REPORT OF THE FINANCIAL ADVISORY COMMITTEE

For Decision and Information

PURPOSE

The purpose of this paper is to summarize the deliberations of the Financial Advisory Committee ("FAC") since its report to the Board of Directors following its face-to-face meeting in Oslo, Norway in June 2012 (BOD/2012/07 DOC 02). Since that time, the FAC met face-to-face on 10-12October 2012 in Washington, D.C. The agenda and attendance record of that meeting are in Annex 1and 2 of this paper.

Part 1 of this report contains the FAC's recommendations to the Board of Directors on the following:

- Section 1: Allocations from GPE resources for program implementation grants in Burundi, Chad, Democratic Republic of Congo, South Sudan, and Sudan (Component 2) and Tajikistan
- Section 2: Supervision allocations in fragile and conflict-affected states
- Section 3: Approach for the review and assessment of Supervising and Managing Entities
- Section 4: Launch of a results based financing pilot
- Section 5: Commitment of GPE funds for program implementation grants on an annual basis
- Section 6: Revision of the list of indicative allocations for program implementation grants

Part 2 contains some items for information including the following:

- Section 7: Accelerating GPE support in emergency and early recovery situations
- Section 8: Ethiopia request for consideration of an above the cap indicative allocation for a program implementation grant
- Section 9: FAC observations on general trends with regards to program implementation grant applications
- Section 10: Discussion on implementation modalities
- Section 11: Review of quarterly financial reports

List of Annexes:

- Annex 1 – Agenda
- Annex 2 –Attendance List
- Annex 3 – Program Implementation Grant Application Final Readiness Reviews
- Annex 4 –Approach for the Assessment of Supervising and Managing Entities
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- Annex 7 – Program Implementation Grant Indicative Allocations Funding Analysis
- Annex 8 – Analysis of Indicative Allocation Options
- Annex 9 – Recommended Revised List of Indicative Allocations for Program Implementation Grants 2012-2014
- Annex 10 –Guidelines for Accelerated Support in Emergency and Early Recovery Situations

PART 1 – FAC Recommendations to the Board of Directors

1. Allocations from GPE resources for program implementation grants

Introduction

1.1 Table 1 below contains a summary of the program implementation grant applications reviewed by the FAC at its meeting on 10 -12October 2012, including the FAC's recommendations (including supervision allocations and agency fees).

Table 1

Country	SE/ME	Allocation Requested (in US$)	Allocation Recommended by FAC (in US$)	Supervision Allocation (in $US)	Agency Fee % and Amount (in $US)	Period	Proposed Funding Source
Burundi	Belgium	52,900,000	52,900,000	400,000	1.75% - 925,750	3 Years	GPE Fund
Chad	UNICEF	40,140,000[1]	40,140,000	n/a	6% - 2,408,400	3 Years	GPE Fund
	UNESCO	7,060,000[2]	7,060,000	n/a	7% - 494,200	3 Years	GPE Fund
DR Congo	World Bank	100,000,000	93,600,000	400,000	1.75% - 1,638,000	3 Years	GPE Fund
			6,400,000	Included above	0	3 Years	Catalytic ACP Fund*
South Sudan	UNICEF	36,100,000[3]	36,100,000	n/a	7% - 2,527,000	3 Years	GPE Fund
Sudan (Component 2)	World Bank	25,800,000	25,800,000	n/a	1.75% - 451,500	4 Years	GPE Fund
Tajikistan	World Bank	16,200,000	**Not recommended at this time**				
Totals		**278,200,000**	**US$262,000,000**	**US$800,000**	**US$8,444,850**		

*There are a number of trust funds that have remaining balances from which the Secretariat would like to source the allocations in order to close them down. These trust funds have restrictions on who the supervising entity can be and the amount of agency fees that can be charged.

[1] Included within this requested amount is US$800,000 for local management costs.
[2] Included within this requested amount is US$850,000 for local management costs.
[3] Included within this requested amount is US$3,265,200 for UNICEF technical assistance and monitoring and evaluation support, and US$2,871,800 for UNICEF direct administrative costs.

1.2 Each Local Education Group ("LEG") applied for the maximum amount available under the indicative allocations list that is currently applicable, with the exception of Sudan that applied for US$200,000 less than the maximum amount for their textbook component.A previous amount of US$50,700,000 had been approved by the Board of directors in July 2012 for components 1 and 3 of Sudan'sapplication. The current recommendation relates to component 2 for which the FAC requested a unit cost justification and information on the process to carry out a conflict and gender sensitivity analysis.

1.3 As can be seen from Table 1, the FAC is recommending that the Board of Directors approve all the applications as presented by the relevant LEGs, other than the request of Tajikistan. The FAC recommends that the Tajikistan proposal shouldnotbe approved at this time, but may be resubmitted at a later date when the issues of concern identified by the FAC are addressed. These issues are described later in this section.

1.4 The Secretariat's Final Readiness Reviews under the Quality Assurance Review process are provided in Annex 3. The FAC has included recommendations and comments for the LEG, which pursuant to the recommended decision, will be communicated by the Secretariat in its notification of the approval of the allocation. The decision also requests that the Tajikistan LEG be notified of the reasons for not recommending an allocation at this time. The FAC's comments are presented following the recommended decision below.

Recommended Decision

1.5 The FAC recommends that the Board of Directors approve the following decision:

BOD/2012/11-XX –<u>Approval of Allocations for Program Implementation Grants</u>: The Board of Directors:

1. approves the following allocations from GPE trust funds to be used for program implementation grants as described in the applications submitted for funding in the second round of 2012:

a. **Burundi:**

i. US$52,900,000 for a three-year implementation period, with the Belgian Development Cooperation serving as Supervising Entity;

ii. US$400,000 for a supervision allocation; and

iii. US$925,750 for an agency fee.

b. **Chad:**

i. US$40,140,000 for a three-year implementation period, plus US$2,408,400 for an agency fee to UNICEF serving as Managing Entity; and

ii. US$7,060,000 for a three-year implementation period, plus US$494,200 for an agency fee to UNESCO serving as Managing Entity.

c. **Democratic Republic of Congo:**

i. US$100,000,000 for a three-year implementation period, with the World Bank serving as Supervising Entity;

ii. a supervision allocation of US$400,000; and

iii. US$1,638,000 for an agency fee.

d. **South Sudan:** US$36,100,000 for a three-year implementation period, plus US$2,527,000 for an agency fee to UNICEF as Managing Entity.

e. **Sudan:** US$25,800,000 for Component 2 (provision of textbooks), plus US$451,500 as an agency fee for the World Bank serving as Supervising Entity.

2. requests the Secretariat to include in its notification to each of the relevant Local Education Groups of the approval of the allocations, the Financial Advisory Committee's comments on the program set out in BOD/2012/11 DOC 07.

3. requests the Secretariat to provide to the Local Education Group in Tajikistan the reasons that the FAC did not recommend an allocation in response to its proposal, as indicated in BOD/2012/11 DOC 07.

FAC Comments and Recommendations to the Local Education Group on each Application

Burundi

- The LEG is commended for the use of national systems for the operational and financial mechanisms of the pooled fund.
- It is noted that there are challenges regarding the quality of education in the country, including low completion rate and high repetition and drop-out rates. The government of Burundi and other donors are encouraged to contribute to this area, and any future application for a program implementation grant should ensure sufficient focus on quality issues.
- The Secretariat should work with the LEG in Burundi to complete the results framework, including clarifying which indicators relate to the pooled fund and which relate to the entire sector plan. The results framework should also include targets for the monitoring and evaluation component.

Chad

- Chad's application is supported and it is noted that there are great needs in the country.
- The level of government funding to education is a concern and it is urged that the funding be increased.
- The planned teacher training component needs to be better elaborated. In addition, the deployment of qualified teachers to rural areas is also critical to the success of the program. The plans for both of these issues should be approved by the Local Education Group prior to the start of implementation.
- This is the first time that two managing entities are appointed at the same time and it is requested that the Local Education Group report back to the FAC through the Secretariat after a year of implementation to share their experience of this arrangement.

- The managing entities will need to work with government institutions in order to build capacity.

