GLOBAL PARTNERSHIP *for* EDUCATION

POLICY AND COMMUNICATIONS PROTOCOL REGARDING MISUSE OF TRUST FUNDS

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

For Decision

Approval of Policy and Communications Protocol on Misuse of Trust Funds

Reasons for Policy

- Shared goal of most effective delivery of partnership funds and services
- (Sometimes) weak governance environments – high risk of Misuse
- Misuse leads to diversion of funds from intended beneficiaries – students
- Misuse can damage confidence in GPE

All Partners have a role to play

Partners can't prevent all potential Misuse but all are expected to …

→ Understand and be alert to risks of Misuse

→ Foster environments intolerant of practices that could lead to Misuse

→ Take action to address Misuse if it occurs

Context for Policy and Protocol (1)

- GPE is a Partnership – not a separate legal entity

- Board approved GPE Fund Governance Document in May 2011 -- Supervising and Managing Entities use own policies and procedures in handling GPE funds

Context for Policy and Protocol (2)

- Supervising and Managing Entities must have demonstrated strength in managing funds, disclosure of information, Whistleblower policies

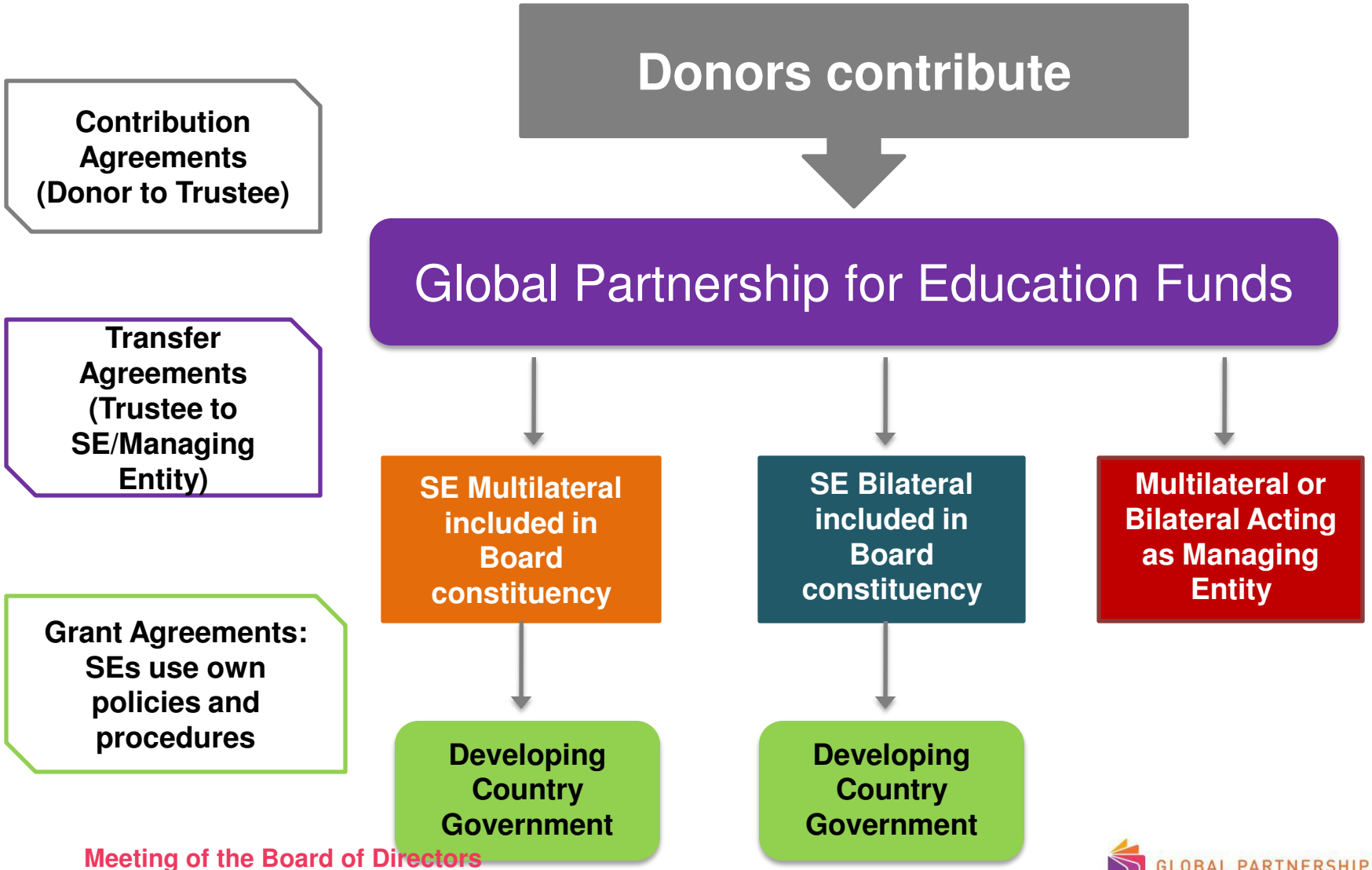
- Review to be launched of SE and ME policies and practices

