all endorsed countries and is the most important incentive for countries to engage with the FTI. Its commitments and disbursements are growing rapidly, and it is likely to be even more important in future.
- 2 At its creation in 2003, the CF's main objective was to provide “transitional short term funding for a maximum of three years to enable such low-income countries to scale up their education sector programs and to establish a performance record that could attract longer-term bilateral support”. In 2007, the Expanded Catalytic Fund corresponds to a shift in CF objectives towards providing a “predictable source of funding that will enable eligible recipients to engage in long term planning for their education programs”, aiming at “reducing financing gaps that cannot otherwise be filled”, thereby acting as a donor of last resort. In terms of aid modalities, it was then specified that “every effort [will be made] to channel all [CF] funds through the most aligned modality as agreed upon by the local donor group in the education sector in the recipient country”. (*FTI Expanded Catalytic Fund Concept Note* p.1, 3, 5, and 6.)
- 3 Evaluation findings show that in a limited number of countries, the FTI CF has indeed provided an efficient and significant source of funding, in particular since the move to the Expanded Catalytic Fund in 2007. However, it has failed to become a predictable source of funding, especially in the long term. In the majority of cases, it has provided support through a project modality, in many cases despite the existence of more aligned aid modalities. It has in most countries not contributed directly to financing recurrent costs – in particular teacher salaries. The pattern of its allocation among countries, although focused on low income countries, has not been skewed significantly towards the countries where the apparent needs are greatest.
- 4 Key weaknesses identified by the evaluation in the FTI CF-related processes were:
  - (a) Allocation model based on the concept of a financing gap, allocations decided on a first come-first served basis and without clear prioritisation criteria, by a body exclusively composed of donor agency representatives.
  - (b) Weak communication between global and country level, in particular between the FTI Secretariat and beneficiary countries, leading to confusion, higher transaction costs and lower effectiveness.
  - (c) Weak catalytic effect on other donor funding related to the lack of clear and monitorable commitments from donors and patchy monitoring of external and domestic funding for education at country and at global level.
  - (d) Choice of aid modality relies on local education donor groups that often do not have the capacity or the incentives to take bold steps to move away from business as usual in terms of aid effectiveness. Strong reliance on the World Bank (WB) as default supervising entity created additional constraints on the choice of aid modalities for CF funding.
- 5 Chapter 5 of the main report recommends that the FTI should recognise the importance of the CF in its future design and strengthen its contribution to the FTI's objectives:

The key point is that **the CF should do things that would not happen in its absence**. It should build on the potential strengths of a global pooled funding mechanism, while seeking to avoid the drawbacks that can be associated with vertical funds. (¶5.21).

- 6 This Appendix provides additional detail on the design features of the future CF that are implied by the evaluation team's recommendations. The next section considers some general principles, bearing in mind the potential advantages and disadvantages of pooled funding mechanisms, and the need to preserve the strengths of the FTI's country-focused approach. The subsequent section then elaborates on various dimensions of future CF design. In doing so, it draws on the experiences of some other global programmes. An attachment briefly compares the approaches of three prominent global partnerships – the Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM), the Global Environment Fund (GEF), and the Global Alliance for Vaccination and Immunization (GAVI).

## Potential Strengths and Weaknesses of Pooled Funding

- 7 The CF should maximise the benefits derived from being a global fund (i.e. an instrument pooling funds from a range of international agencies and countries, to support multiple recipients on a specific topic), compared to existing bilateral and multilateral donors and agencies, while minimising the potential weaknesses.

### Potential advantages at global level

- 8 Advantages of a pooled funding mechanism at global level may include:
- (a) Global funds have proved efficient instruments to mobilise funds for specific topics in various sectors. By nature, they ensure visibility and constant focus on specific issues, when other organisations may have fluctuating and multiple interests. As such, they may be efficient advocacy and fund raising tools.
  - (b) Global funds, as well as multilateral organisations, are less vulnerable to the political issues and foreign relations concerns of bilateral donors. As such, they may develop more transparent and less political aid allocation mechanisms, closely in line with their stated objectives. See examples of IDA and the European Development Fund in Exhibit 1 and Exhibit 2, and the examples of GFATM, GEF and GAVI in Attachment VII.A, section 4 below.
  - (c) Global Funds and multilateral organisations are not subject to annual budget cycles. Most of them have developed multi-annual replenishment mechanisms. In addition, they are less subject to the political pressures associated with bilateral aid, hence may potentially provide more predictable, less volatile and longer term funding.
  - (d) As a pooled funding mechanism, global funds offer a channel for small donors that do not have the capacity to invest in e.g. education or in a high number of countries but want to do so.
  - (e) They also potentially offers a channel to donors that cannot easily use the most aligned aid modalities due to internal constraints, or that do not have the financial instruments to support fragile states, to do so.

### Potential advantages at country level

- 9 Advantages of a pooled funding mechanism at country level may include:
- (a) Global funds have the potential to provide financial support at a scale which would be difficult or impossible for individual bilateral donors, which provides significant incentives and potential reduction in transaction costs.

- (b) As a mechanism for pooled funding, global funds have the potential for reducing transactions costs by minimising the number of donors involved at country level. Nevertheless, this is not automatic (in particular if heavy procedures are involved in accessing the fund). This could potentially create a threat to the additionality of funding from the global funds (if a decrease in the number of donors involved at sector level leads to a decrease in funding overall).
- (c) As funds are pooled from a wide range of donors and stakeholders, global funds have the potential for taking more risks than some bilateral donors, and using more innovative aid modalities.

### **Potential risks and constraints at global level**

10 Nevertheless, there are also a number of risks and constraints involved with the operations of global funds. At global level:

- (a) Although the focus of global funds on specific areas or topics has proved useful as a fund mobilisation and awareness raising tool, it has also in some cases led to a vertical approach to country support, cutting across sector and national priorities. There is a significant risk that synergies with cross cutting strategies or reforms (PRSPs, Public Finance Management and Civil Service Reform) are lost, and that alignment to national processes is more difficult.<sup>8</sup>
- (b) In effect, global funds compete for funding with multilateral organisations (UN, EC, WB) in particular for the allocation of bilateral funding.

### **Potential risks and constraints at country level**

11 At country level:

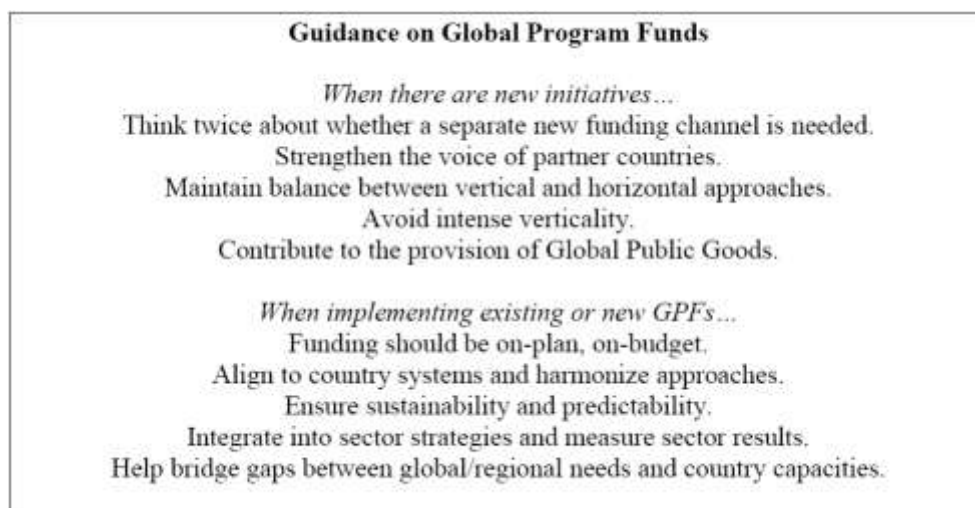
- (a) If global funds are to propose a credible alternative allowing a decrease in the number of donors involved in a specific sector – thereby minimising transactions costs and implicitly enhancing harmonisation, the issue of capacity of local donor groups at country level should be carefully considered. There is a risk that a lower number of donors at sector level (in particular if some key donors with high capacity and experience move out of the sector) may lead to a de-skilling and diminishing capacity of local donor groups. There is also a risk attached to the fact that a small number of individuals come to decide on a higher amount of funding.
- (b) There is a non-negligible risk of donors moving out of the sector because pooled funding – to which they contribute – is seen as providing a substantial amount of funding to the sector.

### **Good Practice and Objectives for the CF**

12 Recent work carried out for the Accra HLF provides the following synthetic guidance for Global Funds (World Bank 2008:4):

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<sup>8</sup> “When [GFs] are large and narrowly earmarked, they can create allocative distortions within the subsector and at the sector level. In addition, when intensely vertical GPFs grow fast, they may pull resources from other parts of the sector, leaving gaps in capacity to meet other important objectives, including other MDGs. This has been especially important in the case of large GPFs (such as GFATM and PEPFAR) addressing HIV/AIDS.” (World Bank 2008:2) [*Global Program Funds at country level, what have we learned?*]



13 In order to play its part efficiently in the framework of a redesigned FTI, a revised CF should be designed in order to ensure:

- **Additionality** – increase total funding for basic/primary education.
- **Allocative efficiency** – ensure that aid is allocated to the countries and with the sector coverage where it can be most effective.
- **Predictability** – provide credible commitments to support countries on the medium to long term (3–10 years) in order to maximise the value of aid provided, allow countries to plan in the medium term on a credible basis, provide room for measures with long term cost implications.
- **Aid effectiveness** – Use country systems as much as possible, in order to strengthen **country** systems and minimise transactions costs. Fund recurrent costs.

14 The CF's objective in the countries it supports should be to make a difference – not to become just another source of funds. Hence the importance that FTI CF funding be on a scale and with aid modalities that actually make a difference, building on its specific added value as an international pooled funding mechanism. The next section develops these themes.

## Renewed FTI CF – design features

### Introduction

15 The evaluation's overall recommendations imply that the future CF would have a different name, and the FTI would move away from the present fragmentation of funds, and from the present tendency to differentiate sharply between fragile states and other countries. Thus, the proposals below are relevant to a one-stop facility that would incorporate the functions currently performed by the EPDF. However, these aspects are not discussed in detail in what follows. The funding of fragile states also needs to be factored in, as does the evaluation's recommendation to adopt a "Progressive Framework"<sup>9</sup> approach for all eligible countries.

16 The following sub-sections outline a series of design features for the CF which would allow fulfilling its objectives and maximising the benefits of such a pooled funding mechanism. Many features are interrelated, but they are organised roughly under the following headings:

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<sup>9</sup> See main report, [Exhibit 17](#).

- Allocating funds among countries
  - Aid modalities
  - Maximising influence and added value
  - Raising funds
  - CF Governance
  - Monitoring CF performance.
- 17 Each section comments briefly on background, objectives for the CF, and design options. These options draw on the findings and lessons from the evaluation. They also draw on the experiences of existing global funds, as summarised in Attachment VII.A below. They give particular attention to the alignment of incentives of various stakeholders involved (partner governments, donor agencies and donor representatives at local level, FTI Secretariat) with FTI objectives. They are indicative and aim to foster discussion and reflection around the future of the CF.
- 18 A number of these changes are already under way or agreed in principle by the Steering Committee/Board of the FTI, but there is a need for a more radical overhaul of the CF than has so far been envisaged.

## **Allocating Funds among Countries**

### *Background*

- 19 An endorsed ESP has been a precondition of CF funding. There has been a strong element of "first come first served" in allocations. It is not obvious to countries ex ante what level of CF funding may be available, and the ex post distribution of CF allocations is not strongly related to criteria of relative need for funding. As the CF becomes larger it will inevitably have to be more systematic.

### *Objectives*

- 20 Relevant objectives in allocating funds include transparency, allocative efficiency, and predictability of funding to support medium term planning and budgeting. Moreover, complementarity remains a vital principle: allocation of funds from the CF must take account of levels of funding from other sources and seek to improve the overall pattern of allocation of aid for basic education (among countries and (sub)-sectors).

### *Design Options*

- 21 *Eligibility.* Eligibility for different FTI facilities will need to be carefully re-defined. The "endorsed ESP" prerequisite will need to be re-framed to fit with a "Progressive Framework" approach, and the possibility of funding interim strategies.
- 22 *Allocation criteria.* A transparent allocation formula should be defined, based on a small number of criteria related to needs and performance. It should also take into account funding needs, using criteria such as domestic education expenditure per child and education ODA per child. The latter element is crucial in order to ensure that the CF improves the distribution of ODA among countries, rather than reinforcing existing imbalances.
- 23 It is important (a) not to spread CF resources too thinly to be effective or efficient, and (b) to ensure that recipient countries have predictable funding streams that enable them expand and improve services over the medium and long term. To ensure this is possible it may be necessary to prioritise continued support to existing recipients if funds are scarce (i.e. to honour the indicative allocations discussed next).