Democratic Republic of Congo

- The plan to develop a pooled funding mechanism is welcome.
- There are concerns with the current levels of government funding to education and there is a need for an increase.
- The LEG is encouraged to ensure that the issue of mother tongue language of instruction is appropriately considered.
- The Supervising Entity will need tohave sufficient in-country staff in place to oversee such a large program, and should consider options to address this.

South Sudan

- The proposal is very welcome and the LEG is commended for developing it in the challenging environment of a newly-independent country.
- The management costs are significant and the Managing Entity should make efforts to reduce them where possible in order to make available funds for implementation.
- The Results Framework should be completed and the indicators monitored during implementation.
- There is a concern with the level of government funding to education, which should be increased.
- The LEG should ensure that it fulfills its role in ensuring that there is coordination of funding to the education sector between the government and among the external donors.
- Considering the context, there should be close monitoring of progress by the LEG, Managing Entity and the Secretariat. The LEG is requested to provide a progress report to the FAC through the Secretariat following the inception period.

Sudan (Component 2)

- The justification provided for the unit cost of textbooks, which are substantially reduced is noted.
- The information provided on the conflict and gender sensitivity analysis was satisfactory.
- Further information regarding the plans and budget for textbook distribution and teacher training should be approved by the Local Education Group prior to the start of implementation.

Tajikistan

- The FAC did not recommended to the Board of Directors to approve funding at this time for the following reasons:

    - Given the universal access to education in Tajikistan, the fact that this is not the first GPE program implementation grant, and the outstanding challenges remaining in the sector, a more balanced sector-wide analysis should be describedin the proposal. This should also provide greater clarity around the overall vision of education in the country and in particular outline how each of the in-country partners supports that vision.
    - There is over-emphasis in the proposal on construction and not enough focus on achieving learning outcomes. Arevised application package should contain indicator and targets for learning outcomes.
    - The proposal would benefit from an analysis of the needs of minority populations and addressing issues of exclusion.
    - The proposal should reflect an increased use of national systems, including consideration of a pooled funding mechanism if appropriate.

- It is noted that the early childhood component of the proposal was appreciated and should be included in the revised application. The country is invited to re-submit an application to the Secretariat for FAC review and Board approval at the next round of funding.

2. Supervision Allocations in Fragile and Conflict-Affected States

Background

2.1 At its audio-conference meeting on 31 July 2012, the Board of Directors recognized that in countries that are fragile or conflict-affected,[4] actual costs associated with tasks undertaken by Supervising Entities to ensure appropriate oversight of the use of funds and activity implementation could exceed the standard supervision allocation of US$100,000 per year. The Board of Directors therefore made the following decision:

> **BOD/2012/07-02 – <u>Supervision Allocations</u>:** The Board of Directors requests:
>
> a. the Secretariat to provide to the Financial Advisory Committee ("FAC") as soon as possible a proposal for the amount for supervision allocations in fragile and conflict-affected states; and
>
> b. the FAC to provide a recommendation on this issue to the Board of Directors.

2.2 The FAC noted that the Secretariat has committed to preparing a detailed analysis of supervision and managementcosts, including agency fees and direct management costs, by 30 June 2013, for FAC consideration. The FAC requested that in this analysis, sufficient attention be paid to ensure there is no duplication of costs, and to focus not on just the actual costs, but on what services different Supervising and Managing Entities provide for the funds that are allocated.

2.3 At this time, the FAC is recommending that until suchwork can be completed, for program implementation grants approved in 2012 and in the first round of 2013, the standard allocation of US$100,000 per year be maintained. However,Supervising Entities serving in fragile and conflict-affected states (as defined by the World Bank) should be permitted to request an amount of up to US$200,000 per year provided that they provide a written justification and costed supervision plan.

[4]The Global Partnership for Education uses the definition that is used by the World Bank, i.e., those countries and territories that have had (i) a score of 3.2 or below (or no score) on the average Country Policy and Institutional Performance Assessment (CPIA);or (ii) the presence of a UN and/or regional peace-keeping or peace-building mission during the past three years.

Recommended Decision

2.4 The FAC recommends that the Board of Directors approves the following decision:

BOD/2012/11-XX – <u>Supervision Allocation Amounts in Fragile and Conflict-Affected States</u>: The Board of Directors:

a. confirms that a standard supervision allocation of up to US$100,000 per year is available for Supervising Entities supervising program implementation grants;

b. approves an exception to the standard supervision allocation in fragile and conflict-affected states (as defined by the World Bank) of an amount up to US$200,000per year provided that:

i. the grant has been approved after 1 January 2012;

ii. the Supervising Entity provides a written justification and costed supervision plan to the Secretariat; and

iii. the Financial Advisory Committee approves the amount requested.

The Board of Directors requests:

i. the Secretariat to conduct an analysis of the costs associated with supervision and management of program implementation grants (including agency fees), in both fragile and non-fragile contexts, and provide a recommendation to the FAC, no later than 30 June 2013, on a possible change to the standard supervision allocation amount; and

ii. the FAC to provide a recommendation to the Board of Directors on this issue at the second face-to-face Board meeting in 2013.

3. REVIEW AND ASSESSMENT OF SUPERVISING AND MANAGING ENTITIES

3.1 The FAC had previously considered this issue at its last two meetings, and noted in its previous report to the Board (BOD/2012/07 DOC 02) that an elaborate certificationsystem for all Supervising and Managing Entities was not well-supported. However, it had further noted that while a review of the systems of the currently eligible agencies (multilateral and donor agencies represented in the constituencies of the Board of Directors), is beneficial to assist the FAC and Board in its decision-making, a more robust system will be required if the Board of Directors agrees, in the context of the Strategic Plan, to expand eligibility, including to non-government organizations. The Secretariat proposal sought to address these issues.

3.2 The FAC broadly welcomed the Secretariat's proposal to develop a tiered system, contained in Annex 4, which seeks to differentiate the approach for review and assessment based on different levels of risk. It was noted that:

(a) for currently eligible agencies (multilateral and donor agencies represented in the constituencies of the Board of Directors), the workwould focus on obtaining key information on their existing policies and procedures in relation to their GPE activities. The review would be similar to the review carried out by the Nordic Plus group and would not seek to duplicate it.

(b) In the event that the Board expands the eligibility criteria, a one-time institutional assessment of newly eligible entities capacity would be necessary to allow these organizations to access the smaller grants such as education plan development grants, program development grants, and funding under the Global and Regional Activities program.

(c) Recognizing the increased risk of the larger program implementation grants, and the differences in risk based on country context, and thetype of activities to be carried out, a grant level assessment would be carried out when a newly eligible entity would be nominated as a Managing Entity. This assessment would be tailored to address risk and would seek not to duplicate any relevant assessments already performed.

3.3 The full operational implications and guidelines for this proposed approach would still need to be developed and reviewed by the FAC prior to approval by the Board of Directors. The FAC recommends that this work should also address the issue of accountability, and clearly definethe role of the Secretariat not just in the assessment process, but also during the implementation phase of a grant. The FAC welcomed the offer from UNICEF and the World Bank to provide the necessary information on their policies and procedures to assist with the review.

3.4 The FAC noted that the review envisaged of currently eligible entities would be combined with the analysis of supervision costs, agency fees, and direct management costs mentioned in Section 2 of this paper, but that this specific piece of work may need to be advanced to meet the proposed 30 June 2013 deadline.

Recommended Decision

3.5 The FAC recommends that the Board of Directors approves the following decision:

BOD/2012/11-XX – <u>Standards for Supervising and Managing Entities</u>: In order to support the approval of the Board of Directors of:

-the appointment of agencies currently eligible to be a Supervising Entity or Managing Entity for a grant funded by GPE trust fund resources (including program implementation grants, education plan development grants, program development grants and Global and Regional Activities grants); and

-the expansion of eligible entities to serve as Managing Entities, as currently anticipated in the Strategic Plan 2012-2015,

the Board of Directors:

a. endorses the approach to be taken to the review and assessment of the relevant policies and procedures of potential supervising and managing entities as set out in Annex 4 of BOD/2012/11 DOC 07; and

b. requests the Secretariat to develop guidelines for the review and assessment consistent with the approach, for consideration by the Financial Advisory Committee and recommendation to the Board of Directors, no later than the first face-to-face meeting of the Board of Directors in 2013.