What is Misuse?

- Corruption
- Fraud
- Coercion
- Collusion
- Obstruction

Or anything else that leads to funds being used for purposes other than intended

Flow of Funds and Authorizing Documents



Trust Fund Documents, Requirements, etc.

Transfer Agreements

Trustee to SE and ME

- SEs/MEs use same care and diligence with GPE funds as with their own funds
- SEs/MEs accountable to the Board for GPE financed activities
- Comply with the decisions of the Board

Grant Agreements

SE to Developing Country Partners

- Reflect Board approved decision re activity to be funded
- Requirement to return funds if Misused

Whistleblowing Protections

- Prevent retaliatory actions against staff

Supervising Entity vs Managing Entity

Supervising Entity receives funds directly from GPE Trust Fund and enters into a grant agreement with a developing country partner or other partner which carries out the approved Activity

Managing Entity receives funds directly from GPE Trust Funds and carries out the approved Activity

Roles of Key Partners

Board	• Approves allocations, Supervising Entities and Managing Entities • Approves criteria for partner eligibility and ineligibility for GPE funds
Developing Country Partners	• Establish financial management & procurement systems with strong internal controls • Communicate finding of Misuse to the SE; act when Misuse is found
Supervising & Managing Entities	• Carry out fiduciary and supervision duties, due diligence of developing country partners systems – using same care as managing own funds
Local Education Group Members	• Monitors implementation of education plan/identifies potential issues through Joint Sector Reviews • Communicate with each other & Secretariat Head regarding Misuse
Secretariat	• Serves as focal point for communications with Board • Plays "Honest Broker" role • Work with FAC on review of SE/ME fiduciary, supervision, disclosure practices