- 24 *Advance indications of funding available.* Announce indicative allocations in advance in order to facilitate planning and programme preparation at country level (this should also contribute to reducing the delays between fund allocation by the CF and actual disbursement).
- 25 As a corollary, it may be necessary to define a clear mechanism to re-assign country allocations when they are not being used (see example of the European Development Fund mid-term review in Exhibit 2), in order to avoid funds being blocked.

## **Aid Modalities for the CF**

### *Background*

- 26 The modalities used for the CF have tended to be rather conventional. Project modalities have often been used even when this is not the most aligned modality available<sup>10</sup>. This is partly explained by restrictions on the World Bank's flexibility, but the evaluation also found that Local Donor Groups often lacked the capacity or the incentive to challenge "business as usual". Ministries of Finance may have a stronger interest in more effective aid modalities than Ministries of Education.

### *Objectives*

- 27 The CF itself should use, and should promote the use by others, of more effective modalities. This includes the use of country systems wherever possible, and supporting recurrent costs when appropriate. The CF should not be content to use the existing modality that is "most-aligned" if there is scope to adopt a modality that is more effective than the existing ones.

### *Design Options*

- 28 *Guidance and challenge on aid modalities.* While the importance of country-level planning remains, there should be stronger guidance from the centre on effective aid modalities, both generally and in particular cases. A two-stage review of proposals (see ¶61 below) would facilitate dialogue and encourage consideration of more innovative modalities. A permanent review panel for CF proposals (see ¶65 below) is important to ensure consistency and continuity in approach (as opposed to the ad hoc approach to quality review that has been used so far). It would also be better able to foster lesson learning across the partnership.
- 29 Full involvement of Ministries of Finance in the FTI application process is also important from this perspective.
- 30 *Alternative supervising entities.* The availability of alternative supervising entities (SEs) is crucial to enable choice of approaches, and competition between SEs ought to encourage innovation and flexibility. Alternative SEs are likely to be especially important for operations in fragile states. There needs to be a careful review of the risks and incentives faced by potential SEs, with a framework that ensures, for example, that their design and supervision costs are adequately recompensed.
- Clarify whether the use of an alternative SE would imply using this SE's processes and aid instruments – and what this would imply for the CF in terms of monitoring, fiduciary risk, image, workload for the FTIS etc. Ideally, CF funding should provide topping up to an existing programme by the SE.

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<sup>10</sup> See [EFA-FTI modality guidelines, November 2008](#), for the guidance provided by the FTI since 2008 on aid modalities for CF funding.

- Define a clear set of rules/criteria for use of SE aid instruments, in order to ensure aid instruments used with CF funding are in line with FTI objectives in terms of aid effectiveness.
  - Envisage ways to ensure donors have the capacity, information and incentives to take on the responsibility for management of CF funds (note that often the WB has used the EPDF to finance programme preparation for the CF). This implies better communication on the possibility, requirements and implications of becoming a SE, as well as minimising the additional FTI requirements on top of the donor's existing programme, and bringing donor HQ on board to support their country offices.
- 31 *Stronger default requirement on the use of most aligned modalities, including use of sector budget support and maximum use of country systems.* Regarding SBS, lessons should be drawn from the study on SBS in practice, in particular on the harmfulness of requirements for traceability of funds and the need for an increased focus on service delivery (see main report, [Exhibit 14](#)).
- 32 The aid modality guidelines should expand on the acceptable justifications for choice of an aid modality that is not the most aligned. In particular, if the country receives general budget support, or sector budget support, a limited set of justifications should be defined as acceptable to provide funding through a less aligned modality (for example to fund technical assistance, to fund an innovative project, or to take account of specific financial management weaknesses in the education sector). These justifications should be clearly set out and discussed when the funding decision is taken. There should be a requirement to justify and explain any decision to use earmarked and/or traceable budget support instead of budget support that is not earmarked or traceable, or to use a pooled fund instead of sector budget support (see main report, [Exhibit 14](#)).
- 33 Minimum conditions to use country systems should be clearly defined. For each CF-funded programme, establish a clear typology to assess to what degree it is aligned with country processes (taking account of the various dimensions of country systems shown in Exhibit 4 below) and report on it systematically when presenting programmes to the decision-making body.
- 34 *Long term predictability.* Stronger links to national plans/PRSPs/MTEFs and Ministries of Finance are important here, since the credibility of continued CF support may allow larger government expenditure commitments (to be recorded in financial undertakings – see ¶43 below)
- 35 Provide multi-year commitments with the expectation that countries would be able to draw on the CF for the necessary length of time as long as they were showing improvement (i.e. clarify the presumption that funding would be long term). See example of the [Rolling Continuation Channel](#) of the GFATM in Attachment VII.A, section 6.
- 36 When commitments are made on a multi-year basis, conditions for the disbursement of subsequent tranches should be defined in the programme document and be verified at country level without requiring full-scale review by the CF allocation committee.
- 37 Launch thinking on how CF could provide longer term commitments, based on experience of other donors, e.g. EC MDG contracts (see Exhibit 3), UK ten year MOUs. Involve IMF in this discussion. See also DAC guidelines on harmonising donor practices for effective aid delivery, Volume II. Issues for discussion:
- Would this be compatible with using Supervising Entity existing procedures or would it imply an FTI CF specific modality?

- How to minimise volatility and unpredictability while maintaining a role for performance conditions?
- Is a rolling commitment possible (a multi-year commitment renewed every year)?

38 *Short term predictability.* Efforts should be made to align CF commitment decisions to countries' budget cycles, so that information on future programmes is provided in time to be included in the budget, and that disbursements are made early in the fiscal year, particularly when funding is provided through sector budget support.

## Maximising influence and added value

### *Background*

39 A core objective of the FTI (embedded in the name of the *Catalytic* Fund) is to complement existing (domestic and international) support to basic education and to galvanise additional support, with mutual accountability through an "FTI compact". The evaluation found that catalysis has been rather limited, and that the mutual accountability of the compact has been weak. This increases the risk that CF support may substitute for other finance, instead of leveraging more and better aid and domestic expenditure.

### *Objectives*

40 To ensure the additionality of CF support and to deploy the CF in ways that, reinforce support from domestic expenditure and from other donors. To maintain the country-focus of the FTI and ensure that support is anchored in country plans at national level and for the education sector. To encourage lesson learning across the partnership.

### *Design Options*

41 *Endorsement by country stakeholders.* Continue to require endorsement by LEG and LDG.

42 *Systematic involvement of Ministries of Finance.* Require proposals and agreements relating to the CF to be jointly submitted by Ministries of Finance and of Education. Seek MOF as well as MOE representation in FTI governance (see ¶63 below).

43 *Joint and parallel financing commitments.* Parallel donor and government commitments on ESP finance would be built into fund approval and monitoring procedures, in order to reinforce accountability of donor commitments and ensure the additionality of CF support. CF applications should be accompanied by (a) commitments from other donors to joint funding of the programme supported by the CF; (b) monitorable commitments from other donors to the financing of the ESP as a whole; (c) monitorable commitments from the recipient government (MOF) on levels of public expenditure for basic/primary education.

44 Disbursements of CF support to be linked to reporting on the above commitments by donors and government.

45 *Avoid displacement of other donors, including IDA.* The FTI approach depends on adequate levels of in-country donor capacity. It is therefore important to strike the right balance in pooling funds, so as to retain viable capacity among involved donors. This has already been touched on in the contest of aid modalities and supervising entities above. It is particularly important to retain the involvement of the World Bank where possible. In this connection, CF funds could be used to buy down IDA credits to grant level (this would reduce the risk of the WB and Ministries of Finance allowing the CF grant to displace IDA credits, and increase the likelihood of the WB remaining engaged in basic education).

- 46 *Foster use of country systems by other donors.* FTI to provide financial support and guidance (lessons from other countries or sectors) on sector PFM assessments, sector PEFA/PERs/PETS, and support to local donors to understand better service delivery processes. Foster learning from countries that have set up mutual accountability framework in education or in other sectors.
- 47 *Foster cross-country and cross-sector learning.* Foster debate on tricky issues both at global and country level (how to move to longer term aid commitments, how to increase fiscal space for spending on recurrent costs in education, how to strengthen the quality of dialogue while minimising transactions costs, using general and sector budget support to support service delivery in the education sector).
- 48 Build on the experience of the [International Health Partnership](#) in the health sector to promote aid effectiveness at sector level. Share experience and foster mutual learning with the GFATM in its move towards “national strategy applications” based on the model developed by FTI of endorsement of sector plans (see Attachment VII.A section 9).

## Raising Funds

### *Background*

- 49 Meeting EFA objectives will require large amounts of incremental funding. The FTI should not be seen solely in terms of the CF: it remains an important principle that other multilateral and bilateral channels of support can also directly contribute to the FTI.

### *Objectives*

- 50 Dual objective to raise funds for the [new] CF and to increase funding for education overall, and to ensure additionality in doing so. There is a need to estimate potential CF funds credibly and to be able to make long term commitments to support countries.

### *Design Options*

- 51 *Additionality at country level.* The design options noted above, under "maximising influence" should ensure additionality at country level.
- 52 *Additionality at global level.* The FTI should monitor the commitments and expenditures on basic education of participating donors (not just their direct contributions to FTI funds).<sup>11</sup> At global level, regular monitoring and reporting on aid levels and aid modalities, and key aid effectiveness issues in the education sector (predictability, aid on budget, etc).
- 53 FTI to work with OECD DAC, UIS and Pole de Dakar (and potentially IMF) on strengthening the monitoring of donor aid flows, including the classification of aid to education using sectoral and general budget support, and government funding of education. FTI could consider joining IATI ([International Aid Transparency Initiative](#)).
- 54 *Long term funding.* A 3 to 5 year replenishment cycle should be set up, as outlined in the Report to the Replenishment Task Team ([Proposal for Replenishment of Trust Funds, FTI, 2009](#)). Longer term commitments from donors should be allowed, using promissory notes. CF should be allowed to commit funds on the basis of promissory notes.
- 55 *Tailor FTI ambitions to available funding:* it may be necessary to limit the number of beneficiary countries and to restrict the sector coverage of the CF funding to basic education in order to be able to offer long term predictability and to ensure an appropriate

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<sup>11</sup> This has already been agreed in principle by the FTI Steering Committee.

scale of CF funding in the countries it supports. Different scenarios should be prepared by the FTIS on the basis of the commitments obtained during the replenishment process, and clear criteria for defining the selectivity of the CF should be defined (see example of GFTAM in Attachment VII.A section 4 and Exhibit 5).

## **CF Governance**

### *Background*

56 The CF (and EPDF) have had separate governance arrangements, managed by committees representing only the contributing donors. There has been a lack of transparency in CF operations, and insufficient coherence across FTI activities. The recent governance reforms have taken some important steps to address this, but more are required.

### *Objectives*

57 Ensure CF governance is coherently aligned with FTI objectives, minimises transactions costs and ensures improved transparency and broader partnership.

### *Design Options*

58 *Avoiding fragmentation.* Merge the different FTI trust funds into one fund – this will minimise transactions costs (applications to different funds, different procedures), maximise overview of country support from FTI, ensure complementarity of different types of support. The proposal of a virtual fund as presented by the WB during the FTI Board Meeting in November 2009 is a move in the right direction (as is the introduction of a common Chair for the Board of Directors and the Trust Fund Committees).

59 *Maintain country focus and integration with country systems.* Maintain joint appraisal of ESP and joint agreement on CF proposals at country level by the LEG. Provide stronger guidelines on involvement of LEG at country level, whilst avoiding the creation of parallel structures, through clear guidelines and support (potentially financial support), and a clear communication and monitoring by Secretariat.

60 *Improve communication.* FTI Secretariat to be more proactive in communicating with donor HQs and with LDGs on CF and FTI objectives and modalities, as well as directly with partner Governments

61 *Two-step process.* Assessment of request to be carried out in two phases:

- initial assessment based on short project information form (which should involve agreement on indicative amount, time length, supervising entity, implementing partner and aid modality);
- final approval based on full-fledged programme document.

62 This two-step approach should allow the FTI Board to give indications early on in the process on key issues such as aid modality, supervising entity, amount etc. The programme developed on that basis would then follow a lighter approval process before implementation. (See example of GEF in Attachment VII.A section 5).

63 *More genuine involvement of partner governments.* Partner countries (with representatives from MOFs as well as MOEs) should be involved in the strategic oversight of the CF – as should CSO representatives. Partner countries should present their own proposals to the CF committee.