4. LAUNCH OF A RESULTS BASED FINANCING PILOT

4.1 Arising from the face-to-face meeting of the FAC in June 2012, the FAC created a Working Group to explore the possibility of launching a results-based financing pilot. This issue was formally referred to as "top-ups".

4.2 The FAC supported the proposal developed by the Working Group, attached as Annex 5 to launch a pilot focused on learning outcomes, and based on four guiding principles – country ownership, complementarity, minimal additional requirement, and transparency. The FAC recommends that the Working Group continue to work with the Secretariat to develop guidelines for the pilot in sufficient time for the September 2013 proposal cycle whichwould address the design and operational aspects of the mechanism in more depth.

4.3 It was noted that the proposed approach may generate significant transaction costs in country but the country will not be required to pre-finance any of the activities before becoming eligible for the pilot. The developing country partner can use its program implementation grant allocation to implement the activities and achieve the established targets, and subject to satisfactory performance, they would receive the additional allocation of funds.

4.4 Not all FAC members were in a position to support the proposal, and the CSO 1 and 2 representatives objected to this proposal on ideological grounds, expressing the view that the Global Partnership should not impose conditions on funding for countries based on their performance. It was clarified that the pilot will be on a voluntary basis and that countries are not obligated to participate.

4.5 It was further noted that approximately US$50 million would be set aside for the actual payments, but that this would not affect current indicative allocations for program

implementation grants as the funds would only be required at the end of the implementation period of grants approved for an allocation in the second round of 2013 (i.e., 2016/2017). The operational costs over the duration of the pilot were estimated to be between US$1.875 million and US$3.625 million, however, the effect on the 2013 Secretariat budget is expected to be limited to the cost of half of the time of an additional Secretariat member.

Recommended Decision

4.6 The FAC recommends that the Board of Directors approves the following decision:

BOD/2012/11-XX – <u>Launch of a Results-Based Financing Pilot</u>: The Board of Directors:

a. approves:

i. the launching for the second round of funding in 2013 of a results-based financing pilot, focused on learning outcomes and based on the principles set out in Annex 5of BOD/2012/11 DOC 07 (the "Pilot"); and

ii. an increase to the Secretariat budget of 1 July 2012 to 31 December 2013 of US$125,000 to cover the costs of a 0.5 full time equivalent position to support the Pilot; and

b. delegates to the Financial Advisory Committee the authority to approve the operational guidelines for the Pilot, which shall be released by 30 April 2013 to allow countries to make an informed decision about whether they wish to participate in the Pilot in Round 2 of 2013.

5. COMMITMENT OF FUNDS FOR PROGRAM IMPLEMENTATION GRANTS

5.1 The Secretariat presented to the FAC a financial forecast that showed the projected availability of funds to the end of 2014 that is expected to be available for the

Trustee to commit funding to Supervising and Managing Entities based on Board approved allocations in this period.

5.2 It was noted that this was the first such forecast prepared in this format and that as the forecast is forward looking, it is subject to significant change that can have a positive or negative impact on the financial position. The forecast will be updated every six months and reviewed by the FAC at its face-to-face meetings.

5.3 The FAC noted that the current practice is for the Trustee to commit the full amount of funds to a Supervising or Managing Entity following Board approval of an allocation. While this practice ensures maximum predictability of funds for the country, it has the effect of building up large cash balances relative to the value of approved allocations and can lead to a mismatch between the amount of the commitment, which is made for the full allocation for the corresponding implementation period, and the timing of donor contributions, that are typically made annually.

5.4 As a significant number of program implementation grant applications are expected to be received in 2013 that would have a total value in excess of the projected available funds for commitment during that year, the Board of Directors would need to prioritize the grants that would be funded and those that would be delayed until new donor contributions arrived in 2014, under the current practice of full commitment.

5.5 To manage this risk, the FAC recommends moving to annual commitments where the Trustee would commit sufficient funds each year to cover the projected cash needs of the Supervising or Managing Entity for the year ahead instead of committing the full amount up front. In this way, the commitment amount can be partially deferred to allow time for donor contributions to be made and therefore would reduce the risk of having to delay the start of approved program implementation grants.

5.6 The FAC noted that under this approach, the Board of Directors could continue to approve allocations for the full implementation period and that Supervising or Managing Entities should always have sufficient cash when needed for program implementation grants. However, they noted that there is a risk if donor contributions reduce or aredelayed, or if demand is higher than forecast, and that this could have the impact of

delaying the ability of the Trustee to make the commitments when needed and thus create delays or disrupt programs. To manage this risk of delays to program implementation, the Secretariat will need to monitorthe use of and need for funds closely by coordinating with the Trustee, Donors, and Supervising and Managing Entities.

5.7 The FAC recommended the forecast be updated to include a projection beyond 2014. Annex 6shows the projected impact on the financial position of the GPE trust funds under the annual commitment approach and based on the proposed indicative allocations for program implementation grants discussed in Section 6and set out in Annex 9. This forecast is based on a scenario where projected contributions from donors in 2015-2017 are expected to be in line with the 2014-2016 period. The scenarios do not include any projections of new indicative allocations after Round 1 of 2014 as these would be considered in next year's annual review of the indicative allocations.

Recommended Decision

5.8 The FAC recommends that the Board of Directors approves the following decision:

BOD/2012/11-XX – Commitment of Trust Funds for Program Implementation Grants: The Board of Directors decides that allocations for program implementation grants to be funded from the Global Partnership for Education Fund shall be committed by the Trustee in annual installments up to the maximum amount approved by the Board of Directors as follows:

a. an initial commitment of the amount of the first year's budget in the approved proposal; and

b. subsequent commitments, pending availability of uncommitted funds, based on the request for commitment of funds submitted by a Supervising or Managing Entity which outlines the current availability of funds for each program implementation grant under their supervision or management and projected funding needs for the subsequent twelve-month period.

The Board of Directors will continue to approve allocations for the full term of proposals received.

6. REVISION OF INDICATIVE ALLOCATIONS LIST FOR PROGRAM IMPLEMENTATION GRANTS

6.1 The FAC is recommending to the Board of Directors the list of indicative allocations for program implementation grants in Annex 9.The FAC noted that as previously agreed by the Board of Directors, the current indicative allocations are valid through Round 1 of 2013 and that any proposed changes would take effect from Round 2 of 2013 and be valid through Round 1 of 2014.

6.2 Expected contributions during the 2012-2014 period are broadly in line with the Secretariat's analysis from January 2012 when the existing indicative allocations were made. A significant portion of these funds are projections (US$868million) of contributions from donors rather than based on the value of signed contribution agreements.

6.3 These projections are based on the latest information available to the Secretariat.The majority relate to amounts pledged at the replenishment that have not yet been signed into contribution agreements (US$231million), amounts indicated verbally by senior officials in donor countries (US$243million), or a projection of a continuation in 2014 of current funding levels(US$34million) along with projected investment returns on funds held in the trust funds (US$30million).Of the remaining US$330million in projections, the Secretariat has taken a conservative approach, as no amounts have been included for emerging donors, just US$83million is projected for G7 countries, and only one new donor has been included.An update on resource mobilization will be provided by the Secretariat to the Board of Directors at its meeting on 19-20 November 2012.

6.4 However, as a result of the indicative allocations being agreed and transparently communicated, significant demand has been created. While this is welcome and a sign of the success of moving to an indicative allocation approach, the demand if funded at current indicative allocation levels would create a shortfall in funding when compared to the projected resources over the same period.

6.5 The inclusion of a 25% over programming assumption valued at US$408 million and used in the calculation to determine the amount of funds for the current indicative allocations (to recognize that not all countries receiving an indicative allocation would apply in the period) was no longer a valid assumption based on the Secretariat's projections of countries expected to apply for funding.