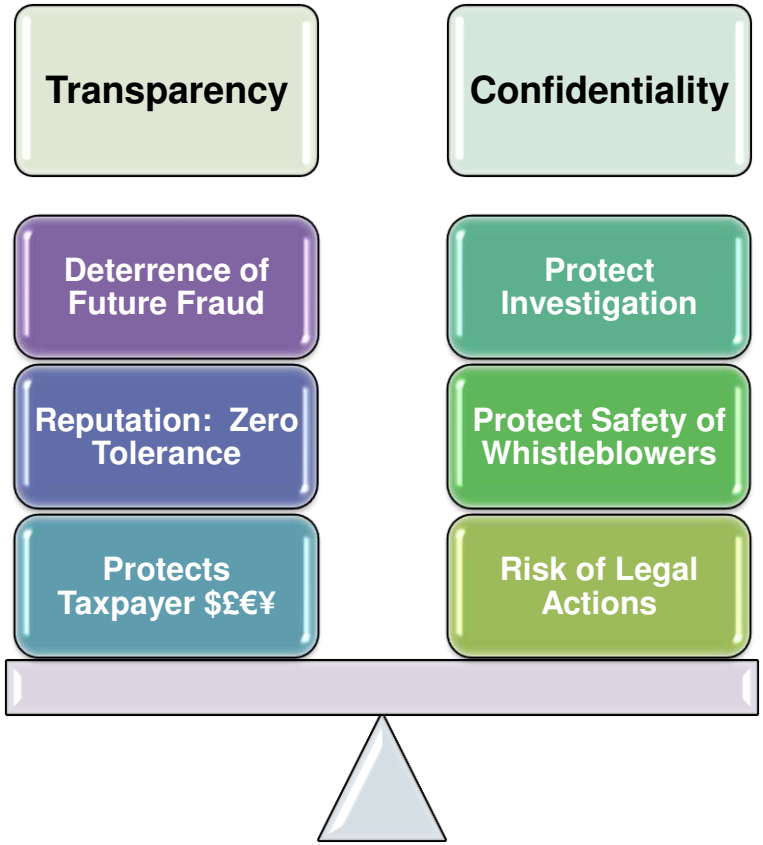
Accountability of SE and ME

- Same care and diligence as using own funds
- When SE, conduct due diligence and implementation supervision

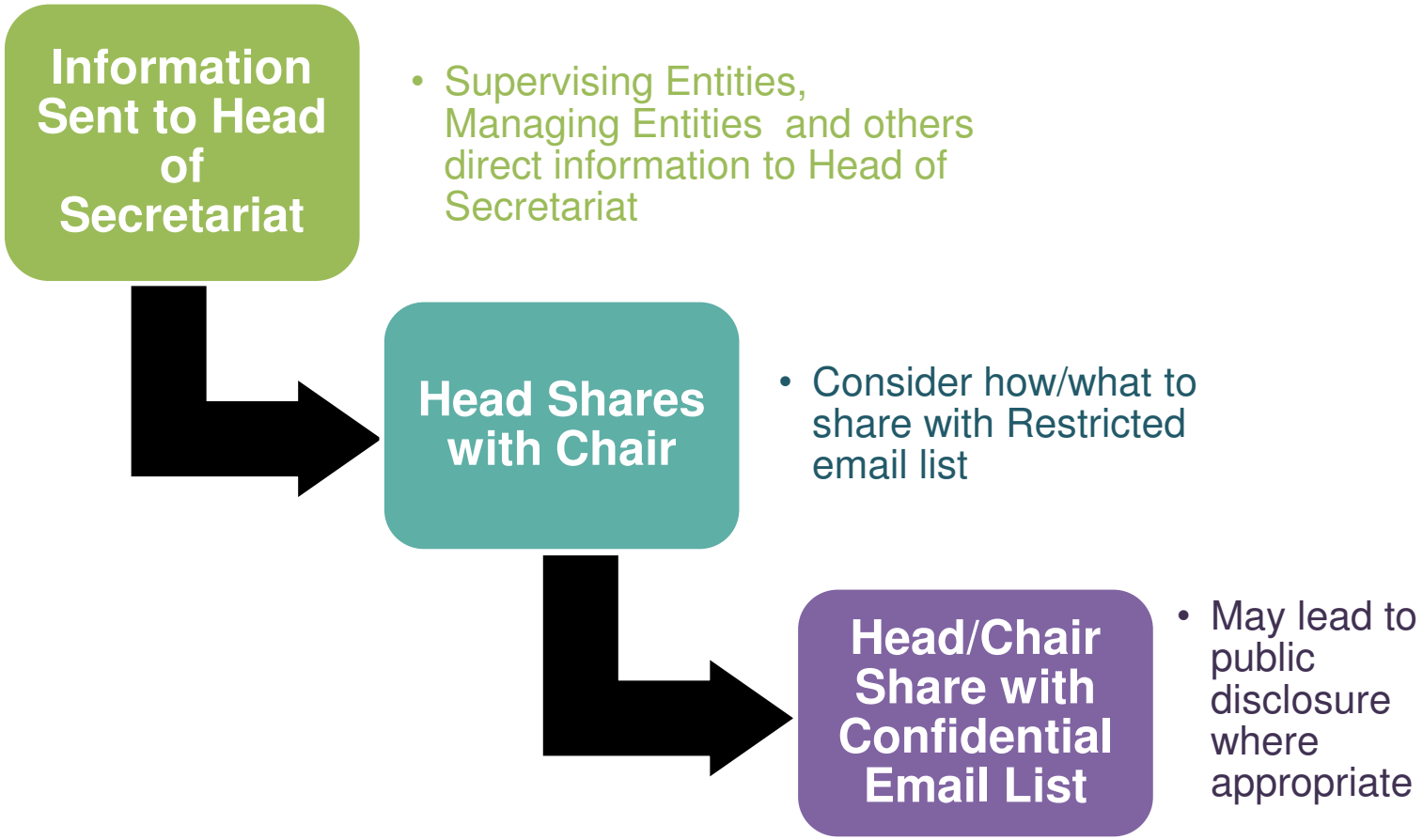
Minimal Requirements for SE and ME:

- Familiarity with governance challenges that could lead to Misuse
- Strong risk management & procedures to prevent Misuse
- Regular, open & immediate communication with the LEG and Secretariat regarding credible allegations of Misuse
- Return recovered funds
- Reimburse funds if SE/ME itself has misused funds
- Whistleblower protection

Communications – a Balancing Act: Information on Misuse is *sensitive* information



Misuse is discovered: *Then what?*



Confidentiality Statement

Board Members, Alternate Board Members,

One Representative of each Donor to the GPE Funds …

- Can receive official communications from Secretariat
- Are required to sign Confidentiality Statement; will be placed on restricted email list

Confidential Statement content

Whereas, pursuant to the Global Partnership for Education Policy and Communication Protocol on the Misuse of Trust Funds (the "Policy"), approved by the Board of Directors of the Global Partnership in Decision BOD/2012/06-XX, paragraph B. 9, Board Members, Alternate Board Members and one representative of each donor to the GPE Trust Funds are eligible to receive official communications from the Secretariat regarding Misuse (as defined in the Policy) by being placed on a restricted email list; and

I am the

(Board Member/Alternate Board Member) for the (name) constituency of the Board of Directors

OR

a representative of (agency name), a donor to the GPE Trust Funds,

THEREFORE, I understand that the messages I will receive from the restricted email list are not public documents, are of a confidential nature and are in most cases allegations that are not proven in a court of law. I will not share the messages or the content of the information contained in the messages with persons not on the restricted email list, other than persons within my organization that have a "need to know" due to the nature of their position and duties within my organization. I will also make efforts to ensure that anyone with whom I share information from the restricted email list is aware of the need to maintain the confidentiality of the information.

(Signature)

(Name)

(Title)

(Organization)

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Exceptions

Under what circumstances will information not be shared with the Restricted email list?

1. Protection of an ongoing investigation
2. Legal or other action by national authority would be compromised
3. Protection of investigators
4. Protection of whistleblowers
5. Avoidance of legal action due to release of possibly unsubstantiated allegations

Next Steps

1. Disseminate Policy & Protocol with Process Guides, Operations Manual
2. Disseminate confidentiality statement
3. Create Restricted email list
4. Secretariat to work with FAC on launch review of SE & ME practices
5. Secretariat to work with FAC on develop criteria for triggering ineligibility for fund access

Decision Requested

BOD/2012/06/XX – Policy and Communications Protocol on Misuse of Global Partnership for Education Trust Funds: The Board of Directors:

(i) approves the Policy and Communications Protocol on Misuse of Global Partnership for Education Trust Funds, as attached as Annex 1 to BOD/2012/06 DOC 06; and

(ii) requests the Financial Advisory Committee to develop criteria for imposing temporary or permanent ineligibility for access to GPE Trust Funds of a Supervising Entity, Managing Entity, developing country partner, civil society organization, private sector organization or any other organization found to have engaged in Misuse (as defined in the Policy).