- 64 *Separate strategy and management.* The present CF committee makes strategic decisions and also decides on specific funding applications. This is already unwieldy and leads to inconsistent decisions. Much of the management of the fund and the processes for soliciting and reviewing applications should be delegated to professional staff. The strategic committee should agree eligibility and allocation criteria and overall procedures (e.g. the two-step process suggested above).
- 65 Review of applications should be undertaken by a standing *independent professional panel.* The present external quality review process should be replaced by the independent permanent panel (not the FTIS nor CF steering committee) to assess CF requests on the basis of clear criteria. The panel should provide recommendations to the FTI Board for their decision. (See examples of GFATM, GEF, GAVI in Attachment VII.A section 5).
- 66 For example the sequence might be:
- Request to be endorsed by LEG (at stage 1?)
  - Request to be sent by Partner Government to FTI Secretariat
  - FTI Secretariat to assess country eligibility and compatibility of proposal with FTI CF rules
  - Independent panel to assess merits of request and make recommendation for acceptance/rejection to FTI Board
  - FTI Board to accept/reject proposal
- 67 FTI Secretariat to be strengthened in order to play an active role in:
- Assessing eligibility of requests
  - Providing focal point for countries, LDGs, and independent review panel
  - Proactive communication with donor HQs, LDGs and partner countries on FTI and CF
  - Monitoring CF programme implementation and results.

### **Monitoring the performance of the CF**

- 68 A clear performance assessment framework should be defined and monitored to regularly assess the fund's performance. Monitoring should be carried out by the FTI Secretariat at global level. At country level, the Supervising Entity should be in charge of reporting on programme implementation (predictability, use of country system, aid modality).
- 69 A small set of “essential” indicators should be defined and monitored systematically across all FTI endorsed countries (see 0 below for some suggestions). Regarding indicators monitored at global level, the FTIS should work pro-actively with the OECD DAC and UIS to improve data quality, coverage and streamlining of data collection exercises. (See **Appendix VI** for detailed recommendations on developing an overall M&E framework for the FTI.)

**Proposed indicators for monitoring CF performance**

<b>CF Objectives</b>	<b>Proposed indicators</b>
Allocative efficiency	% of CF funding allocated to IDA category I countries
	Total education funding per child in school in each country
	CF funding per child in school in each country
Predictability	% of funds disbursed in the year they were supposed to be disbursed
	% of CF funding in multi-year programmes
Use of country systems	% of CF funding on plan, on budget, on treasury, on accounts, on report
	% of CF funding per type of aid modality (project, pooled fund, sector budget support)
	% of education sector funding per type of aid modality (providing also information on GBS)
Additionality	Evolution of education and basic/primary education ODA commitments and disbursements in FTI endorsed (and eligible) countries
	Evolution of domestic expenditure (budget and actual) on education and basic/primary education in FTI endorsed (and eligible) countries

## Exhibits

### Exhibit 1 IDA aid allocation criteria

#### ***International Development Agency (IDA) allocation criteria***

The main factor that determines the allocation of IDA resources among eligible countries is each country's performance in implementing policies that promote economic growth and poverty reduction. This is assessed by the Country Policy and Institutional Assessment (CPIA), which for the purposes of resource allocation is referred to as the IDA Resource Allocation Index (IRAI). The IRAI and portfolio performance together constitute the IDA Country Performance Rating (CPR). In addition to the CPR, population and per capita income also determine IDA allocations. Beginning 2005, the numerical IRAI as well as the CPR are disclosed.

The Country Performance Ratings of IDA countries are assessed annually using the Country Policy and Institutional Assessment (CPIA) ratings. The CPIA assesses each country's policy and institutional framework and consists of 16 criteria grouped into four equally weighted clusters: (i) economic management; (ii) structural policies; (iii) policies for social inclusion and equity; and (iv) public sector management and institutions.

Two additional steps are needed to calculate IDA allocations. *First*, to capture the quality of management of IDA's projects and programs, the World Bank's Annual Report on Portfolio Performance (ARPP) is used to determine a rating for each country's implementation performance. *Second*, a governance rating is calculated using cluster D of the CPIA.

Country Performance Rating =  $(0.24 * \text{CPIA A-C} + 0.68 * \text{CPIA D} + 0.08 * \text{Portfolio})$

IDA country allocation =  $f(\text{Country performance rating } 5.0, \text{Population } 1.0, \text{GNI/capita } 0.125)$

Countries emerging from severe conflict can, under certain conditions, be provided with additional resources in support of their recovery and in recognition of a period of exceptional need.

(source: [IDA's performance based allocation system for IDA 15](#)).

## Exhibit 2 European Development Fund aid allocation criteria

### **European Development Fund (EDF) allocations:**

The European Development Fund (EDF) has been the main financing instrument of ACP-EU cooperation since 1958. There have been 10 EDF programmes, each lasting a period of 5 years. Aid is allocated according to specific criteria. Two kinds of envelopes are used to finance the aid: The A-envelope is based on quantitative criteria relative to needs and performance, and the needs incentive tranche based on relevance, ambition and credibility of a governance plan, and the B-envelope is for unforeseen needs. Quantitative Criteria used for the definition of the A-envelope include:

- o Aid efficiency
  - Aid absorption capacity: corrected for aid dependency ratio
- o Economic performance
  - Investment climate, Sustainable macro-economic performance and exhaustion of non renewable natural resources
- o Social performance
  - Budget structure and Progress towards MDGs in Health and Education

A mid-term review assesses performance (both in terms of poverty reduction, governance and economic growth, and in terms of programme implementation) and leads to the revision of A and B envelopes.

(Source: [EC website](#)).

The Cotonou Agreement defines the criteria for resource allocation as follows:

Resource allocation shall be based on needs and performance, as defined in this Agreement. In this context:

(a) needs shall be assessed on the basis of criteria pertaining to per capita income, population size, social indicators and level of indebtedness, export earning losses and dependence on export earnings, in particular in the sectors of agriculture and mining. Special treatment shall be accorded to the least developed ACP States, and the vulnerability of island and landlocked States shall duly be taken into account. In addition, account shall be taken of the particular difficulties of countries dealing with the aftermath of conflict or natural disaster; and

(b) performance shall be assessed in an objective and transparent manner on the basis of the following parameters: progress in implementing institutional reforms, country performance in the use of resources, effective implementation of current operations, poverty alleviation or reduction, sustainable development measures and macroeconomic and sectoral policy performance.

[...] This indicative amount shall facilitate the long-term programming of Community aid for the country concerned. [...] The Community may, in order to take account of special needs or exceptional performance, increase a country's allocation.

Following the completion of the mid-term and end-of-term reviews, the Commission may, on behalf of the Community, revise the resource allocation in the light of current needs and performance of the ACP State concerned

Source: Cotonou agreement, annex IV, article 3 and 5 (as modified in 2005).

### Exhibit 3 EC MDG contracts – towards longer term predictability

#### EC MDG contracts

*Objective: to improve the effectiveness of budget support in accelerating progress towards the MDGs by increasing its long term predictability and focusing on results*

- 6 year commitment (full 6 years of the 10<sup>th</sup> European Development Fund). The EC will also seek support and co-financing from EU member states in order to ensure the transition at the end of the 6 years and avoid the “cliff edge problem”.
- At least 70% of the total commitment will be disbursed, subject to there being no breach in eligibility conditions for GBS or in the essential and fundamental elements of cooperation.
- Variable performance component of up to 30%, composed of (i) MDG-based tranche (at least 15%) determined at mid contract review on basis of MDG-related result indicators, and of (ii) annual performance tranche: in case of specific and significant concerns about performance with respect to implementation of the PRSP, monitoring of performance, progress with PFM and macroeconomic stabilisation, up to 15% of the annual allocation could be withheld.
- Eligible countries are those with GBS programmed under 10<sup>th</sup> EDF, and successful track record in implementing budget support and commitment to monitoring and achieving the MDGs. In view of its implicit risks, the "MDG Contract" is initially targeted at strong performers. MDG contracts have been signed in Burkina Faso, Ghana, Mali, Mozambique, Rwanda, Tanzania, Uganda and Zambia, with commitments totalling €1.8 billion.

Sources:

Celasun and Walliser (2007). Managing aid surprises. Countries cannot make full use of aid when it is unpredictable.

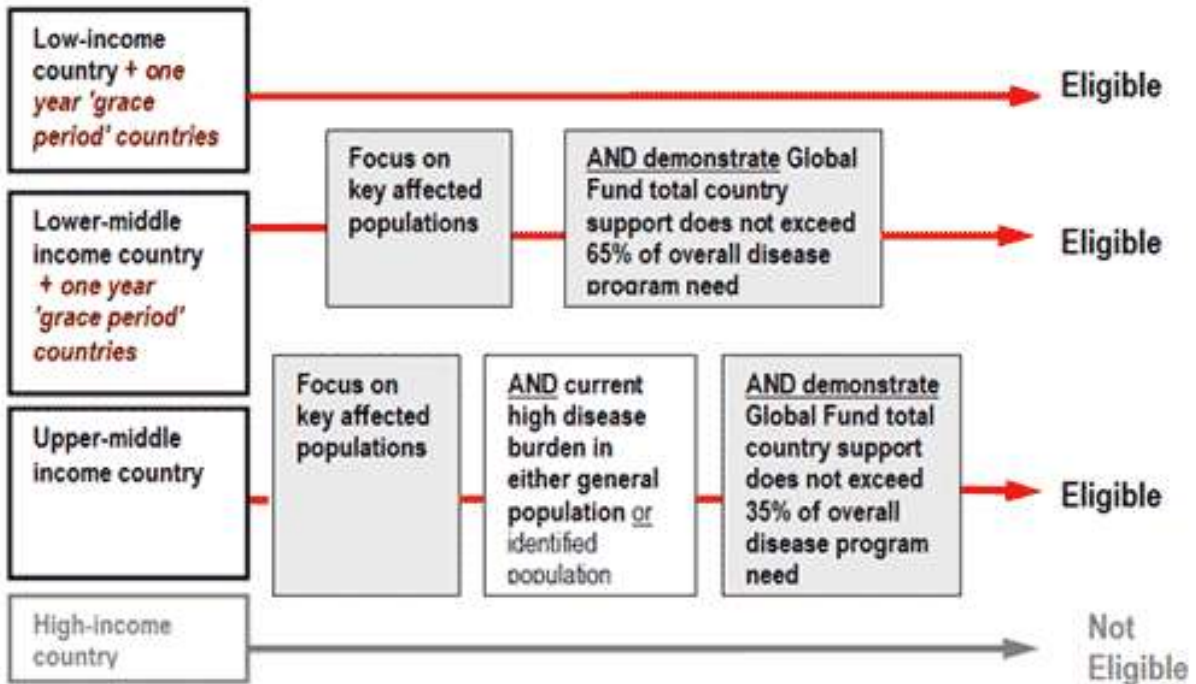
European Commission (2008a). The « MDG contract ». An approach for longer term and more predictable general budget support. June 2008

### Exhibit 4 Different dimensions of using country systems

Term	Definition
On plan	Programme and project aid spending is integrated into spending agencies' strategic planning and supporting documentation for policy intentions behind the budget submissions.
On budget	External financing, including programme and project financing, and its intended use are reported in the budget documentation.
On parliament	External financing is included in the revenue and appropriations approved by parliament.
On treasury	External financing is disbursed into the main revenue funds of government and managed through government's systems.
On procurement	Externally financed expenditures follow the government's standard procurement procedures.
On accounting	External financing is recorded and accounted for in the government's accounting system, in line with the government's classification system.
On audit	External financing is audited by the government's auditing system.
On report	External financing is included in ex post reports by government.