6.6 The FAC reviewed the situation of six countries (Guinea, Lao PDR, Togo, Rwanda, Nepal, and Malawi) that currently have a zero allocation, as they were not expected to apply for funding during the 2012-2014 period. Due to accelerated implementation, they are now expected to apply for funding before the end of 2014 and therefore should be included on the list. The FAC recommends that three of these countries (Rwanda, Nepal, and Malawi) should continue to be listed with a zero allocation as they are not expected to require funding and apply until Round 2 of 2014 and may be considered in the next annual review.

6.7 Based on the projected availability of funds and the changes in the list of countries, the FAC considered three options presented by the Secretariat for the list of indicative allocations.

- Option 1 kept indicative allocations at the same or current levels but created a shortfall in terms of funding available in the same period.
- Option 2 reduced allocations to match the projected availability of funds in the period but would create significant cuts to existing allocations.
- Option 3 followed the Board approved criteria for the indicative allocations review which does not allow consideration of projections of available resources but only the value of cash and signed contribution agreements. This would result in zero allocations.

6.8 When considering the options available, the FAC took into consideration the projected impact on the financial position of combining the options with a move to annual commitments (as described in the previous section).

6.9 The FAC recommendation is to maintain indicative allocations at the current levels (Option 1) considering the Secretariat's projections that under a move to annual commitments, not all funds will be required in the 2012-2014 period, and the shortfall in

resources can be financed from expected donor contributions from the next replenishment period (2015-2017).

6.10 The projected shortfall is currently expected to be approximately US$333million based on the assumption that current projections of contributions in addition to funds expected under signed contribution agreements will materialize in the 2012-2014 period. If only cash and signed contribution agreements were considered, the projected shortfall would be US$1.2 billion.

6.11 It would be expected that resources in the next replenishment period should at least match if not exceed expected resources in the 2012-2014 period of US$2.1 billion. As a result, the risk of not being able to make the commitments required to fund the shortfall is deemed to be acceptable, especially when also considering the disruption and potential reputational damage that a significant reduction to current indicative allocations may cause.

6.12 It was highlighted that currently there is no policy in place that describes what the basis is for the Board of Directors to determine what kind of potential resources can form the basis of an allocation approval. To date, the practice has been to take into consideration cash and signed contribution agreements. A policy on this issue should be developed for FAC consideration and recommendation to the Board of Directors along with prioritization criteria that would be required in the event of a shortfall in funding for commitment purposes.

Other Indicative Allocation Matters

6.13 Following Round 1 of 2013, Djibouti, Nigeria, and Uzbekistan will no longer be eligible for a new program implementation grant as they will have been classified as IDA Category iii for two consecutive years. The Secretariat informed the FAC that communication to the countries concerned may not have been sufficiently clear on this point, and as a result, requested the FAC to considerapproposalto extend their eligibility to Round 2 of 2013 on an exceptional basis.

6.14 The conclusion of the FAC was that while this was unfortunate, the eligibility criteria had been established by the Board of Directors and should be enforced. The three

countries will be encouraged to apply for program implementation funding in Round 1 of 2013.

6.15 The FAC did note that it may be worth examining the current eligibility criteria in light of the new Strategic Plan to ensure it is properly aligned.

6.16 The FAC acknowledged the Secretariat's recommendation to clarify the language around eligibility of Small Island Developing States by including a reference to IDA eligibility to ensure that only small islands that are IDA-eligible may apply for a program implementation grant. It was recognized that this was an unintended omission from the original language.

6.17 Annex 7 outlines the change in the funding position since January 2012, while Annex 8 provides a short analysis of the three options that were presented to the FAC. Annex 9provides the proposed indicative allocations list for Board approval.

Recommended Decision

BOD/2012/11-XX – <u>Revision of the Indicative Allocation List for Program Implementation Grants</u>: The Board of Directors:

a. approves the revised list of indicative allocations for program implementation grants 2012-2014 set out in Annex 9 of the Report of the Financial Advisory Committee (BOD/2012/11 DOC 07), which shall be in effect for the second round of funding in 2013 and the first round of funding in 2014; and

b. replaces the statement of eligibility for program implementation grants as set out in footnote 1 in the Needs and Performance Framework (BOD/2012/01 DOC 01) to:

"The following countries are eligible: (i) those that are currently classified, or have been classified as IDA Category i or ii in the past two years; and (ii) those that are currently classified as IDA category iii and are Small Island Developing States (as defined by the United Nations) or fragile states (as defined by the World Bank).";

c. requests the Secretariat to post the new approved indicative allocations list on the GPE website and advise the relevant Local Education Groups accordingly; and

d. requests:

i. the Secretariat to develop and provide to the Financial Advisory Committee options on:

- a description of the eligible resources available for allocation from the GPE trust funds; and

-criteriafor prioritizing allocations for program implementation grants, should there be a shortfall in eligible resources compared to demand from countries; and

ii. the Financial Advisory Committee to provide its recommendation to the Board of Directors at the first face-to-face Board meeting in 2013.

PART 2 – ITEMS FOR INFORMATION

7. ACCELERATING GPE SUPPORT IN EMERGENCY AND EARLY RECOVERY SITUATIONS

Background

7.1 The FAC recognizes that it is imperative to provide greater support to education in emergency and early recovery situations in order to achieve the Education for All goals and education Millennium Development Goals. Around 42% of the children are living in conflict-affected poor countries,[5] and it is estimated that more than half of the world's out-of-school children live in countries affected by emergencies or in early recovery.[6]

7.2 The Global Partnership for Education has adapted its support to emergency and post-emergency situations over the past few years, yet it needs to play a stronger role. Other than the introduction of the ability to join the partnership through endorsement of a transitional education sector, the adapted approaches only benefit countries for which GPE program implementation grants have already been approved. Countries with indicative allocations but no existing program implementation grant still need to engage in time-consuming processes before they receive GPE financial support.

[5]Education for All Global Monitoring Report (2011).
[6]International Institute for Educational Planning (2010).Guidebook for planning in emergencies and reconstruction, UNESCO.

7.3 The Global Partnership for Education needs to have procedures in place to respond in a timely manner to countries faced with emergency and early recovery situations. Development of an education sector plan—even a transitional plan—usually takes from several months to a year, which is not conducive to providing assistance in emergency and early recovery situations. Accelerating the release of financial support to countries in emergency and post-emergency situations could be critical to meeting urgent needs and avoiding further deterioration of education provision. It would help set the stage for a smooth transition from emergency education provision and early recovery to education sector development.

7.4 The Guidelines for Accelerating Support in Emergency and Early Recovery Situations, which were reviewed and considered by the FAC, are found in Annex 10. The FAC welcomed the proposed approach, noting that it attempts to balance risks with the urgency of early interventions. The proposed mechanism is designed to provide some mitigation measures addressing financial and other risks – use of a Managing Entity rather than a Supervising Entity; operating in the context of existing humanitarian coordination with Education Clusters, which have strong familiarity with the local context and tools for conflict analysis; involving the LEG and the Coordinating Agency in the monitoring; and limiting the funding to 20% of the country's indicative allocation. In addition, the Secretariat would work closely with the Education Clusters to establish benchmarks for monitoring implementation progress and for ensuring sound fund management and strengthened governance systems.

7.5 In response to the guidelines presented by the Secretariat, the FAC requested that an addition be made to ensure that the FAC and the Board of Directors are notified when a request for accelerated funding is made. This has been reflected in the guidelines for approval contained in Annex 10.

7.6 As noted in the guidelines, the eligibility for funding under this policy is based on (a) eligibility for a program implementation grant;(b) the country being affected by a crisis for which a humanitarian appeal has been launched and published by the UN Office of Coordination for Humanitarian Affairs, with education as a part of that appeal;and (c) additionality of the funds.

7.7 FAC members noted that there may be other situations that do not fall into the above criteria that may also benefit from an accelerated process. The Secretariat advised that many of these issues will be covered by a separate paper that will be delivered to the Board of Directors called "Guidelines for Effective Engagement in Fragile and Conflict-Affected Contexts"(BOD/2012/11 DOC 09).

7.8 The FAC member from Multilateral and Regional Banks, while supporting the overall proposal, expressed concern at the FAC meeting and in writing after the FAC meeting, that support for the eligibility criteria would be difficult without viewing the separate paper on guidelines for engaging in fragile states. The FAC member also expressed concerns that the anticipated timelines were not realistic, and suggested that one should allow the use of not onlyManaging Entity arrangementsbut also Supervising Entity arrangements.

