GLOBAL PARTNERSHIP *for* EDUCATION

Report of the Financial Advisory Committee

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FAC Chair

Meeting of the Board of Directors
Berlin, Germany, 7-8 June 2012

Outline

1. FAC Meetings
2. For decision:
   - Amendments to FAC terms of reference
   - Annual review of program implementation grant indicative allocations list and requests above the US $100 million cap
   - Engaging federal states
   - Liberia revisions
3. For information/input
   - Top ups
   - Standards for Supervising and Managing Entities
4. Next FAC meetings

FAC MEETINGS (November 2011-May 2012)

When	Agenda Items
11-12 November 2011 (Copenhagen)	Program Implementation Grant allocation recommendations Needs and Performance Framework
7 February 2012 (audio)	FAC Work Plan Terms of Reference
5 March 2012 (audio)	Timelines and Revisions to Programs Standards for Annual Review of Indicative Allocations and Requests above the Cap
24 April 2012 (audio)	Engaging Federal States Top Ups Standards for Supervising and Managing Entities
Email (end of May 2012)	Liberia program revisions

Recommendation 1: Amendments to FAC Terms of Reference: Background

May 2011(Kigali): Board requested FAC review its TOR and recommendation changes

TORs have been amended several times regarding composition

FAC discussed including GRA role → on hold

FAC recommended other changes

Amendments to FAC Terms of Reference

Composition, Member and Chair Skills	• NO CHANGE: 14 members, same composition, same skills
Roles and Responsibilities	• Clarifications or clarifying additions • Deleted role in M&E • Still advisory only
Other Additions	• Quorum • Voting • Chair reporting to each Board meeting • LEG availability at grant review meetings

Amendments to FAC Terms of Reference: Membership and Chair

	Before	After
Composition	14	14 (no change)
Skills (member and chair)		No change
Alternates	Role unclear	Clarified that can be alternates for particular meetings; must consult and be informed like member.
Member Terms	2 years	2 years or until successor appointed
Chair Terms	Missing	2 years; same as members
Vacancies (members and chair)	Missing	Vacancies filled in same way as original member appointed; serves remaining term of previous member
Chair voting	Missing	Chair is non-voting

Amendments to FAC Terms of Reference: Roles and Responsibilities

	Before	After
Nature of role	Advisory only	No change
policies on performance incentives	Missing	Advisory role added ("top ups")
annual review of indicative allocations list	Missing	Advisory role added
Recommendations on investment strategies	Changed to "funding priorities and strategies"	
Quarterly financial report review	Missing	Advisory role added
Policies on Joint Sector Reviews and Local Education Group strengthening	Deleted	
Reviewing monitoring and evaluation work	Deleted	

Amendments to FAC Terms of Reference: Meetings and Grant Application Review

	Before	After
Frequency of meetings	Missing	Annually for portfolio status As needed to review implementation grant applications No more than two face-to-face a year
Mode of meeting	Missing	Face-to-face, video, audio
Notice of Meetings	Missing	Two months for face-to-face Two weeks for other
Recommendation categories	4 categories	3 categories (full funding, less than full funding, do not fund)
Availability of Local Education Group members	Missing	Addition; available to answer questions if necessary.
Presence of Secretariat members	Missing	Added—those with knowledge of the applications.

Amendments to FAC Terms of Reference: Quorum and Attendance, Decision-Making

	Before	After
Quorum	Missing	Majority of members present
Attendance by member or Alternate	Unchanged, including attendance by extra person from Chair's constituency to allow Chair to act without prejudice	
Observers	Permitted	Permitted with permission of Chair
Funding for Attendance	Unchanged; upon request of member from developing country partners and/or developing country CSO	
Consensus	Missing, but used in practice	All efforts made to make recommendations by consensus
Voting	Missing	If no consensus possible any member may call for a vote; majority vote needed with at least one vote from donors and one from a developing country partner

Amendments to FAC Terms of Reference: Other

	Before	After
Reporting to Board	Missing	Report to every face-to-face Board meeting; clearance by FAC of reports; may contain minority views
Working Groups	Missing	Working groups can be formed by FAC Chair after consultation with Board chair
Annual Assessment	Missing	Annual assessment conducted by FAC Chair with Board Chair; may result in asking constituencies to replace member
Support for Attendance of developing country partners	Unchanged; upon request of member from developing country partners and/or developing country CSO	

FAC Terms of Reference: Decision Requested

BOD/2012/06-XX – <u>Revised Terms of Reference for the Financial Advisory Committee</u>: The Board of Directors decides to replace the terms of reference for the Financial Advisory Committee with the terms of reference presented in Annex 3 of BOD/2012/06 DOC 07.