**Source:** adapted from Putting aid on budget – Good practice note: Using country budget systems, CABRI, April 2009

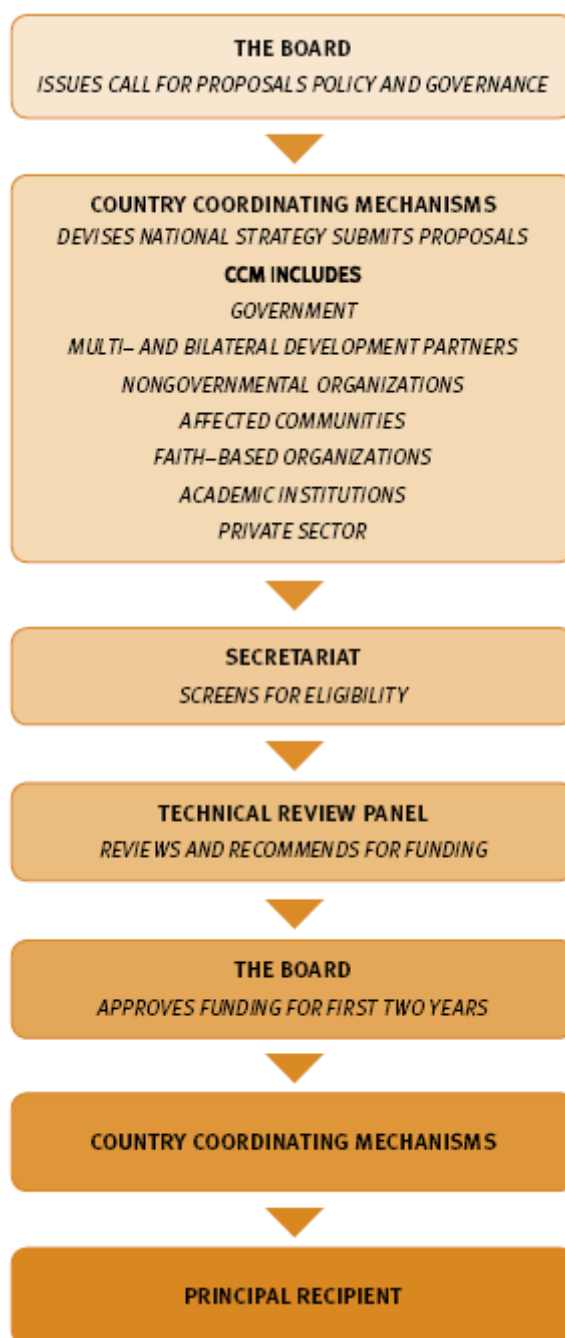
**Exhibit 5 GFATM Country eligibility requirements<sup>12</sup>**



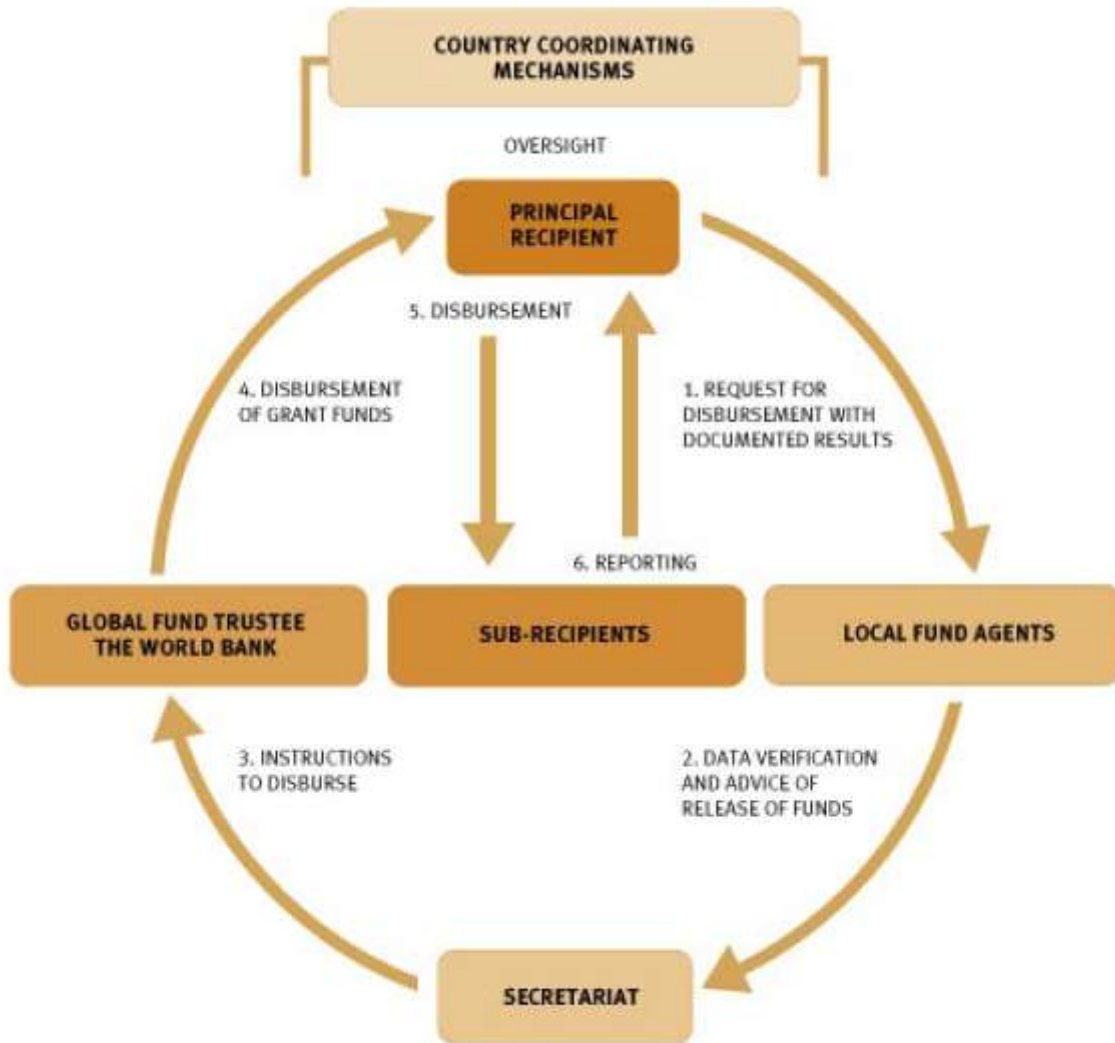
Source: <http://www.theglobalfund.org/en/eligibility/?lang=en#2>

<sup>12</sup> Commencing in Round 8, the Global Fund has introduced a 'one year grace period' for countries whose income level moves up from one income level to another between a funding Round. Relevant countries can apply for funding as if their income level classification remained at the old income level.

## Exhibit 6 Global Fund proposal process



**Exhibit 7 GFATM Grant process**



Source : [The Global Fund Grant Making Process](#)

## Attachment VII.A Approaches of other global partnerships – GFATM, GEF, GAVI

This Attachment provides brief information about three prominent global partnerships:

- The Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM)
- The Global Environment Facility (GEF)
- The Global Alliance for Vaccination and Immunization (GAVI).

None is directly comparable to the FTI Catalytic Fund, but each has tackled some aspects of the issues facing the FTI, and each may offer pointers for the redesign and refinement of the FTI.

### 1 Legal framework and mandate

#### *GFATM*

A1 Fund established after G8 and African Leaders acknowledged the need for more resources for the development agenda in public health in 2000–2001. United Nations General Assembly Special Session on AIDS in June 2001 concluded with a commitment to create such a fund, which the G8 endorsed and helped finance at their meeting in Genoa in July 2001. The purpose of the fund as articulated in the Global Fund's Framework Document is to:

attract, manage and disburse additional resources through a new public-private partnership that will make a sustainable and significant contribution to the reduction of infections, illness and death, thereby mitigating the impact caused by HIV/AIDS, tuberculosis and malaria in countries in need, and contributing to poverty reduction as part of the Millennium Development Goals.

#### *GEF*

A2 The GEF legal framework and mandate was laid out in a GEF Instrument (accepted by 173 states at Geneva in 1994). Its purpose is to provide:

new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits in the following areas:

- (a) Biological diversity;
- (b) Climate change;
- (c) International waters;
- (d) Land degradation, primarily desertification and deforestation;
- (e) Ozone layer depletion; and
- (f) Persistent organic pollutants.

#### *GAVI*

A3 Launched in 2000, the GAVI Alliance is a global health partnership representing stakeholders in immunisation from both private and public sectors: developing world and donor governments, private sector philanthropists, the financial community, developed and developing country vaccine manufacturers, research and technical institutes, civil society organisations and multilateral organisations like the WHO, Unicef and the World Bank.

A4 Working together, Alliance members achieve objectives, that no single agency or group could achieve:

- Accelerate access to existing underused vaccines;
- Strengthen health and immunisation systems in countries;

- Introduce innovative new immunisation technology, including vaccines.

## 2 Volumes of income and expenditure

### *GFATM*

A5 Since its creation in 2002, the Global Fund has become the main source of finance for programs to fight AIDS, tuberculosis and malaria, with approved funding of USD 11.4 billion for more than 550 programs in 136 countries. It provides a quarter of all international financing for AIDS globally, two-thirds for tuberculosis and three quarters for malaria.

### *GEF*

A6 Fourth GEF replenishment (2006–2010) was USD 3.13 billion. This was slightly larger than the third GEF replenishment.

A7 GEF expenditures also leverage much larger expenditures. Between 1991 and 2006, on average, co-financing provided 80% of funds for projects to which GEF contributed, while GEF financing provided only 20%.

### *GAVI*

A8 Total donor commitments to 2024 are USD 8.3bn, while total private commitments to 2014 are USD 1.58bn. As of January 2009, the GAVI Alliance had received USD 2.6bn in direct funding from government and private sources, while it has approved a total of USD 3.7bn to countries for the period 2000–2015.

## 3 How are funds raised (endowments, replenishments, subscriptions etc)?

### *GFATM*

A9 Since the establishment of the Global Fund, more than 45 countries as well as private foundations, corporations and individuals have pledged [significant resources](#) to support its work. However, due to the difficulties presented by an ad hoc contributions system to planning and providing sustained and predictable support, the Board decided to introduce a funding model based on periodic replenishments, after the financing model used by a number of international funds. The primary purpose of the voluntary replenishment process is to increase the predictability of the Global Fund's resource mobilisation efforts.<sup>13</sup>

A10 The Replenishment mechanism was established in October 2003. So far there have been two replenishment cycles, with a 'mid-term replenishment' review to assess the process. The first replenishment cycle, originally for two years, looked at funding needs for 2006–2007, as well as shortfalls for 2005. The second replenishment cycle has now been extended to three years and will cover the period 2008-2010. The [Five Year Evaluation Study Area 1](#) found that the Replenishment meetings have demonstrated themselves to be an effective forum for mobilising resources and allowing donors to articulate concerns, identify priorities, and learn about Global Fund results.

### *GEF*

A11 Every four years, donors provide funds in a replenishment. The size of the replenishment is agreed over the course of several meetings. Funding helps donors to meet environmental commitments. The GEF is currently on the fourth replenishment.

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<sup>13</sup> More information on the voluntary replenishment mechanism can be found at [http://www.theglobalfund.org/documents/replenishment/voluntary\\_replenishment\\_mechanism.pdf](http://www.theglobalfund.org/documents/replenishment/voluntary_replenishment_mechanism.pdf).

## GAVI

A12 National governments and institutions support GAVI in three principal ways:

- Direct donations to GAVI;
- Making long-term pledges to the IFFIm; and
- Making pledges to the Advance Market Commitment (which supports the development and availability of a pneumococcal vaccine for developing countries).

## 4 What are the criteria for allocating funds among countries?

### GFATM

A13 (See Exhibit 5.) Highest priority is given to countries and regions with the greatest need, based on the burden of disease and the least ability to bring financial resources to address health problems. Proposals from countries and regions with a high potential for risk are also considered, taking account of the opportunity to prevent increases in prevalence and incidence.

A14 Determining country eligibility for funding is a multi-step process, drawing on:

- the World Bank's [classification of countries and other economies by income level](#);
- a Global Fund requirement that certain applicants (Lower-middle income and Upper-middle income applicants) ensure a predominant focus on [key affected populations](#) in their proposals;<sup>14</sup> and
- a newly introduced principle of '[cost sharing](#)' for Lower-middle income and Upper-middle income applicants.<sup>15</sup>

A15 Approaches for "weighting" and scoring multiple criteria are employed. Essential proposal eligibility criteria include the following:

- Disease burden for HIV, TB and/or malaria: This relies on accepted international standards for assessing disease prevalence and magnitude.
- Relevant indicators of the poverty situation, such as GNP per capita, the UN Human Development Index, or others.
- Potential for rapid increase in disease, based on accepted international indicators such as: recent disease trends, size of population at risk, prevalence of risk factors, extent of cross-border and internal migration, conflict, or natural disaster.
- Political commitment, as measured by a variety of indicators, including: contribution to the financing of the proposal, public spending on health, existence of supportive national policies, or the presence of a national counterpart in the proposal.

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<sup>14</sup> The Global Fund uses the UNAIDS definition of key affected populations: "women and girls, youth, men who have sex with men, injecting and other drug users, sex workers, people living in poverty, prisoners, migrants and migrant labourers, people in conflict and post-conflict situations, refugees and displaced persons".

<sup>15</sup> For Lower-middle income countries, Global Fund support cannot exceed 65% of the overall disease program need; for Upper-middle income countries, Global Fund support cannot exceed 35% of the overall disease program need.

- Existence of a country coordination mechanism (CCM), which consists of an inclusive collaborative partnership, with all relevant partners engaged in planning, decision-making and implementation.

A16 There is a process for prioritising grants when resources are constrained. In the event that insufficient resources are immediately available to finance all proposals recommended by the Technical Review Panel (TRP, see ¶A27 below), these are financed sequentially, with the proposals in the higher-rated subcategories being financed before those in lower-rated subcategories. Proposals in the highest-rated for which insufficient resources are available are assigned a score in accordance with a composite index based on disease burden and poverty level. If insufficient resources are available to immediately finance all TRP-recommended proposals, the Secretariat is responsible for assigning scores to proposals and presenting the Board with these scores at the time of the Board's consideration of the TRP's recommendations.