7.9 The Chair of the FAC, in considering the written comments provided by Multilateral Agency 3, noted that the concerns were substantive and that FAC members may not have had sufficient time to deliberate these matters fully at the FAC meeting. It was further noted that the FAC did not have the opportunity to take into consideration the anticipated deliberations of the Board of Directors on the Guidelines for Engaging in Fragile and Conflict-Affected Contexts. In considering these issues, the Chair of the FAC determined that the most appropriate approach was for the Board of Directors to consider the proposed accelerated funding guidelines at the same time as the Guidelines for Engaging in Fragile and Conflict-Affected States. Therefore, they will be presented together by the Secretariat at the November 2012 meeting of the Board of Directors.

8. ETHIOPIA REQUEST FOR CONSIDERATION OF AN ABOVE THE CAP INDICATIVE ALLOCATION

8.1 The FAC reviewed a request from Ethiopia to consider its request for an initial consideration of an above the US$100 million indicative allocations cap. The LEG in Ethiopia requested up to US$200 million to be made available over a four year period to partially finance the second phase of the General Education Quality Improvement Program (GEQIP) expected to require US$495 million in total over the period. The first

phase of the program is currently being supported by a GPE program implementation grant of US$168 million which is scheduled to close in mid-2013.

8.2 The case presented was very convincing and Ethiopia was congratulated on the significant achievements to date as well as its strong commitment to education. However, because of the funding situation described in Section 7, the FAC did not support the request and the Chair, acting on behalf of the FAC advised the LEG in Ethiopia accordingly. The FAC advised that it would welcome a request of up to US$100 million in line with the capped indicative allocation when the LEG is ready to submit its application. The LEG was also advised that the Secretariat would support Ethiopia to potentially identify other sources of funding.

9. FAC OBSERVATIONS ON GENERAL TRENDS WITH REGARDS TO PROGRAM IMPLEMENTATION GRANT APPLICATIONS

9.1 Following review of all five applications and component 2 of the Sudan application, the FAC discussed common trends.

9.2 The FAC waspleased to see the nomination of Belgium as Supervising Entity and UNESCO as a Managing Entity for the first time. This is a first step in increasing the pool of agencies to serve the partnership by playing this role.

9.3 Members of the FAC continued to stress the importance of implementation modality and suggested consideration by the World Bank of the appropriateness of using its Program for Results modality as potentially suitable for GPE purposes.

9.4 The need to have a better picture of all funding sources and activities in the sector, and how the application for GPE funds fits into that was highlighted as a critical area to assist in the review of program implementation grant applications. It was stressed that it was important for the FAC to understand the rationale for why the proposal focused on certain activities and not others.

9.5 The FAC stressed the importance of ensuring information in the applications was complete and consistent noting a number of instances where information was not fully completed or was inconsistent across and within the documents submitted.

9.6 It was further emphasized that the Secretariat's Final Readiness Reviews should be enhanced to provide a greater description of activities when applications are not

submitted in English as this would help avoid the need for translation of lengthy documents and would limit costs.

9.7 Consideration should also be given as to whether it would be appropriate, in the interests of transparency,to make the grant application documents publicly available on the website.

10. IMPLEMENTATION MODALITIES

10.1 The Secretariat prepared a short presentation focused on implementation modalities arising from concerns expressed by the FAC that the Global Partnership was "slipping backward" with respect to use of modality.

10.2 The presentation provided an overview of the different types of modalities and focused in particular on the World Bank's definition of a project which, in this context, could be misleading. It was noted that the World Bank classifies anything other than direct general budget support through the Ministry of Finance as a project, even though funding may be used to support a pooled funding arrangement in the sector and may use country systems.

10.3 The Secretariat emphasized that the Global Partnership's practice is to promote the most appropriate funding modality *in the given country context*.

10.4 FAC members noted that consideration of the implementation modality is very important because it is directly linked to how much of a developing country partner system will be used in the channelling of the grant, and consequently how much ownership and sustainability the grant can potentially foster.Members noted that there needs to be consideration not just of the implementation modality selected but also the use of country systems.

10.5 The FAC welcomed the Secretariat's clarifications that they will be working to provide clearer information and metrics on these issues.

11. REVIEW OF QUARTERLY FINANCIAL REPORTS

11.1 The FAC noted that the established practice is for the Secretariat to prepare quarterly financial reports and submit these to the Board of Directors and other donors

to the trust funds. As the FAC terms of reference include a review of quarterly financial reports, the FAC discussed the appropriate level of oversight of these reports.

11.2 The FAC requested that the reports be sent by the Secretariat to both the Board of Directors and the FAC at the same time, and that the FAC would discuss the contents of these reports in further detail on an annual basis.

11.3 It was also noted that the Secretariat will prepare financial forecasts every six months that will be reviewed by the FAC at their semi-annual face-to-face meeting.

ANNEX 1: AGENDA

Meeting of the Financial Advisory Committee
Washington D.C., U.S.A.
10-12 October 2012

Wednesday, 10 October 2012

Time			Presenter Document
08:45-09:15 (30 mins)	**Coffee and Registration**		
09:15-09:45 (30 mins)	**Welcome and Agenda Setting** ➢ Welcome ➢ Overview of agenda ➢ Purpose/ desired outcomes of meeting ➢ Update since last meeting, including July Board conference call and Global and Regional Activities program	**Information**	Chair DOC 01
09:45-10:30 (45 min)	**Supervision Allocations in Fragile and Conflict Affected States**	**Recommendation**	Secretariat DOC 02
10:30-10:45 (15 mins)	**Coffee Break**		
10:45-11:30 (45 mins)	**Financial Forecast** ➢ Funding scenarios and projections of available funds for grant implementation	**Recommendation**	Secretariat DOC 03
11:30-12:45 (1 hr 15 mins)	**Review of Program Implementation Grant Indicative Allocations List** ➢ Including request for consideration of an above the cap allocation for Ethiopia	**Recommendation**	Secretariat DOC 04
12:45-14:15	**Lunch**		

(1 hr 30 mins)			
14:15-14:45 (30 mins)	**Modalities – Overview of Funding Modalities**	**Information**	Secretariat DOC 05
14:45-15:45 (1 hr)	**Component 2 of Sudan Program Implementation Grant Application**	**Recommendation**	Secretariat
15:45-16:00 15 mins)	**Coffee Break**		
16:00-17:15 (1hr 15 mins)	**Burundi Program Implementation Grant Application**	**Recommendation**	Secretariat
17:15 – 17:30 (15 mins)	**Day 1 wrap up**		

Thursday, 11 October 2012

08:30-09:00 (30 minutes)	**Coffee**		
09:00-10:15 (1 hr 15 mins)	**Chad Program Implementation Grant Application**	**Recommendation**	Secretariat
10:15-10:45 (30 mins)	**Democratic Republic of Congo Program Implementation Grant Application** *(Continued after Coffee)*	**Recommendation**	Secretariat
10:45-11:00	**Coffee**		
11:00-11:45 (45 mins)	**Democratic Republic of Congo Program Implementation Grant Application** *(Continued)*	**Recommendation**	Secretariat
11:45-13:00 (1h 15 minutes)	**Tajikistan Program Implementation Grant Application**	**Recommendation**	Secretariat
13:00-14:30 (1h 30 min)	**Lunch**		
14:30-15:45 (1h 15 mins)	**South Sudan Program Implementation Grant Application**	**Recommendation**	Secretariat
15:45-16:00 (15 min)	**Coffee**		
16:00-17:15 (1 hr 15 mins)	**Finalization of Recommendations for Program Implementation Applications and Identification of Trends**	**Recommendation**	Chair
17:15-17:30 (15 min)	**Day 2 wrap up**		

