OCTOBER 25-26, 2021

MEETING OF THE FINANCE AND RISK COMMITTEE

VIA VIDEOCONFERENCE	FRC/2021/10 DOC 07	FOR DECISION

INTER-AMERICAN DEVELOPMENT BANK ACCREDITATION

Please note: Documents are deliberative in nature and, in accordance with the GPE Transparency Policy, are considered to be public documents only after their appraisal by the relevant governance instance. It is understood that members will circulate documents among their constituency members prior to consideration for consultation purposes, with the exception of documents that are confidential.

Key issues for considerations:

- The Inter-American Development Bank (IDB) is a respected international institution with significant experience in managing large programs and the assessment from Pricewaterhouse Coopers (PwC) is that it meets GPE mimumum standards. The Secretariat does note that while the overall conclusion is not affected, there was a limitation on the scope of the institutional capacity assessment as IDB did not provide some documents that were requested during the assessment related to the risk management framework and internal audit reports, citing confidentiality restrictions as the reason.
- While IDB may be accredited as a Grant Agent based on this assessment, the ability to perform the role requires IDB to sign the standard Financial Procedures Agreement (FPA) with the World Bank as Trustee of the GPE Fund. IDB has requested some modifications to the FPA, and negotiations between IDB, the Secretariat and Trustee have been ongoing for some time. It is anticipated that these issues will be resolved before the FRC meeting and they do not impact the FRC's consideration of whether to accredit IDB or not.

Objective

1. The purpose of this document is to summarize the findings of the GPE Secretariat's assessment of institutional capacity report submitted by Pricewaterhouse Coopers (PwC) and request the Finance and Risk Committee (FRC) to accredit the **Inter-American Development Bank (IDB)** as a Grant Agent for GPE Grants.

Recommended decision

FRC/2021/10-XX—Accreditation of Inter-American Development Bank as Global Partnership for Education Grant Agent: The Finance and Risk Committee in its delegated role accredits Inter-American Development Bank as Grant Agent for Global Partnership for Education grants.

Background and overview

2. In November 2013 the Board approved the Supervising and Managing Entity Eligibility Expansion Plan and the Guidelines for assessment of newly eligible Supervising and Managing Entities as set out in Annexes 9 and 10 of the Report of the Financial Advisory Committee (BOD/2013/11-09 – Supervising and Managing Entity Eligibility Expansion Plan and BOD/2013/11 DOC 06A). The terminology 'Supervising and Managing Entity' was subsequently changed to 'Grant Agent' based on the Board's approval of recommendations and actions to strengthen the GPE Operational Model (BOD/2015/10-02 – GPE Operational Model and BOD/2015/10 DOC 06).

3. The Eligibility Expansion Plan requires the GPE Secretariat to conduct an institutional capacity assessment of all nominated Grant Agents and a further grant level assessment for International Non-Governmental Organizations (INGOs) that are selected to act as Grant Agent for any GPE program with a value exceeding US$ 5 million. The Board has delegated responsibility for approving new Grant Agents to the Finance and Risk Committee in line with the 2017 Decision Framework (BOD/2017/06-08 – Decision Framework and BOD/2017/06 DOC 11).

4. The GPE Secretariat commissioned PwC to conduct an institutional capacity assessment of IDB, which has expressed strong interest in becoming a Grant Agent for grants in Latin America. PwC assessed the institutional capacity of IDB against the minimum standards for GPE Grant Agents and concluded that IDB meets GPE minimum standards.

5. The Secretariat will follow up with the Trustee and IDB to get the Financial Procedures Agreement signed assuming approval is granted by the Finance and Risk Committee for IDB.

Annex A - Summary of Review of Compliance with Minimum Standards

Annex B - Institutional capacity assessment findings and recommendations

The Institutional Capacity Assessment report is a confidential document shared with FRC members only and not for circulation beyond the members of the FRC.

Annex A - Summary of Review of Compliance with Minimum Standards

Standard	Standard met
Institutional capacity	
1. Legal status	✓
2. Management and organization	✓
3. Project appraisal	✓
4. Oversight of sub-recipients	✓
5. Procurement procedures	✓
6. Monitoring, evaluation and project-at-risk systems	✓
Financial Management	
1. Financial management and accounting systems	✓
2. External financial audit	✓
3. Control frameworks	✓
4. Internal audit	✓
Transparency, Self-Investigative Powers, Anti-Corruption Measures and Anti-Sexual Harassment Safeguards	
1. Misuse of Funds Procedures	✓
2. Safeguarding procedures	✓
3. Protection of whistleblowers	✓

Annex B - Institutional capacity assessment findings and recommendations

Assessment Standard	Weakness	Rating	Recommendation
Management and organisation	IDB does not have experience in the implementation of GPE grants. Although IDB has funded many educational projects and plays the roles of coordinating agent and education sector group leader in Haiti, it has not directly implemented projects funded by GPE in the past.	Moderate	GPE Secretariat should organize an orientation for IDB in the implementation of GPE grants. Areas to consider include GPE policies, procedures and processes in order to equip IDB with the requisite information and overall expectation of GPE for the management of programs funded by GPE. This may avoid potential delays and pitfalls usually associated with the commencement of new grants due to inadequate preparation.