A17 In the event of resource constraints for subsequent years, the following priority system will apply:

- First funding priority: Unfunded portions of prior year(s) renewals.
- Second funding priority: Renewals due in the current year. A time-limited partial allocation system will be established as necessary.
- Third funding priority: New proposal rounds.

### GEF

A18 Since its inception, the GEF had been primarily allocating funds in a "first-come, first-served" manner. As individual projects were proposed, they were usually put in line for approval if the project met the appropriate criteria. During negotiations on GEF-3 replenishment in the earlier part of the decade, it was recommended that the GEF move away from this allocation method and, as was being done at many similar institutions, take a more holistic approach, one that looked at a country's overall performance and potential in relation to generating global environmental benefits. This new way of disseminating GEF funds, the *Resource Allocation Framework (RAF)*, was put in place in the current period, initially affecting two of six focal areas – climate change and biodiversity – which together represent approximately two-thirds of GEF resources.

A19 Since July 2006, resources in these two focal areas are no longer provided in a first-come, first-served fashion, but are subject to a *predetermined allocation*. The GEF RAF is built on *two key pillars*.

- The *first pillar*, a country's potential to generate global environmental benefits, reflects the mandate of the GEF to provide incremental cost financing to generate global environmental benefits.
- The *second pillar*, country performance, reflects the national policies and enabling environment that facilitate successful implementation of GEF projects.

A20 These two pillars are reflected in the RAF through the two indexes:

- The GEF Benefits Index (GBI), a measure of the potential of each country to generate global environmental benefits in a particular focal area; for example, in the climate change area, the country's current greenhouse gas emissions level is a base factor.
- The GEF Performance Index (GPI), a measure of each country's capacity, policies, and practices relevant to a successful implementation of GEF programs and projects.

A21 Under the RAF, resources are being allocated to countries based on their potential to generate global environmental benefits and their capacity, policies and practices to successfully implement GEF projects.

A22 The new project cycle also facilitates a more strategic programming of GEF resources and increases transparency in the decision making process by posting on the GEF website all the documents and the decisions related to each PIF submitted to the GEF Secretariat.

### *GAVI*

A23 Eligibility for GAVI Alliance funding is determined by national income, and only countries with a GNI per capita below USD 1,000 in 2003 qualify (currently 72 eligible).

A24 Support is provided in response to country proposals, reviewed by an independent group of experts – mostly health officials from developing countries. GAVI Alliance has also introduced a pilot project enabling CSOs in 10 countries to apply for support.

A25 Eligibility for different facilities is as follows:

- ISS (Immunisation Service Support) can be applied for by all GAVI-eligible countries.
- In order to qualify for the following four new vaccines (HepB, Hib, Pneumo, and Rota), the country's immunisation coverage for the third dose for DTP3 must reach 50% and the government must not already be funding the vaccine.
- Countries can apply for the measles vaccine for introduction as a second routine dose if they meet WHO criteria.
- INS (Injection Safety Support) can be applied for by all GAVI-eligible countries.
- HSS (Health System Strengthening) can be applied for by all GAVI-eligible countries.
- CSO support type A can be applied for by all GAVI-eligible countries. Type B is on a pilot country basis only.

## **5 How are funds allocated?**

*Who decides what gets funded? How are available funds rationed? Do they have clear guidelines for the selection of proposals? How are project proposals presented to the fund? Is there an appeal process for unsuccessful applicant? Is there a quality assurance process in reviewing proposals?*

### *GFATM*

A26 Each proposal is screened by the Secretariat for completeness and eligibility (see Exhibit 6).

A27 A Technical Review Panel (TRP) reviews proposals based on a fixed set of criteria. Each disease component is reviewed separately. The GFATM uses an independent Technical Review Panel of up to 35 health and development experts who review eligible grant proposals for technical merit and make recommendations to the Board to ensure that its resources are invested in technically sound programmes with the greatest possibilities of success.

A28 The TRP provides its comments in writing, in a document titled TRP Review Form. The TRP Review Form outlines the main strengths and weaknesses of the proposal components (each disease represents a separate component) and details the TRP recommendations to the Board. There are four categories of recommendations:

Category 1: Recommended for approval without changes (and no or only minor clarifications).

Category 2: Recommended for approval provided that clarifications or adjustments are met within a limited timeframe.

Category 3: Not recommended for approval in its present form but strongly encouraged to resubmit following major revision.

Category 4: Rejected.

A29 Board approval is conditional upon the satisfactory reply to questions the TRP may raise about a proposal. The Board has the final decisions on all proposals for funding.

A30 There is an [appeals process](#) to address proposals that are not accepted. Where the Board, following TRP recommendation, rejected the same application twice in consecutive rounds of proposals, the applicant may appeal the relevant decision. In this case an [independent appeal](#) panel will review the appeal. Grounds for appeals are limited to significant and obvious error made by the TRP regarding the information contained in the second submission of the proposal.

### GEF

A31 Provides funding through four main modalities: full size projects (87%), medium size projects (4%), enabling activities (4%), and small grants (5%).

A32 Full sized projects (USD1m+) subject to review criteria and approval by Council. Medium-sized projects (up to USD1m) subject to review criteria but approved by CEO. Small grants programme of up to USD50,000: applicants contact country focal point to ensure that applications meet basic criteria. Review by Secretariat, circulation among agencies and relevant Secretariats.

A33 *Scientific and Technical Advisory Panel (STAP)*: this Panel, consisting of six internationally recognised experts in the GEF's key areas of work, provides strategic scientific and technical advice to the GEF on its strategy and programs.

A34 In the new project cycles GEF Agencies have the possibility to submit to GEF Secretariat on a rolling basis PIFs (Project Identification Forms), endorsed by the country operational focal point. GEF Secretariat review of a PIF focuses on the following elements:

- Country eligibility;
- Consistency with GEF strategic objectives/programs;
- Comparative advantage of GEF Agency submitting PIF;
- Estimated cost of the project, including expected co-financing;
- Availability of resources for the GEF grant request within the focal area and under the Resource Allocation Framework;
- Milestones for further project processing.

A35 Once the GEF Secretariat has completed its review and has circulated the PIF among all GEF Agencies and relevant Convention Secretariats, the CEO will consider the PIF for inclusion in a work program. PIFs cleared for work program inclusion will be sent for

STAP screening whereby comments of STAP will be posted on the web together with the PIF.

A36 All PIFs cleared for work program inclusion will be eligible for a GEF project preparation grant that may be approved by the GEF CEO for an amount based on financing the estimated incremental costs of project preparation. Agencies have now the option to request a fee advance on the amount of the preparation grant.

A37 The second step in the GEF new project cycle is approval by the GEF Council of the work programs (comprising of PIFs for full-sized projects, Program Framework Documents, non-expedited enabling activities and Agency fees). The Council reviews the work programs during the two Council meetings held annually and through several inter-sessional work programs with decision by mail on a no-objection basis, between Council meetings.

A38 The work program document to be reviewed by the Council focuses on policy and strategic issues for Council consideration and describes the overall programmatic coherence of the concepts presented in the following terms:

- their collective contributions to the GEF strategic objectives and programs;
- their focal area and geographic balance, including a cumulative assessment of previous work programs;
- their innovative elements, as well as replication potential;
- the key assumptions and risks in the further development of the portfolio; and
- the resource programming implications.

A39 In approving the work program, the Council will provide guidance to the Secretariat and the Agencies on the strategic directions and programming framework for the GEF.

A40 The Program Framework Document (PFD) that includes documentation for securing approval and guiding implementation of a specific Program is presented to the Council in a work program. The Council reviews the PFD and endorses the overall objective and scope of the Program. PFDs will also identify, to the extent possible, all projects to be financed under the Program.

A41 The third step in the GEF project cycle is the GEF CEO's endorsement of the projects before such projects are approved by the GEF Agencies. The final GEF funding amount is confirmed by the CEO at this point. The Agencies will transmit for CEO endorsement the same documentation that they submit for approval by their respective internal approving authorities, plus a Request for CEO Endorsement which summarises key information of the project. The project proposals will be reviewed by the Secretariat for compliance with the following conditions for endorsement:

1. High likelihood that the project, as designed, will deliver its outcomes and will generate appropriate global environmental benefits that are consistent with focal area strategies, with an adequate explanation for any changes in expected global benefits since PIF approval;
2. GEF funds are used cost-effectively, focusing on among others, the review of project budget, which includes project cost tables for project components, project management, and consultants;
3. Compliance with GEF's M&E policy; and
4. Project preparation grant has been used in a cost effective way, as explained in the project preparation grant status report (which is included as an annex attached to the Request for CEO Endorsement).

A42 Within 10 business days of receiving a draft final project document for endorsement, the Secretariat will review the proposal and the CEO will determine whether the proposal is in compliance with the conditions for endorsement. As soon as the CEO has determined that the project proposal meets the conditions for endorsement, the Secretariat will circulate to Council Members the draft final project document. Within four weeks of receiving such a document, Council Members may transmit to the CEO any concerns related to technical, procedural or policy issues or inconsistency with the GEF Instrument that they may have regarding the proposal prior to CEO endorsement and final approval by the Agency concerned.

A43 The CEO has discretion to endorse or not to endorse a proposal. The CEO will take into account any Council Member's concerns prior to endorsement and work to address them with concerned parties, following which the CEO will re-circulate the proposal, as needed.

A44 The CEO will post those concerns on the GEF website, will notify Council Members within two days and will update the status of the project proposal in the management information system to indicate that endorsement will be delayed pending resolution of the concern expressed by the Council Member. Endorsed final project documents will be posted on the GEF website.

A45 For Medium-Sized projects (MSP) the project cycle is shorter.

A46 Enabling Activities (EA) under expedited procedures (up to USD 500,000 in GEF financing, but varies across focal areas) do not need to submit a PIF.

#### *GAVI*

A47 The Board has the final decision on all proposals for funding.

A48 The Secretariat is responsible for day-to-day running and execution of Board decisions. Between 2000-2005, GAVI support was concentrated in supply of new and underused vaccines, and strengthening vaccine delivery systems. Delivery systems were improved through funding INS initiatives, and incentives to immunise more children were given through performance-based funding ISS. Between 2005-2010, GAVI support for new vaccines is increasingly conditional on complementary investment in delivery systems. In addition to expanding ISS support, it now also offers HSS.

## **6 Predictability**

#### *GFATM*

A49 Proposals are approved for the entire term of the proposal (up to five years) with a financial commitment for the initial two years (Phase 1) and then the possibility of renewal for up to an additional three years (Phase 2).

A50 Proposals may also be submitted through the [Rolling Continuation Channel](#) if there is an existing grant that meets certain special eligibility criteria. The Rolling Continuation Channel is an invitation-only proposal process for qualified applicants with strong-performing, existing Global Fund grants.<sup>16</sup>

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<sup>16</sup> For more information on the RCC refer to <http://www.theglobalfund.org/en/rcc/faq/>.

### *GAVI*

A51 The website states that GAVI aid is predictable: The International Finance Facility for Immunisation (IFFIm) has raised more than USD 1.6 billion of predictable financing for GAVI programmes since its launch in 2006. IFFIm finances have scaled up health and immunisation efforts in more than 70 countries.

A52 GAVI facilitates this process by providing multi-year funding which covers the duration of individual countries' health and immunisation plans. By May 2009, GAVI's support amounted to USD 4 billion, committed to 2015.

## **7 Participation**

### *GFATM*

A53 The Global Fund relies on a wide range of partners to carry out key activities. Partnerships take on a range of forms:

- At country level, the Country Coordinating Mechanism (CCM) is a partnership composed of all key stakeholders in a country's response to the three diseases.
- The Global Fund also relies on multilateral development partners for: TA support to M&E; support for capacity building, including HR; dissemination of best practices and financial assistance.
- The Global Fund utilises its Partnership Forum as a mechanism for understanding, learning and debate for all Global fund stakeholders.

### *GEF*

A54 Member countries have focal points and participate in the Assembly (and some in the Council). The Assembly includes many representatives of civil and political society. All countries have political focal points – that are responsible for governance. Countries eligible for GEF funding have operational focal points.

A55 NGOs participate in activities and assist in design, execution and monitoring of projects.

A56 GEF states that effective public involvement is critical to success of projects that it finances. It takes place through information dissemination, consultation, and stakeholder participation.

### *GAVI*

A57 The GAVI Alliance Board brings together experts from both the public and private sectors. The Board membership is made up of: CEO of GAVI Alliance (non-voting member); Research and Technical Health Institutes (International Vaccine Institute); the Bill and Melinda Gates Foundation; Governments Donor Countries (5 – USA, UK, Italy, France and Netherlands – representing also Canada, Australia, Norway, Ireland, Luxembourg, EC, Sweden and Denmark); World Bank; Unicef; WHO; Governments of Developing Countries (5 – Armenia, Ethiopia, Yemen, Vietnam and Rwanda); Vaccine Industry in Developing Countries (Serum Institute India); Vaccine Industry in Industrialised Countries (GlaxoSmithKline Biologicals); CSOs (BRAC); and Independent Individuals unaffiliated (9).