Friday, 12 October 2012

08:30-09:00 (30 minutes)	**Coffee**		
09:00-10:00 (1 hr)	**Accelerating Global Partnership for Education Support in Emergency and Early Recovery Situations**	**Recommendation**	Secretariat DOC 06
10:00-10:45 (45 mins)	**Standards for Supervising and Managing Entities**	**Recommendation**	Secretariat DOC 07
10:45-11:00	**Coffee**		
11:00-12:15 (1 hr 15 mins)	**A Pilot Results-Based Financing Scheme on Learning Outcomes** ➢ Presentation and discussion of FAC working group recommendations	**Recommendation**	Secretariat DOC 08
12:15-12:45 (30 mins)	**Review of FAC Workplan**	**Information**	Chair Secretariat
12:45-13:00 (15 min)	**AOB and Wrap-up**		

ANNEX 2:

MEETING OF THE FINANCIAL ADVISORY COMMITTEE
10-12 OCTOBER 2012, WASHINGTON D.C., U.S.A
ATTENDANCELIST

Chair:

Camilla Helgø Fossberg (NORAD)

Committee Members:

Charles Y. Aheto-Tsegah (Africa 3)

Miriam Chonya (Africa 1)

Olav Christensen (in place of Elizabeth King) (Multilateral and Regional Banks)

Jordan Naidoo (in place of Susan Durston) (UNICEF/ UNESCO)

Margaret Koziol (Donor 6)

Swati Narayan (CSO 1 and 2)

Paula Nolan (Donor 4 and Donor 2)

Sylvia Schmitt (Donor 5)

Ronald Siebes (Donor 1)

Aleesha Taylor (Private Sector and Private Foundations and CSO 3)

Minister Alim Hadidja Youssouf (Africa 2)

Sangay Zam (East Asia and the Pacific)

Sally Waples (Alternate for Donor 3)

Chair of the Board of Directors

Carol Bellamy

Secretariat:

Bob Prouty (Head)

Gisele Goudiaby (Board Logistics Liaison)

Douglas Lehman (Country Support Team Lead for South Sudan)

Jean-Marc Bernard (Country Support Team Lead for Chad and Democratic Republic of Congo)

Hugues Moussy (Country Support Team Lead for Tajikistan)

Margarita Focas Licht (Acting Coordinator, Country Support Team)

Nancy Pinto (Coordinator, Finance, Portfolio and Administration)
Tal Sagorsky (Sr. Board Operations Specialist)
Kouassi Soman (Country Support Team Lead for Burundi)
Padraig Power (Sr. Financial Officer and FAC Liaison)
Charles Tapp (Sr. Replenishment Advisor)
Kareen Nzakimuena (note-taking)

Observers:

Apollinaire Tchameni (Ministry of Education, Cameroon)
Paul Valentin Emog (Ministry of Education, Cameroon)
Grace Young (World Bank, Trustee)
Priya Basu (World Bank, Trustee)
Rocio Malpica (World Bank, Trustee)

Presenters:
Toby Kasper (Consultant, Results-Based Financing Pilot)

Apologies:

David Atchoarena (UNICEF/ UNESCO)
Hamoud Al-Seyani (Eastern Europe, Middle East and Central Asia)

ANNEX 3: FINAL READINESS REVIEWS

BURUNDI
Quality Assurance Review - Phase III
Final Readiness Review
Proposed Grant Amount: US$ 52.9 million

COUNTRY BACKGROUND

Burundi is a densely populated country in East Africa with approximately 8 million inhabitants, 90 percent of whom live in rural areas. It is among the poorest countries in the world with a per capita income of US$ 158 and a human development indicator ranking of 185 out of 187 countries (2011). After years of civil war with disastrous socio-economic effects, Burundi has made substantial progress since 2005 based on the Arusha Peace Agreement.

Elections were held in 2010, strengthening the rule of law and good governance; and a Poverty Reduction and Growth Strategy Paper (PRGSP II) was adopted as part of a long-term development vision (*Vision 2025*). The economy has grown 4 percent per year since 2006 and growth is expected to reach around 5 percent in the coming years. *Vision 2025* identifies education as a core focus, a sector to which Burundi is dedicating a large proportion of its national resources. However, Burundi is highly dependent on external aid, which finances more than half of the Government budget.

EDUCATION SECTOR

Burundi joined the Global Partnership for Education (GPE) in 2012 following the positive assessment and endorsement of its 2012-2020 Education Sector Plan (PSDEF). This plan introduces a nine-year basic cycle and sets out Burundi's commitment to Education for All, focusing on: (i) an extensive classroom construction effort; (ii) a policy to reduce repeater rates in order to relieve overcrowding in schools and smooth students' progress through the system; (iii) reduction of the number of double-shift classes by two-thirds; and (iv) improvement of the weekly schedule of double-shift classes, in order to increase the actual learning time.

The PSDEF also covers GPE's priority areas, namely: (i) focus on fragile/post-conflict states with inclusive curriculum reforms and better school access for children in poverty-stricken areas as a way to strengthen peace and enhance prosperity; (ii) gender parity and girls' education; (iii) early childhood education and nutrition; and (iv) the quality of education and learning. An active education sector group has been established, with the Kingdom of Belgium as the leader of the Technical and Financial

Partners (TFPs). Moreover, Belgium, Luxemburg, the United Kingdom, France, and Norway co-finance a Special Earmark Budget – Education Funding Pool (BAS-FCE), which pools contributions of various donors to strengthen ownership of education operations and financing by national institutions. Other partners include UNICEF, the Japanese International Cooperation Agency (JICA), USAID, the World Bank, the World Food Programme (WFP), and World Vision as the representative of civil society.

Implementing the basic education strategy aims at responding to the challenges and weak internal efficiency of the Burundi education system. The past decade has been characterized by a sharp increase in the number of children in school, resulting in better coverage and access at all levels, particularly the primary school level. The gross enrollment ratio rose from 64 percent in 2001 to 138.4 percent in 2011 (134.8 percent for girls); and the completion rate improved by more than 10 points to 51.3 percent (49.9 percent for girls) during this time. However, the system suffers from many deficiencies, including poor quality of education and learning, a low transition rate between primary school and the first cycle of secondary school, high repeater and drop-out rates, and poor academic achievement, as indicated by the results of the 2008-2009 Programme on the Analysis of Education Systems (PASEC) assessment (36 percent for languages and 54 percent for mathematics).

Despite its budgetary difficulties and the many challenges of its post-conflict situation, Burundi allocates a large share of its resources to the education sector, a high-priority and key sector for the implementation of policies of lasting peace, respect of human rights, and social cohesion. Education spending has increased rapidly in recent years and now represents 8 percent of Gross Domestic Product (GDP) on average, or 23 percent of the budget. Moreover and since 2007, the education sector has benefited from the BAS-FCE, which includes a co-signed Manual of Procedures and Letter of Understanding. Its rate of execution has exceeded 90 percent for the past several years.

The total cost of the basic education and training program for the period 2013-2015 is around US$ 500 million. Of this total, 58 percent is financed by the government budget; the BAS-FCE accounts for 20 percent, about half of which is the proposed GPE grant. Despite the effort of the Government and its partners, a financing gap of 15 percent remains. Additional resources are expected to be mobilized over the coming months, however, for the moment only secured external resources have been counted in.

Overview contributions to BAS-FCE / Pooled Fund (2012 – 2015)	**Amount (US$)**
Belgium	11,656,375
Norway	21,000,000
AFD	5,300,000
GPE	52,900,000

	GPE Contribution per Program Component	Amount (US$)	Percent of total (%)
A	Access	36,200,000	68.5%
B	Quality	10,800,000	10.8%
C	Management	5,900,000	11.1%
	TOTAL	52,900,000	100%

*Other Agency fees not included in the total grant requested: 1.75%** Note that the standard Supervising Entity fee of US$ 100,000 per year is not included in the total grant requested.

SUMMARY OF APPLICATION

Burundi has submitted a grant application in the amount of US$ 52.9 million, which is in-line with the indicative allocation set in the GPE Needs and Performance Framework (NPF). Belgium is the designated Supervising Entity. Technical and financial execution of the grant will take place through the BAS-FCE.