Recommendation 1: FAC TORs

Questions?

Approval

Recommendation 2: Annual Review of Indicative Allocations: Background

12 January 2012: Board approved the Needs and Performance Framework and indicative allocations 2012-2014

BOD/2012/01-01: "the indicative… allocations shall be subject to an annual review by the FAC based on available resources and projections of the applications that will be submitted. Any changes shall be recommended by the FAC for approval by the Board of Directors."

→ FAC developed guidelines for the annual review

Annual Review of Indicative Allocations: Background

Purpose: promote efficient use of funds; list based on most recent information available on:

- ✓ Funds available
- ✓ Demand for funds
- ✓ Country eligibility for grants

Does **NOT** change Needs and Performance Framework itself→ only countries on the list and amounts

Annual Review of Program Implementation Grant Indicative Allocations: Methodology

List Generated by Needs and Performance Framework

Availability of Funds:	Demand:	Eligibility:
Contributions Pledges Allocations under-utilization + cancellation	Disbursements ("pipeline") Reassess Countries previously excluded	IDA list changes yearly 1 July (any changes recommended by the Board to IDA eligibility)

→ 25% "over-programming" continue to be used

Timing: Annual Review

1. **31 August:** Cut-off date for information
2. **Q3 FAC meeting:** list reviewed
3. FAC recommendation updated before Board meeting
4. **Q4 Board meeting:** changes approved; countries informed
5. **Effective Date of new list:** 2nd round of the next year

Requests Above the US$100 million cap: Background

January 2012: Board approved indicative allocations list: US$100 million cap

BUT….also stated that:

"In exceptional circumstances, a Local Education Group in a country to which the $100 million cap applies may present a proposal for a higher amount."

FAC tasked with process

Requests Above the Cap: Who are we talking about?

Exceptional circumstances

Small number of countries with large populations subject to cap:

Bangladesh Dem. Repub. Congo

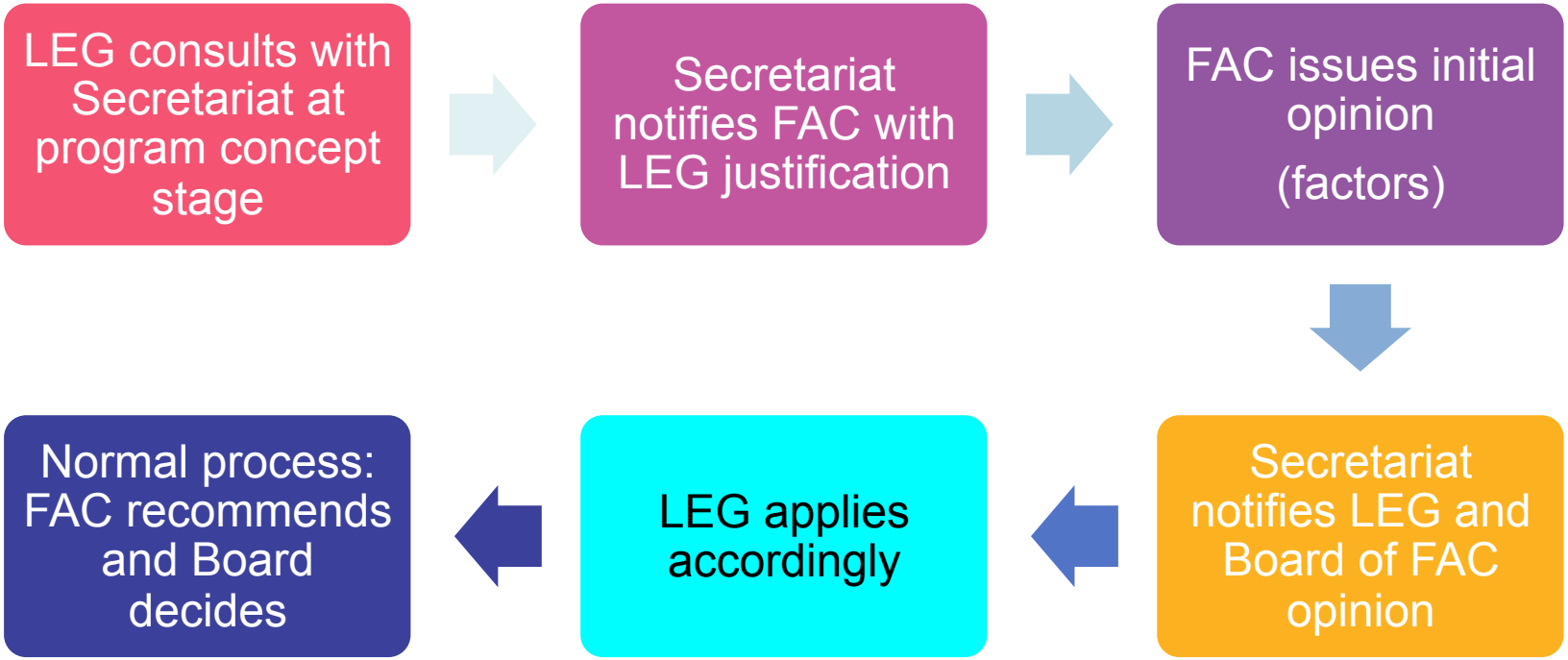
Ethiopia Nigeria Pakistan

Requests Above the Cap: Guidance

Maximum amount: Non-capped amount → NOT an indication of appropriate amount to apply for; always justified to FAC and Board

If no significant additional contributions, will reduce other country allocations

Requests Above the Cap: Process



Requests Above the Cap: Factors for FAC initial opinion

1. Current **resources available** and impact on other allocations

2. Country efforts to secure **other donor funding**

3. Country **domestic contribution**

4. Evidence of **good past use** of donor funding

5. Evidence of **need**

Requests Above the Cap: Continuing Concerns



Several FAC members oppose any possibili tions from the cap

Suggestions for mitigation:

-only apply to countries with past GPE grants

-only provide after assessment in first year

→Not fully supported by other FAC members

Reversal of possibility of exceptions would require a new Board decision

Annual Reviews and Requests Above the Cap: Decision Requested

BOD/2012/06-XX -- <u>Standards for Annual Review of Indicative Allocations and Consideration of Requests for Program Implementation Grants Above the US$100 Million Cap</u>: The Board of Directors approves the standards for annual review of indicative allocations and consideration of requests for program implementation grants above the US$100 million cap as described in section 4.2 of the Report of the Financial Advisory Committee (BOD/2012/06 DOC 07).

Recommendation 2

Questions?

Approval

Recommendation 3: Engaging Federal States: Background

5 potential developing country partners have federal systems of government:

Comoros Nigeria* Pakistan*

Somalia Tanzania

*capped allocation

→all interested in joining the Global Partnership

→all need "exceptions" from GPE "business as usual"

→each have country-specific needs

Engaging Federal States: Background

Traditionally, GPE processes and procedures centered on *national* plans in order to:

- Receive education plan development grants
- Join Global Partnership (endorsement of national education plan)
- Receive program development grants
- Receive program implementation grants

Federal States: Operational Challenges

Multiple sub-national

- education ministries
- education plans (and need for development grants)
- local development partner groups (to appraise and endorse plans)

Possible multiple application for program implementation grants and program development grants

Need to divide indicative allocations across sub-national levels (most challenging, esp. for capped countries, countries may need guidance)

Federal States: Decision Requested

Join Partnership	• National basis • Commitment to MDGs and EFA goals NEW • Support development of sub-national plans, where relevant
Education Plan Development	• Education plan development grants ($250,000) as needed • allocated by Secretariat
Appraisal and Endorsement	• Local development partners working at national or sub-national level • Secretariat to assess/guide what is feasible
Program Development	• Program development grants ($200-400,000) as appropriate • Supervising Entities encouraged to consolidate
Indicative Allocations	• Divided at the country-level if agreed • Further guidance to be developed by FAC, esp. for capped countries

Federal States: Decision Requested (1)

BOD/2012/06-XX – Engagement with Potential Developing Country Partners with Federal Systems of Government: The Board of Directors approves the following in relation to potential developing country partners that have a federal system of government:

Federal States: Decision Requested (2)

a. **Joining the Global Partnership:** Developing countries with federal systems of government join the Global Partnership as a national entity only (irrespective of the degree to which authority to govern education is devolved to sub-national governments). They will do so by communicating in writing to the Chair of the Global Partnership their commitment to the education Millennium Development Goals and Education for All goals and their support of the development and implementation of sub-national education plans, where relevant.

Federal States: Decision Requested (3)

b. **Education Plan Development Grants:** In cases where, due to the existence of a federal system, development of a national education plan is not feasible, sub-national governments of eligible federal states responsible for education may apply for education plan development grants of up to US$250,000.

Federal States: Decision Requested (4)

c. **Appraisal and Endorsement:** A sub-national education plan must be appraised and endorsed by a Development Partner Group (including local donors, and where applicable, civil society organizations and the private sector operating at the national or sub-national level). The Development Partner Group may operate at the national and/or sub-national level. The Board of Directors requests the Secretariat to work with country-level stakeholders to determine what is feasible and most effective.