## **8 How is funding linked to sector/thematic planning in the recipient countries? Are there explicit attempts to form/guide sector policy?**

### *GFATM*

A58 The Global Fund Framework Document states “The Fund will base its work on programs that reflect national ownership and respect country-led formulation and implementation processes.”

A59 There is no ‘explicit’ attempt to guide or form sector policy, but there are many explicit GF policies that implicitly aim to guide sector policy by the way funding decisions are made.

### *GEF*

A60 Links are made between national policy and international commitments, especially through pressure to adhere to important international conventions and through capacity building. E.g. GEF helps countries to meet the Convention on Biological Diversity.

### *GAVI*

A61 GAVI believes that the 72 developing countries it supports know best how to increase their immunisation coverage. The Alliance asks them to set their own immunisation priorities and keep ownership of vaccination programmes from start to finish.

## **9 Are there explicit attempts to comply with good aid practices (as defined by Paris Declaration, Accra agenda etc)?**

### *GFATM*

A62 The Global Fund is a signatory to the Paris Declaration on Aid Effectiveness and makes explicit attempts to comply with it, uphold its principles, and monitor its progress and achievements against it.

A63 The [Strategy for the Global Fund](#) (2007) proposes several initiatives to better align the Global Fund’s procedures to country realities by making Global Fund financing simpler, more predictable and more flexible for countries.

- Grant consolidation will replace multiple grant agreements with a single agreement covering all existing Global Fund financing for a given disease that is going to a specified Principal Recipient. Each consolidated grant will have the management burden of only a single grant, with one budget and one set of results, which will be assessed on a periodic basis.
- To improve the predictability of Global Fund financing, the dates of future rounds will be announced well in advance of the launch of their formal “calls for proposals.” Additionally, the call will be issued at approximately the same time each year, and allow an extended period of time for CCMs to prepare submissions.
- The Global Fund will provide CCMs with the ability to request reasonable additional flexibility in the timing of the Phase 2 review when needed to enable alignment of Global Fund financing with national cycles.

A64 Although resources for health, especially HIV/AIDS, have grown dramatically in recent years, countries have faced difficulties integrating them into a coherent national response in line with a single national strategic framework to respond to the disease. To

date, while the Global Fund has encouraged applicants to base funding proposals on national strategies and to attach these to their proposal, it has still required CCMs to complete a long Global Fund proposal form. Furthermore, even when national strategies have been attached to the proposal, the review of the TRP does not provide an assessment that could be useful to other potential funders. National strategies attached to Global Fund proposals have in any case tended to lack detailed budgets, information about financial contributions to national efforts by all funding sources, sufficient inclusion of civil society or the private sector, or appropriate mechanisms to ensure accountability. To create an incentive for countries to develop strong national frameworks, the Global Fund will accept “national strategy applications”. Once implemented, the national strategy application process will require that, as a first step, a country has its strategy “validated” through a rigorous evaluation by an independent review mechanism. The strategy will need to satisfy certain criteria, such as being inclusive and comprehensive and including an appropriate workplan and budget. After the strategy is validated, an applicant will only need to provide the Global Fund with the validated national strategy and some minimal additional information (such as the existing financial contributions to the strategy, the amount sought from the Global Fund, and the results to which the funding sought is expected to contribute).

#### *GEF*

A65 The Accra Progress Report on Monitoring the Paris Declaration lists GEF among complying international funds.

#### *GAVI*

A66 The International Health Partnership (IHP) was launched in 2007, which aims to make health aid work better through among other things providing better coordination among donors, and developing and supporting countries’ own health plans.

A67 Since the launch of the IHP, implementation has moved to the country level, where development partners and Ministries of Health sign national compacts or agreements. Following Mozambique, Ethiopia and Nepal, Mali was the fourth country to sign a national compact in April 2009. The GAVI Alliance uses the principles set out in the Paris Declaration on Aid Effectiveness to guide its work. This international agreement, signed in March 2005, commits ministers, heads of agencies and other stakeholders in aid to harmonising their efforts and monitoring results using rigorous indicators.

A68 The principles of aid effectiveness are enshrined in the four core areas of GAVI’s work.

## **10 How is the proper and effective use of funds monitored and evaluated?**

#### *GFATM*

A69 To implement performance-based funding and to facilitate grant management throughout the life of a grant, the GF tracks performance against targets by using a set of indicators. These indicators are selected and targets are set based on the activities proposed by the countries in the Performance Framework and form a part of the formal and legally-binding grant agreement.

A70 The GF requires an M&E Plan at the time of grant signature, explaining the M&E system the recipient will use or proposes to put in place in order to report on performance against targets in the grant agreement. Indicators related to program management range from input and process to output, outcome and impact.

A71 Since the Global Fund does not have staff at country level, it contracts firms to act as *Local Fund Agents* (LFAs) to monitor implementation and to oversee, verify and report on grant performance. LFAs are responsible for providing recommendations to the Secretariat on the capacity of the entities chosen to manage Global Fund financing and on the soundness of regular requests for the disbursement of funds and result reports.

#### *GEF*

A72 The M&E office of the Secretariat recently became an independent office of evaluation for the GEF. It i) independently evaluates the effectiveness of GEF programmes, ii) establishes M&E standards, and iii) provides M&E quality control. M&E work is guided by the GEF M&E Policy issued in 2006. The work plan is approved annually by the GEF Council. It completes an Annual Performance Report, and Overall Performance Studies every 4 years, country performance studies, and oversees project evaluations.

A73 Various other agencies also conduct project evaluations.

#### *GAVI*

A74 GAVI Alliance has an M&E technical advisory group, which dictates its M&E policy. GAVI believes that performance accountability is a shared responsibility between the Secretariat, its partners and national governments. GAVI relies on its partners (WHO, Unicef and others) to support countries implementing and monitoring all GAVI funded activities.

### **11 Are there any special arrangements for fragile states?**

#### *GFATM*

A75 The GFATM uses DFID's working definition of a fragile state as a state that "cannot or will not deliver core functions to the majority of its people, including the poor."

A76 Performance-based financing is not waived for fragile states. The only provision is that where there is no national entity that has adequate capacity to manage the resources, a third-party, non-implementing entity (often UNDP) is used as a stop-gap Principal Recipient to manage the funds and disburse them to sub-recipients.

A77 The absence of any specific consideration of fragile states in the 2007 strategy document suggest that the Global Fund feels the various provisions, caveats and exemptions it has so far built into its rules and processes (described above) are working as well as the other areas of its system it did not chose to strategically modify,<sup>17</sup> subject to continual review.

#### *GAVI*

A78 GAVI Alliance divides countries into four categories according to their expected ability to co-finance vaccines supported by GAVI. Fragile states is one of these categories. GAVI works with many countries defined as fragile states.

A79 In 2006, GAVI adopted the DFID definition of a fragile state. It has also taken steps to define revised policies and tailored solutions for fragile states. Countries meeting the fragile states criteria have more lenient co-financing arrangements.

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<sup>17</sup> Areas reviewed but in which strategic modifications were not made: Measuring Impact and Ensuring Accountability; Portfolio Composition; The System of "Rounds"; Support to Poor Performers; Country Coordinating Mechanisms; Local Fund Agents and the Location of Global Fund Staff.



## **Appendix VIII Addressing the TOR's High Level Questions**

**Explanatory Note:**

This Appendix is not intended to be a self-contained summary of the evaluation's findings. It briefly gives the gist of the evaluation's answers to each of the HLQs. More importantly, it shows where the full, and fully nuanced, answers to each HLQ can be found.

Terms of Reference Question	Answers	Where covered? Evidence Base?
<p><b>High Level Questions 1:</b>  <b>Is what FTI aims to accomplish consistent with current needs and priorities of FTI client countries?</b></p>	<p>Broadly yes. Study notes nuances and changes in countries' priorities, but also the FTI's changing definition of "client countries" and the broadening of FTI focus. Details in response to sub-questions below.</p>	<p>Synthesis Report Chapter 3                      Preliminary Report Chapter 4</p> <p><i>For evidence base see sub-questions below.</i></p>
<p><b>What can be done to ensure the relevance of FTI going forward?</b></p>	<p>Need to modify FTI operations to make it more effective at making its objectives happen. Hence recommendations for stronger partnership and governance, reform of CF and EPDF operations, more attention to the spectrum of EFA goals and their implications for post-basic education, and to the needs of fragile states and large countries, which so far have tended to be on the margins of FTI support.</p>	<p>Synthesis report Chapter 5                      Relevance to fragile states discussed in <b>Annex H</b>.                      More detailed analysis on the need for reform of the EPDF and CF in: <b>Appendix IV</b>, <b>Appendix VII</b></p> <p><i>Evidence base: interviews, country case studies, document review.</i></p>
<p>a. How is the FTI perceived and understood by various stakeholders and to what extent have varying interpretations of what FTI is and what it can accomplish influenced its effectiveness in any way?</p>	<p>The FTI has been hampered by its stakeholders' differing interpretations of its appropriate role, ambitions and activities.</p> <ul style="list-style-type: none"> <li>• contrasting perceptions and levels of ambition between different donor agencies</li> <li>• CSOs ambitious, pushing for what the FTI aimed to be but often not part of the FTI process at country level</li> <li>• gap between HQ and in-country perceptions among aid agencies</li> <li>• gap between donor and partner country perceptions of partnership</li> </ul>	<p>Synthesis report Chapter 2 and Chapter 3  <b>Annex B</b> (Governance)                      Preliminary report Chapter 4, see <b>Annex J</b> for wide variety of stakeholders interviewed</p> <p><i>Evidence base: interviews, country case studies, attendance at FTI meetings, document review.</i></p>

Terms of Reference Question	Answers	Where covered? Evidence Base?
<p>b. To what extent is FTI's focus on primary school completion relevant to the current needs of partner countries (and potential partner countries) and how has this emphasis been treated within the broader context of country EFA programming?</p>	<p><u>Relevance:</u> Achieving primary school completion remains a valid objective. In addition, it has been useful in attracting political attention and facilitating consensus at global level [Chapter3B].</p> <p><u>How has the primary completion emphasis been treated in practice:</u></p> <ul style="list-style-type: none"> <li>• Endorsement of sector-wide ESPs and CF and EPDF support outside primary in several countries</li> <li>• strict focus on primary has in some cases led to a restrictive approach and confusion at country level – although there is no evidence that it led to a diversion of funds away from other EFA goals [Chaps 3C and 3D]</li> <li>• danger for the FTI of drawing a false dichotomy between access and quality [Annex C]</li> <li>• in the context of the Progressive Framework and fragile states the focus has been softened [Annex H].</li> </ul> <p>There is a strong case for more explicitly expanding the FTI's focus beyond UPC, with careful consideration of the financial and process implications. Special importance of youth /adult education needs in the context of fragile/conflict states [Chapter 4 conclusion 8; annex H; Chapter 5]</p>	<p>Synthesis report Chapter 3 and Chapter 4; Annex C (IF and UPC) Preliminary report Chapter 4</p> <p><i>Evidence base: analysis of global data, country case studies, interviews, document review.</i></p>
<p>c. Are FTI's intended contributions appropriate, given the partnership's objectives? Can they be expected to make a difference?</p>	<p>There is a gap between "intended contributions" from FTI strategy documents, and contributions in practice (especially at country level). [Chapter 3, Chapter 4].</p> <p>Main reasons for the gap are related to failure to consider incentives and constraints of various stakeholders and to address key communication and monitoring issues [Chapter 4].</p> <p><u>Education planning:</u> FTI contributions have in several cases been useful to stimulate policy discussion and enhance planning processes, but have sometimes led to unrealistic planning and parallel processes [Chapter 3D].</p> <p><u>Education finance:</u> catalytic effect ineffective in practice [Chapter 3C, including Box 4, and Appendix II]. CF contribution significant in some countries but issues with aid effectiveness [Chapters 3C and 3G, Annex K,]</p> <p><u>Monitoring and Evaluation:</u> Use of IF as the focus for monitoring has not occurred, no country level monitoring of "compact" between government and donors. [Chapter 3F and 3G; Annex C; Annex F; Appendix VI]</p> <p><u>Capacity Development:</u> FTI contributions are sometimes but not always appropriate; they are too small to be expected to make a large difference. [Chapter3E; Annex G, Appendix IV]</p>	<p>Synthesis report Chapters 3, 4 and 5; Annex G (Capacity Development) and Appendix IV (EPDF). Appendix II (Financing) and III (CF). Annex C (IF and UPC) and Annex F (M&amp;E), Appendix VI (M&amp;E Framework). Preliminary Report ¶4.28–4.44.</p> <p><i>Evidence base: country studies, interviews, analysis of global aid trends, analysis of FTI monitoring and reporting frameworks, documents and literature review; comparison with other global partnerships.</i></p>