The PSDEF and its multi-year action plans and programs for 2013-2015 constitute the frame of reference within which all BAS-FCE activities take place. This Pooled Fund represents a step forward for aid harmonization and effectiveness, an ideal financing tool for implementing the PSDEF. Apart from its financial contribution to the activities and strategic priorities, this tool will help strengthen the sector dialogue around policies and outcomes, and the programmatic approach in the education sector. Intermediate results/targets for basic education by 2016 are summarized in a detailed Monitoring and Evaluation (M&E) Framework, which aims at gender parity for a completion rate at 80 percent; and for math and early grade reading proficiency rates of 70 percent (*see M&E Framework and Grant Application for details*).

The operational and financial mechanisms of the BAS-FCE are based on the following principles: (i) an alignment of procedures with national systems; (ii) the need to place the ministry responsible for education at the center of expenditure and activity execution, and to avoid parallel management structures; and (iii) a strengthening of the program and sectoral approach for harmonious implementation of the national policy, a sectoral budget based on medium-term financial programming, exhaustive and consistent planning of activities, clear and measurable indicators and targets, and an institutional framework that allows for regular consultation between the Government and the TFPs.

Furthermore, these aligned mechanisms make it possible to establish a credible capacity-building plan for public officials, and to promote coordination and harmonization among partners. The associated monitoring mechanisms are aligned with the performance indicators defined in the PSDEF, including the production of periodic reports that help monitor timely outcomes and final results. Finally, the regular dialogue among the contributors to the BAS-FCE, other development partners,

and the Government provides the necessary flexibility to adjust strategy implementation on the basis of measurable objectives and outcomes.

QUALITY ASSURANCE PROCESS SUMMARY

The Quality Assurance Review (QAR) process has followed the guidelines shared with the Financial Advisory Committee (FAC).

QAR Phase I began with a visit to Burundi in February 2012 and concluded with a report confirming that:

(i) The program concept and identification of areas of support have followed a transparent and participatory process;
(ii) The program is well coordinated with the activities of the PSDEF and responds to the needs of the education system;
(iii) The program is consistent with the GPE strategic priorities, namely: (a) quality improvement; (b) education of girls; (c) enhanced support for fragile states with particular emphasis on education for disabled and vulnerable children; and finally,
(iv) The program and its instruments respond to the principles of external aid effectiveness.

QAR Phase II

Process: QAR Phase II began with the visit by an official delegation from Burundi to the GPE Secretariat in July 2012. The conclusions and recommendations of that mission made it possible to finalize both the PSDEF and the program document. Owing to the intensive prior consultations, the QAR II recommendations were incorporated without major difficulties.

The main conclusion of QAR Phase II was that the proposed program is clear, succinct, and consistent with the objectives of the Education Sector Plan. The activities proposed for the GPE grant supplement those financed by Government and its partners. Given the use of a programmatic approach such as that recommended by the GPE, details of analytical programming leading to the 2013-2015 annual budget laws were being flushed out at the time of the review.

The QAR Phase II report recommended that the program focus more on:

(i) Building statistical and general implementation capacities, in particular the construction of classrooms and the containment of associated costs;
(ii) Analytical programming to prepare the annual budgets for 2013-2015;
(iii) Introducing additional quality indicators for monitoring and evaluation (reading and writing in the early years of primary school and mathematics at the end of the basic sub-cycles); and
(iv) Defining a strategy to clarify further policies, pedagogical systems, curricula, and the pace and optimal sequencing of the planned reforms.

In response, the following actions and measures were taken:

(i) More emphasis is placed on training and capacity building for planning, execution, and monitoring (new civil engineering strategy, information systems, and management—SIGE, with technical support from BTC, AFD/ OIF/ AUF via IFADEM, UNESCO, etc.)[7].

(ii) Regular inter-ministerial consultations are planned, including joint missions to refine budgeting and preparation of annual finance laws for government adoption.

(iii) In addition to the PSDEF indicators and existing internal evaluation systems, Burundi will continue to assess academic achievements using the PASEC and Early Grade Reading Assessments (EGRA) tools.

(iv) Gradual implementation of curricula reforms, an area for which documents have either been validated (curriculum for basic education), drafted (student manual and teacher's guide), or authorized (No. 620/614 of 6/7/2011 and No. 620/ 150 of 4/ 17/ 1990 on pedagogical activities in respect to assessment and the conditions for passing and repeating grades, and obtaining certificates and diplomas at the secondary school level).

CONCLUDING REMARKS

Burundi's complete grant application was submitted by the Kingdom of Belgium on behalf of the Government and its development partners. Through this analysis, the Secretariat confirms that the program: (i) includes a set of well-coordinated activities which respond to the needs of the country's education system, and to the basic principles of aid harmonization and effectiveness; and (iii) is fully aligned with the relevant GPE strategic priorities.

The Quality Assurance Review (QAR) process concluded that the preparation of the PSDEF and the grant application were conducted and completed by the Government in a participatory manner with development partners. The Kingdom of Belgium, the Supervising Entity, and Coordinating Agency are working closely with other donors and development partners to provide additional supervisory and capacity-building resources. This coordinated approach is likely to improve aid effectiveness further, and result in an effective M&E system for sustainable results.

[7] SIGE (education information and management system); BTC (Belgian Technical Cooperation); OIF (Organization of French-Speaking Countries); AFD (French Development Agency); AUF (Higher Education and Research Agency of the French-Speaking Countries); and IFADEM (Francophone Initiative for Distance Teacher Training).

CHAD
Quality Assurance Review - Phase III
Final Readiness Review
Proposed Grant Amount: US$ 47.2 million

COUNTRY BACKGROUND

Chad is a landlocked country with approximately 11.2 million inhabitants (2009), 47 percent of which live in 10 percent of the country with more than two-thirds living in rural areas. With one of the highest annual demographic growth rates (3.6 percent), the population will double by 2030 putting pressure on the education system.

In 2002, the Chadian economy was predominately agrarian, with gross domestic product (GDP) per capita estimated at around US$ 220 – less than half of the average in Sub-Saharan Africa. In 2003, Chad became an oil producing nation and oil revenues began accruing. By 2010, GDP per capita had risen to about US$ 674. While public financial resources have increased dramatically since 2003, the impact on poverty is unclear. Chad remains among the poorest countries in the world, with around 62 percent of the population living below the poverty line. Poverty is primarily concentrated in rural areas, where 87 percent of the country's poor live. Chad is ranked 183 out of 187 countries on the 2011 United Nations Human Development (UNDP) Human Development Index.

Chad is a fragile state, situated at the junction of several major humanitarian crises: Darfur, the Central African Republic, Sahel, and Libya, while also experiencing years of internal conflicts within the country itself. As a result of drought and pest attacks in 2011 that led to a failed harvest, Chad is among the countries worst affected by the current Sahel food crisis. In total, 3.6 million people are exposed to food and nutrition insecurity. Chad was also affected by internal conflicts up to 2010. These crises left the country with as many as 500,000 conflict-related refugees, Internally Displaced Persons (IDPs), and returnees.

EDUCATION SECTOR

Access to primary education has improved significantly in Chad: the primary gross intake rate increased from 85 percent in 2002 to 110 percent in 2010. However, the primary completion rate has stagnated at 33 percent (28 percent for girls). There are also large regional differences in terms of access to education as well as important gender inequalities.

The education sector is underfinanced with only 10 percent of the total public budget allocated to education – most of it for teacher salaries – and with 53 percent of it going

to primary education. Therefore, Parents Associations have taken up important responsibilities and have been involved through: (i) construction of new schools called community schools (51 percent of the primary level schools); (ii) employment of community teachers in both public and community schools (these teachers represent 74 percent of the teaching force); and (iii) collection of student fees and provision of financial and in-kind support to all schools.

The quality of education in Chad is low. Teacher skills are low, especially amongst community teachers who have little or no training. On average, there are 65 pupils per classroom, but this number climbs to more than 100 in grade 1 classrooms. There is only one textbook available for every four children, and the effective learning time is very low due to student and teacher absenteeism, delays to the beginning of the school year, and overcrowded classrooms.

Chad is one of the few countries where the adult literacy rate has decreased in recent years, from 33 percent in 2003 to 22 percent in 2009, with important regional and gender disparities. The adult literacy rate for females is 14 percent on average (31 percent for males), but only 8 percent in rural areas. To face these challenges to the education sector, the Ministry of Education developed a Transitional Education Plan (SIPEA) for 2012 – 2015. Chad joined the GPE Partnership when the SIPEA was endorsed by the Development Partner Group in August 2012. The SIPEA covers the whole sector, but has a strong focus on basic education. The country aims to move to a ten-year sector plan after 2015.