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Federal States: Decision Requested (5)

d. **GPE Program Development Grants:** In cases where there will be multiple program implementation grants due to the existence of multiple education plans at the sub-national level, Supervising Entities or Managing Entities appointed at these levels may each apply for a GPE program development grant of US$200,000 to 400,000. Where one Supervising Entity or Managing Entity is operating in several sub-national regions, only one grant will be given, unless a strong justification is provided by the Supervising Entity or Managing Entity to the Secretariat for the need for more than one grant.

Federal States: Decision Requested (6)

e. **Indicative Allocations for Program Implementation Grants:** GPE indicative allocations for program implementation grants apply to all countries at the national level, including those with federal governments. In cases where the national and sub-national levels are in agreement on how to divide the national indicative allocation between sub-national levels, this decision will be respected by the Board of Directors and applications will be reviewed using the normal program implementation grant review and allocation processes.

Federal States: Decision Requested (7)

In cases where more guidance is required from the Global Partnership, in particular in cases where the country is subject to the US$100 million cap, it shall be provided by the Secretariat, subject to agreement by the Board of Directors after recommendation by the Financial Advisory Committee. Once a developing country partner's full national indicative allocation has been allocated by the Board of Directors, any sub-national entity in that country which has not had an allocation must await a new three-year indicative allocation.

f. The federal government will typically be the first point of engagement for the Global Partnership.

Recommendation 3: Federal States

Questions?

Approval

Recommendation 4: Liberia Program Revisions: Background

May 2010: Liberia program implementation grant approved for US$40 million

September 2010: Grant Agreement signed

First year of implementation: many delays, US$1 million disbursed out of projected US$6 million

LEG decided to restructure program; advised GPE in May 2012

Material change to program elements and budget, with 2-year extension

Recommendation 4: Liberia Program Revisions: Background

Restructuring supported by LEG, with Secretariat support

FAC reviewed revisions on expedited basis and recommending them

FAC comments:

- original proposal not designed for fragile context
- Lessons learned for the GPE and Supervising Entity: better donor harmonization, esp. in fragile states
- Risks related to NGO distribution of textbooks, but also good flexibility
- Concern about USAID pulling out of teacher training activities

Liberia Program Revisions: Decision Requested

BOD/2012/06-XX: <u>Revisions to the Liberia Program Implementation Grant</u>: The Board of Directors approves the revisions to the implementation grant program in Liberia, approved in May 2010, as set out in BOD/2012/06 DOC 07 Addendum.

Recommendation 4:
Liberia Program Revisions

Questions?

Approval

For Information: Top Ups: Background

May 2011: Board requested Needs and Performance Framework reflect 3 GPE priorities:

- Girls' education
- Fragile states
- Quality and learning outcomes

→HOWEVER, no internationally-recognized indicators for quality and learning outcomes to use for the Needs and Performance Framework

Top Ups: Background

January 2012: Board approved the Needs and Performance Framework approved

Background paper: work to be undertaken by FAC on "top ups", particularly for learning outcomes

+

Need for GPE focus on results

→ Need to explore results-based funding

Top Ups: Current Status

Secretariat top-ups paper: recommends pilot with cash on delivery system for learning outcomes

FAC concerns:

-Does results-based funding work?

-Who to include in pilot and how much each would get?

-Rely on systems already in place in countries

-Use something more modest

FAC will continue to discuss issue and recommend to Board when ready

For Information: Minimum Standards for Supervising and Managing Entities: Background

GPE Fund Governance Document: Supervising and Managing entities limited to donor and multilateral agencies represented on the Board

Desire for Expansion:

- more diversity in the currently eligible multi/bi-laterals
- Consider non-governmental organizations (**Strategic Plan**)

Need for standards; will help explain the role better.

Upcoming FAC Meeting

28-29 June, Oslo, Norway: face-to-face FAC meeting

4 Program Implementation Grant Applications (Ghana, Nicaragua, Sudan, Vietnam)

-> recommendation to Board in July for Board audio-conference

Also on Agenda:

- Portfolio review
- Top-ups
- Standards for Supervising and Managing Entities

Second face-to-face FAC Meeting 2012

Date: TBD, likely in Washington, DC

Potentially 10+ Grant reviews

Annual review of indicative allocations list

Finalize recommendations on top ups, standards for Supervising and Managing Entities

(other things assigned at this Board meeting)

→aim to have recommendations for next face-to-face Board meeting