Terms of Reference Question	Answers	Where covered? Evidence Base?
<p>d. How has the evolution of the FTI contributed to maintaining its ongoing relevance as a global partnership supporting EFA?</p>	<ul style="list-style-type: none"> <li>• The FTI has picked up and reacted to issues of interest/criticism raised by donors</li> <li>• The FTI has been a pioneer in the design and promotion of Paris Declaration principles.</li> </ul> <p>However,</p> <ul style="list-style-type: none"> <li>• Process for delivering change has been ad hoc and slow</li> <li>• Lack of strategic analysis of gaps and impact of potential changes in the medium term</li> <li>• The FTI remains more a donor club than a balanced partnership</li> <li>• Constant changes and unclear link between global and country levels have led to misunderstandings, frustration, additional transactions costs thus lower effectiveness than potentially feasible/expected.</li> </ul>	<p>Synthesis report Chapters 2, 3,4; Chapter 4, <b>Annex B</b> (Governance), <b>Annex H</b> (Fragile States)                      Preliminary report ¶4.45–4.50.</p> <p><i>Evidence base: country studies, interviews, analysis of other global partnership, analysis of task team outputs and FTI documentation</i></p>

Terms of Reference Question	Answers	Where covered? Evidence Base?
<p><b>High Level Questions 2: To what extent is the FTI accomplishing what it was designed to do, namely, accelerating progress on EFA?</b></p>	<p>The FTI has made some worthwhile contributions to promoting EFA. However the FTI's inputs fall short of its ambitions and of its reasonable expectations.</p>	<p>Synthesis Report Chapter 4</p> <p><i>Evidence base: draws on findings in relation to sub-questions below.</i></p>
<p><b>Are FTI mechanisms and processes contributing effectively to this?</b></p>	<p>Limits in the FTI 's effectiveness in accelerating progress towards EFA are linked to some significant flaws in the design and the implementation of the FTI's mechanisms and processes: [chapter 4]</p> <p><u>Planning</u> Too much weight and expectation were given to the Indicative Framework and the ESP as a product [Chapter 3D; Annex C]. Unrealistic expectations concerning the capacity and ability of the in-country donor groups particularly in terms of mobilising new resources and impartially assessing ESPs [chapter 3D; Annex B, Annex C; Annex D]. <u>Financing</u> [Chapter3C] Confusion around the concept and use of financing gaps [Annex K], and an allocation pattern that is not transparently linked to needs, capacity or FTI objectives [Appendix III]. Mismatch between objectives in terms of aid effectiveness and actual implementation modalities. the FTI has not significantly addressed problems of <i>long term</i> financing [chapter 3C, Appendix III; chapter 3G, Appendix VII)]. <u>Capacity Development.</u> [chapter 3E, Annex G, Appendix IV] In practice, the focus has been too much on the ESP and not sufficiently upon implementation and service delivery, with globally understood concepts of capacity development not communicated or catalysed at country level. <u>Monitoring and Evaluation</u> [chapter 3F, Annex F, Appendix VI] The FTI has not had a clear and operational monitoring and evaluation strategy. FTI monitoring and decision making has suffered by lacking a monitoring function that is properly resourced and independent. <u>Governance and management</u> [Annex B, chapters 2 and 4] Ad-hocism of FTI reform process (Task Teams), 'light touch' Secretariat hampering adequate communication and monitoring functions. Engagement/communication/incentivisation missing by donor agencies HQs with their in-country staff, flexibility confusing even if enabling adaptation.</p>	<p>Synthesis report Chapter 3 (what has the FTI achieved); Chapter 4 (conclusions and lessons learned) Appendix III (Catalytic Fund) Annex B (FTI governance and evolution) Appendix IV (EPDF) (plus others mentioned against answers)</p> <p><i>Evidence base: country studies, interviews, analysis of other global partnerships, analysis of global aid data and CF disbursements</i></p>

Terms of Reference Question	Answers	Where covered? Evidence Base?
<p><b>How can FTI mechanisms and processes be improved to maximize their contributions going forward?</b></p>	<p>Recommendations set out in Chapter 5 [with some elaborated in Appendixes].</p>	<p>Synthesis report Chapter 5 (recommendations and future options)  <b>Appendix VI</b> (M&amp;E framework)  <b>Appendix VII</b> (Reforming the Catalytic Fund)</p> <p><i>Evidence base: interviews, country studies, document review and analysis of other global partnerships</i></p>
<p>a. To what extent has FTI and its mechanisms/processes (e.g. Indicative Framework and the endorsement process) helped countries strengthen education policies, sector plans, and educational data/statistics?</p>	<p><u>Planning and policies</u> <b>[chapter 3D]</b></p> <ul style="list-style-type: none"> <li>- In some countries discussions around IF and use of financial simulation model have had a significant impact on policy choices – some of the value of this is weakened by failure to include genuine CD among government and other agencies</li> <li>- Weak communication and lack of clarity on FTI objectives and processes (role of IF, requirements) has led to duplications in terms of planning processes, and to stand-offs on policy. There has been a positive move over time towards more flexibility but there remains a significant lack of consistency across countries.</li> <li>- Sustainability, credibility and ownership issue of plans produced by consultants, specifically for the FTI, in line with IF benchmarks, and with the objective of mobilising funds (CF).</li> <li>- Weak (and weakening) capacity of in-country donor groups an issue within the added value of the appraisal process.</li> <li>- Efforts to reinforce the profiles of gender, HIV/AIDS, equity, disability in education planning, but no significant impact of the FTI endorsement on the inclusion of or level of country support to cross cutting issues, including inclusivity.</li> </ul> <p><u>Data and statistics</u> <b>[chapter3F, Annex F]</b></p> <ul style="list-style-type: none"> <li>- In principle FTI driven by concern for evidence-led policy and implementation; in practice, data and statistics consistently remain one of the weakest areas at country level; there have been very few efforts to improve it and weak donor coordination. Few examples of strengthening data systems or strengthening demand for and use of data in country studies through EPDF or CF funding.</li> </ul>	<p>Synthesis report Chapter 3  <b>Annex C</b> (IF), <b>Annex F</b> (data);  <b>Annex G</b> (CD) and  <b>Appendix IV</b> (EPDF)</p> <p><i>Evidence base: country studies interviews, literature review,</i></p>

Terms of Reference Question	Answers	Where covered? Evidence Base?
<p>b. Are FTI mechanisms and processes evolving appropriately to address the needs of different client countries (e.g. fragile states)?</p>	<p>(a) Large/federal countries: the FTI hasn't had the capacity to address these issues systematically to date [see country studies for Nigeria and Pakistan, <a href="#">Chapter 3G</a>]</p> <p>(b) Fragile states: haphazard treatment of FSs in practice; approach developed for FS not yet implemented (Progressive Framework; Transition Fund) [<a href="#">Annex H</a>]</p> <p>(c) Capacity of in-country donor groups/LEGs – see previous sub-question – is an issue in designing effective FTI interventions for large/fragile states.</p> <p>(d) Challenge of needs vs. performance approach has several dimensions, and the FTI has yet to resolve this in a strategic way [<a href="#">Annex H, fragile states: Chapter 3C and Appendix III, allocation of CF; Annex K – financing gap and allocation criteria; Annex C, IF in practice</a>].</p>	<p>Synthesis report Chapter 3 and Chapter 4 <a href="#">Appendix III</a> Catalytic Fund <a href="#">Annex H</a> Fragile States WP6 on Fragile States Preliminary report ¶4.47-4.50</p> <p><i>Evidence base: country case studies (in particular Nigeria, Pakistan, Ethiopia), interviews</i></p>
<p>c. Has policy making and planning become more open, transparent, and participatory in participating countries?</p>	<p>[<a href="#">Note: we interpret this question as, like the others, addressing FTI effects on these factors</a>]</p> <p>Overall quality of education planning has improved. EFA and the FTI have made some contributions to this, especially in helping to get donors to work together and to focus on the national ESP. FTI and CF processes have in general been aligned with existing sector coordination and dialogue processes in country, but the FTI has not been the main source of improvements. [<a href="#">Chapter 3D</a>].</p> <p>In a limited number of cases, FTI processes have contributed to broadening stakeholder participation, in several others FTI-related processes have bypassed existing stakeholder consultation mechanisms. [<a href="#">Chapter 3D</a>].</p>	<p>Synthesis report Chapter 3</p> <p><i>Evidence base: country case studies, interviews, document and literature review</i></p>
<p>d. To what extent has FTI contributed to improved institutional capacity in partner countries (including those preparing for partnership); has the capacity building provided been sufficiently comprehensive to make a sustainable difference?</p>	<p>The FTI contribution to capacity development has been very limited, mainly through EPDF and CF funding but only in some countries. Overall, FTI support to capacity development has not been sufficient, or sufficiently comprehensive, to make a sustainable difference. [<a href="#">Chapter 3E, Annex G, Appendix IV</a>].</p>	<p>Synthesis report Chapter 3 <a href="#">Annex G</a> (FTI and capacity development) and <a href="#">Appendix IV</a> (EPDF)</p> <p>Preliminary report ¶4.34–4.39.</p> <p><i>Evidence base: interviews, country case studies, literature review, analysis of FTI and EPDF reports.</i></p>

Terms of Reference Question	Answers	Where covered? Evidence Base?
e. To what extent and how has FTI contributed to accelerated progress towards universal primary school completion by 2015?	<p>Contributions of FTI programmes considered in each of the country studies.</p> <p>Overall contribution modest. Positive lessons from some countries (in particular where CF provides large amounts of financing, provided in a harmonised and aligned manner). Countries that have made the most progress are the ones where there was a political movement for UPC, the FTI gave a push to something that was already moving. [chapter 3].</p>	<p>Synthesis report Chapter 3</p> <p><i>Evidence base: Country case studies. Global data (UIS, GMR etc) country case studies</i></p>
f. How have FTI programs contributed to intermediate outcomes such as improvements in the grade 1 intake and gross enrolment ratios	<p>At global level the FTI has contributed to sensitisation on UPC/EFA but not to substantial increases in levels of financing or aid effectiveness in the sector. It has provided a channel to absorb more EFA support from some donors.</p>	
g. Has FTI itself supported other EFA objectives in partner countries and, if so, to what effect?	<p>Various clear examples: [chapters 3C and 3D]</p> <ul style="list-style-type: none"> <li>• Flexibility to endorse existing sector-wide ESPs</li> <li>• Cases where direct support was provided to another EFA objective</li> <li>• Cases where directly and deliberately fungible support was provided</li> </ul>	<p>Synthesis report Chapter 3, Chapter 4.</p> <p><i>Evidence base: case studies; FTI and CF documentation; interviews</i></p>
h. How has the FTI impacted government support for other EFA objectives?	<p>More generally, likelihood that FTI support to primary frees up national resources for secondary. Overall there were no examples of funding being diverted away from other EFA objectives. However there is a case that can be made that other EFA goals have tended to be neglected by governments and donors alike, and that the FTI has not challenged this.</p>	

Terms of Reference Question	Answers	Where covered? Evidence Base?
<p><b>High Level Questions 3: Has the FTI helped mobilize domestic and international resources in support of EFA and helped donor agencies to adopt more efficient development assistance strategies based on Paris Declaration ideals?</b></p>	<p>(a) The FTI has helped mobilise resources but main drivers outside FTI; domestic resource mobilisation (in several though not all endorsed countries) has been the main source of funding;</p> <p>(b) International resource mobilisation: less overall effect than intended; influence on pattern of mobilisation with CF becoming much more significant;</p> <p>(c) Paris Declaration (PD) ideals have been supported at global level and in FTI design; country studies indicate a disconnect between HQ commitment to PD and in-country realisation of PD (resilience of "business as usual").</p>	<p>Synthesis Report Chapter 3C Chapter 3G; <b>Appendix II and III</b></p> <p><i>Evidence base: analysis of global aid and public finance data (UIS, FTIS, PDD, OECD DAC CRS); country studies, Hewlett/ODI study, SBSiP study, Paris Declaration surveys, Interviews.</i></p>
<p><b>How can FTI best help mobilize resources and improve aid effectiveness going forward?</b></p>	<p>[See Chapter 5 recommendations on strengthening and redesign of the FTI].</p>	<p>Synthesis Report - Chapter 5 <b>Annex VII</b> (Reforming the Catalytic Fund)</p> <p><i>Evidence base: as for sub-questions below.</i></p>
<p>a. Has FTI helped them to improve interagency cooperation and harmonization?</p>	<p>Yes at HQ/FTI global partnership level [Chapter 3G] At country level, positive influence of joint appraisal process in many countries to strengthen donor coordination. Nevertheless, the record of substantive improvements is patchy: weak communication and understanding of FTI aid effectiveness objectives and processes has led to misunderstanding and high transactions costs [Chapter 3G]</p>	<p>Synthesis Report Chapter 3G; Chapters 2 and 4; <b>Annex B</b> (Governance)</p> <p><i>Evidence base: country studies, Hewlett/ODI study, SBSiP study, Paris Declaration surveys, Interviews</i></p>
<p>b. To what extent are FTI partners improving the alignment of their development assistance to country-owned plans?</p>	<ul style="list-style-type: none"> <li>- Progress on PD implementation but insufficient. FTI contribution at global level limited by lack of monitoring [Chapter 3G];</li> <li>- <u>Alignment in terms of planning and aid allocations</u>: Education Sector Plans provide framework for donors to align with, nevertheless additional and parallel processes often due to weak communication and unclear messages from the FTI [Chapter 3D].</li> <li>- <u>Alignment in terms of processes and procedures</u>: the FTI's contribution is limited due to constraints in terms of aid modality and weak links from education sector to macro/finance [Chapter 3C, Chapter 3G].</li> </ul>	<p>Synthesis Report Chapter 3G (aid effectiveness) and 3C (finance)</p> <p><i>Evidence base: country studies, Interviews, document review, CF analysis.</i></p>

Terms of Reference Question	Answers	Where covered? Evidence Base?
c. Has FTI contributed to the reduction in transaction costs, both for partner countries and partner agencies?	<p><u>Endorsement:</u></p> <ul style="list-style-type: none"> <li>- Often seen in country case studies as a heavy process involving high transactions costs, both for partner countries and partner agencies [Chapters 3D, 3G, see country case studies].</li> </ul> <p><u>Catalytic Fund:</u> [Chapter 3G]</p> <ul style="list-style-type: none"> <li>- Positive effect in a small number of cases. Negative effect through requesting specific derogations from existing processes; effect of the change of WB trust fund management procedures.</li> <li>- Overall management of CF resources seen as a heavy process which is one of the reasons why local donors often do not wish to act as alternative supervising entities.</li> <li>- Slow disbursements have caused significant damage to the FTI's reputation [Appendix III].</li> </ul>	<p>Country case studies, Chapter 3G</p> <p><i>Evidence base: country studies, SBSiP study, Paris Declaration surveys, Interviews.</i></p>
d. To what extent have partner countries and agencies been using innovative and flexible means of financial support and to what extent do those means of support demonstrably improve aid effectiveness?	<p>Overall slow progress toward adoption of programme based approaches in the education sector [Chapter 3G].</p> <p>Traditional investment projects are dominant in CF-funded programmes – limits of available WB aid modalities [Appendix III; Chapter 3C, 3G; Annex B on WB TF constraints]</p> <p>However, there are positive elements to highlight:</p> <ul style="list-style-type: none"> <li>• some stimulus to pooling of funds (including CF as a global pooled fund);</li> <li>• use of SBS for the first time through a DPO in Burkina Faso and Rwanda expected in 2009;</li> <li>• support to school level funding (Kenya, Rwanda).</li> </ul> <p>With regard to the effectiveness of these aid modalities, several studies (Exhibits 13 and 14 in main volume) point toward the potential effectiveness of SBS to reduce transactions costs, improve alignment and enhance ownership and accountability, and enhance the expansion of service delivery.</p>	<p>Chapter 3C and 3G Appendix III on Catalytic Fund Exhibit 12.</p> <p><i>Evidence base: analysis of global aid data (OECD DAC CRS); country studies, Hewlett/ODI study, SBSiP study, Paris Declaration surveys, interviews.</i></p>
e. Has FTI been influential in mobilizing increased funding levels and non-financial resources for education among partner countries and agencies?	<p>Answer to first part of the question (funding levels) – see sub-question 3g above.</p> <p>Regarding non financial resources:</p> <ul style="list-style-type: none"> <li>- <u>Capacity development:</u> FTI endorsement has often required (although not a formal requirement) the country to carry out a CSR and develop a policy simulation model, which have proved in general useful tools to enhance country planning processes. Nevertheless, the appraisal and endorsement by the FTI have in general not led to significant additional CD support from donors [chapter 3D &amp; 3E].</li> <li>- <u>Data and M&amp;E cross cutting issues:</u> analysis shows that the FTI has not influenced significantly the level of attention to the data gap, M&amp;E or cross cutting issues. It has relied on other donors' support, but has not contributed significantly to making it more efficient and effective [chapter 3D and 3F].</li> <li>- In general, there is a problem of a hollowing out of donor agency education skills, both centrally and in-country. This makes it harder to deliver appropriate and timely non-funding resources [chapter 3D].</li> </ul>	<p>Chapter 3C;3D; 3E; 3F Appendix II on Trends in Education Finance; Annex G (CD); Annex F (data, M&amp;E)</p> <p><i>Evidence base: analysis of global aid and public finance data (UIS, FTIS, PDD, OECD DAC CRS); country studies, Hewlett/ODI study [Exhibit 13], interviews</i></p>

Terms of Reference Question	Answers	Where covered? Evidence Base?
<p>f. To what extent has FTI assisted countries in closing their financing gaps for their EFA acceleration efforts? Has this been in the context of sustainable fiscal policy?</p>	<p>Several conceptual problems in definition, calculation and use of the "financing gap" concept by the FTI, by CF Committee and at country level [Annex K].</p> <ul style="list-style-type: none"> <li>- Global financing gap for reaching EFA goals does not appear to be closing. The FTI financing strategy of catalysing additional bilateral and multilateral funds for basic education at country level does not appear to have worked and CFs have not been delivered to countries on anything like the scale required to compensate for this. [Chapter 3C, Appendix II and III]</li> <li>- In some countries, CF funding has provided a major increase in education financing, but lack of long term prima facie evidence (from country level and from interviews) that CF allocations may be displacing other donor financing for basic/primary education [Chapter 3C]</li> <li>- FTI CF allocations are not linked to convincing analysis of medium and long term financing; sustainability of domestic expenditures strongly linked to GDP growth prospects. [Chapter 3C and 3G].</li> </ul>	<p>Synthesis Report Chapter 3C  Preliminary Report Chapter 3  Country Case Studies  Appendix II and III  Annex K</p> <p><i>Evidence base: analysis of global aid and public finance data (UIS, FTIS, PDD, OECD DAC CRS); country studies, Interviews</i></p>

Terms of Reference Question	Answers	Where covered? Evidence Base?
<p>g. Has FTI succeeded in mobilizing additional resources in support of EFA? To what extent have any increases come from domestic financing? From international assistance?</p>	<ul style="list-style-type: none"> <li>- There are some important limitations to the global financial datasets available to monitor funding levels for education (both external and domestic), that the FTI has not significantly contributed to reducing [Appendix I, Part B (commentary on data)]</li> <li>- Overall increases in education financing have come more from domestic sources than from aid [Appendix II].</li> </ul> <p><u>Global level</u> [chapter 3C and Appendix II and III]</p> <ul style="list-style-type: none"> <li>- Little growth in aid commitments to education and basic education since 2004 – clear differences between donors in priorities to basic education since 2000;</li> <li>- FTI endorsement has not triggered a consistent increase in aid commitments for basic education in early endorsed countries;</li> <li>- Contribution of FTI CF is modest but increasing;</li> <li>- Distribution of FTI CF funding has not systematically favoured those countries most in need of external financing (high levels of out of school children and /or low levels of direct donor aid) to reach EFA goals;</li> <li>- Strong real growth in current expenditure on education and basic education financed from domestic sources on average in a sample of African countries.</li> </ul> <p><u>Country level</u> [chapter 3C, country studies]</p> <ul style="list-style-type: none"> <li>- The FTI had little effect on the positive trend in domestic financing for primary education seen in most endorsed case study countries. Other key drivers were government commitment, HIPC and GBS levels.</li> <li>- It has had a positive effect in Burkina Faso and Rwanda through the use of analytical tools such as CSR, financial simulation, appraisal. It also had a positive effect when Ministries of Finance were closely involved in the negotiation of FTI CF support (mostly when provided through SBS).</li> <li>- The FTI was not the key driver of increased external financing for primary education observed in most case studies. The FTI made a positive contribution when the CF accounted for a high proportion of aid to education. A limited catalytic effect took place in only a few case study countries.</li> </ul>	<p>Synthesis Report Chapter 3C Appendixes II and III Country studies</p> <p><i>Evidence base: analysis of global aid and public finance data (UIS, FTIS, PDD, OECD DAC CRS); country studies, Hewlett/ODI study, Interviews</i></p>
<p>In countries where domestic financing in support of EFA has increased what are the prospects for sustaining those levels of funding?</p>	<p>Real growth in domestic financing for education since 2000 in a sample of African countries has been largely driven by GDP growth. In the light of the current global economic difficulties, the prospects of sustaining these levels of growth seem fragile. [Appendix II].</p> <p>Most case studies highlight the strong government commitment to increased domestic financing for primary education, but outline that major threats to the sustainability of this increase come from evolving macro-economic and trade situation, potential political tensions, and prospects for increasing demands from other levels of education. [chapter 3C]</p>	<p>Chapter 3C (mobilising resources), Appendix II (education finance)</p> <p><i>Evidence base: analysis of global aid data (OECD DAC CRS); country studies, Hewlett/ODI study, Interviews</i></p>

Terms of Reference Question	Answers	Where covered? Evidence Base?
<p>h. Has FTI's own governance and management made a difference in how efficiently the Initiative works in furthering EFA goals? Namely, can the FTI governance bodies be considered legitimate? Are FTI decision-making processes open, transparent, inclusive and well founded?</p>	<p><u>Governance and management</u> [Annex B; Chapter 2, Chapter 4]                      Yes. Positives in terms of maintaining a broad coalition, country focus, considerable self-criticism and innovation.                      Problems in terms of inadequate secretariat capacity; conflicts of interest in various WB roles and lack of clear definition of FTIS role vis-à-vis WB. Efforts to broaden partnership to include aid-recipient countries have been rather nominal.  <u>Legitimacy of FTI governance bodies</u> [Annex B, Chapter 4]                      At country level, need to ensure wider participation in LEG; partner countries weakly involved in global governance and excluded from financial decisions.  <u>Transparency, openness, inclusiveness of FTI decision making processes</u> [chapter 4]                      Governance and management weaknesses have compromised the FTI principle of transparency – its decision making procedures and criteria have often been opaque.</p>	<p>Synthesis Report Chapter 3G, Chapter 4                      Annex B (governance);                      Country studies.</p> <p><i>Evidence base: country studies, Interviews; review of EODF and CF operations; observation of FTI meetings.</i></p>
<p>Does the Initiative have an adequate monitoring and evaluation framework, and is it creating regular, useful inputs to decision making?</p>	<p>No. [Annex F, chapters 3F and 4; Annex B; Appendix VI]</p>	<p>Synthesis Report Chapter 3F and 4                      Annex F, Appendix VI                      WP3 (Data, M&amp;E)</p> <p><i>Evidence base: Monitoring and evaluation working paper; country studies, interviews, document review.</i></p>

Terms of Reference Question	Answers	Where covered? Evidence Base?
<p>Are FTI processes (endorsement, processing of catalytic funds requests, triggering the flow of funds) consistent across countries, timely and efficient (for example, how much time does it take between FTI endorsement and the flow of FTI-triggered funding at the country level)?</p>	<p>Lack of consistency stems both from weak communication channels and from constantly evolving rules and procedures [Annex B]. At the same time, the lack of consistent approach may in some cases reflect the willingness to align with country processes, although the two shouldn't be mutually exclusive.</p> <ul style="list-style-type: none"> <li>- Lack of consistent approach to endorsement of ESP [chapter 3D];</li> <li>- Lack of consistent approach to financing gap estimates [Annex K];</li> <li>- Lack of consistent approach to CF allocations [Appendix III];</li> <li>- Lack of consistent approach to aid modalities [chapter 3G];</li> <li>- Non-transparency of EPDF [chap 3E and Appendix IV].</li> </ul> <p>Confusion and frustration has been caused by this lack of consistency, as well as by weak communication and lack of clear guidance [chapter 4-4.14].</p> <p>Progressive improvements through the definition of clearer guidelines [Annex B; chapter 2] – although these have been somewhat undermined by regressions due to external factors such as the change in WB Trust Fund management procedures [Annex B].</p> <p>Regarding timing, variable picture of disbursement performance across countries and improvement over time. Delays due to changes in procedures but recent amendments expected to bring about further improvement [Appendix III; Annex B section H].</p>	<p>Chapter 3 (especially 3C, 3D and 3G)</p> <p>Appendix III (Catalytic Fund)</p> <p>Appendix IV (EPDF)</p> <p><i>Evidence: country studies, FTI documentation; interviews, analysis of FTI trust funds processes.</i></p>