The SIPEA aims mainly to increase access to a basic education of good quality and improve equity by: (i) accelerating the pace of classroom construction, especially in remote areas; (ii) contracting 14,000 new teachers, 6,000 of whom will be community teachers who will undergo training sessions; (iii) supporting demand for education especially for girls; (iv) improving the quality of education by providing teaching and learning materials to schools, and by training teachers; and (v) providing adult literacy sessions, especially in rural areas.

In order to achieve these objectives, it is expected that the total public budget for education will increase to almost 14 percent by 2015. Service delivery to schools will also be more effective as a result of a comprehensive capacity building program for both the Ministry and communities.

The collaboration involved in the elaboration of the SIPEA and the development of the application for the GPE Program Implementation Grant have significantly improved the effectiveness of the Local Education Group (LEG) over the last year. The French Development Agency is the Coordinating Agency. The other main partners are the African Development Bank, the Islamic Development Bank, Swiss Cooperation, UNICEF, UNESCO, the World Bank, and the World Food Programme.

SUMMARY OF APPLICATION

The grant amount requested, US$ 47.2 million, is in-line with the GPE Needs and Performance Framework (NPF). This is the first time Chad is requesting GPE financial support.

The program has four components:

(i) Strengthen primary education supply and demand by building 1.300 classrooms and by providing meals in almost 800 schools in remote areas;
(ii) Improve quality of primary education by providing teaching and learning materials, and by improving in-service and pre-service teacher training systems;
(iii) Improve non-formal education and adult literacy programs; and
(iv) Strengthen sector management by building capacity at the central and local levels to manage the education system (national civil society organizations (CSOs) will take part in these activities), and by developing a new ten-year education sector plan.

UNICEF and UNESCO have been selected by the Ministry of Education, in consultation with the Development Partner Group, to serve as Managing Entities. The selection of two Managing Entities is relevant given the context of the country:

(i) The weak national procurement system and the high fiduciary risk of operating in Chad have prevented the effective implementation of previous projects.
(ii) The institutional capacity of the government is weak and requires strong support from partners. For some time now, UNESCO has been working closely with the Ministry of Education to develop an education strategy and to provide training sessions to the Ministry staff in education planning, and in implementing adult literacy and non-formal education programs. Having already established effective working relationships within the Ministry, UNESCO is in a good position to carry on working with the Ministry in the implementation of the GPE-supported program.
(iii) At the same time, the SIPEA puts an important emphasis on increasing service delivery, particularly to the most marginalized children. UNICEF has already established a strong network of offices throughout the country and is well-placed to continue working on the service delivery side even in the remotest areas to, for example, build schools, deliver textbooks, and, in collaboration with the World Food Programme, provide school meals.

	Program Component	Amount (US$ million)	Percent of total (%)
A	Strengthen primary education supply and demand	30.95	66
B	Improve quality of primary education	9.47	20
C	Improve non-formal education and adult literacy programs	3.93	8
D	Strengthen sector management	1.2	3
	Sub-total of Components A,B,C and D	45.55	97
	Managing Entity local management fees	1.65	3
	UNICEF	0.80	
	UNESCO	0.85	
	TOTAL	47.2	100

*Other Agency fees not included in the total grant requested: UNICEF (6 percent of US$ 40.14 million), UNESCO (7 percent of US$ 7.06 million)

QUALITY ASSURANCE PROCESS SUMMARY

The Quality Assurance Review (QAR) process has followed the guidelines shared with the Financial Advisory Committee (FAC).

QAR Phase I began with a visit to Chad in February 2012 by a team from the GPE Secretariat. The QAR phase I report concluded that:

(i) The process of identifying the program concept and areas of support was transparent and participatory; during its mission to Chad, the Secretariat team met with CSOs and followed up with a discussion involving development partners on strengthening the participation of CSOs in the LEG.

(ii) The program was consistent with the objectives of the SIPEA and responded to the needs of the education system; however, the program seemed to have too many activities. The report suggested focusing on the main priorities of the SIPEA, thereby reducing the number of activities.

(iii) The program was consistent with the GPE strategic priorities, namely: (a) quality improvement; (b) education of girls; and (c) enhanced support for fragile states.

(iv) Given the fiduciary risk of operating in Chad, the program and its instruments responded to the principles of external aid effectiveness. A component of the program will support the government to organize a system of conducting Joint Sector Reviews and will improve the coordination of the sector.

QAR Phase II

Process: The Managing Entities produced a single, detailed program document, in consultation with the Ministry of Education and the rest of the LEG, based on the recommendations of the QAR Phase I report. The QAR Phase II report concluded that the program design had improved. The key findings of QAR Phase II were:

(i) The program should focus on the regions where the primary completion rates are the lowest in order to support the most marginalized population, especially refugees.
(ii) The program document provides clear justification and explanation for the high unit costs of construction activities and textbooks.
(iii) The Managing Entities should consider opportunities for knowledge transfer when implementing the program and involve the Ministry of Education and other national and local partners.
(iv) The program objectives and activities for the components addressing quality, adult literacy, and non-formal education should be better detailed.
(v) The program document should systematically provide evidence on the impact and the relevance of the proposed activities.
(vi) The program document clearly explains the mechanisms to monitor government financial support to education, especially with respect to its commitments to contract and train community teachers.

Country response to the QAR II findings and conclusions: Working with the LEG, the Managing Entities prepared a memo providing details on how the recommendations have been taken into account in the final grant application and program document:

(i) The construction program will focus on areas where primary completion rates are below 20 percent in schools, with very high pupil-per-classroom ratio (especially in the first two grades of primary education) and in regions with refugees, or populations affected either by the food crisis or by the presence of nomadic populations.
(ii) The program document clearly explains why unit costs for school construction are high: inputs are more expensive in Chad than in the rest of the region and the classrooms that will be built are in very remote areas. In addition, while the unit cost of textbooks remains high, UNICEF managed to halve the price when compared with local bookstores. The program document specifies that textbooks do not include any discriminatory content.
(iii) The Ministry of Education, regional offices, and local partners such as Parent Associations will be involved in the implementation of the program and will benefit from a number of capacity development activities.
(iv) The last version of the program document systematically provides evidence on the previous successes of activities that will be implemented, such as school feeding activities, adult literacy, and non-formal education.
(v) The objectives of the proposed activities are better-detailed in the final version of the program document. Effectiveness in achieving the stated

objectives will be evaluated during the implementation of the program.

(vi) The LEG will closely monitor that financial commitments made by the Government are fulfilled. Specific attention will be given to the fact that the Government will contract, train, and allocate enough teachers to improve the quality of education. The program will finance a public expenditure tracking survey. In addition, CSOs will monitor that trained teachers are allocated to the schools and will produce annual reports to the LEG on this issue. In addition, the program will finance mid-term and ex-post evaluations.

CONCLUDING REMARKS

The Secretariat acknowledges that Chad has provided a comprehensive and robust response to the concerns raised during QAR Phases I and II. The development of the application for the GPE grant has already shown a positive impact at country-level by strengthening the coordination of the sector and the LEG as they prepared the application.

The program developed by the LEG, through the leadership of the Ministry of Education, is consistent with the SIPEA and answers to the most important needs of the education sector. The program will clearly focus on the poorest communities and will increase access of the most marginalized children to primary education of good quality.

The program presents a good balance between service delivery and capacity building in a context of fragility. The activities financed by the GPE grant will be complementary to interventions supported by other donors, ensuring additionality.

The Secretariat highlights that the program is aligned with the strategic priorities of the Global Partnership. Chad is a fragile state and the program proposes implementation procedures that are consistent with the capacity of the country and are the most aligned modality feasible given the context of fragility. Many of the activities will be implemented with the participation of the communities and national non-governmental organizations (NGOs) that are able to reach the most marginalized children. The program will finance capacity building activities that will help the country to improve the efficiency of the education system and its absorptive capacity. The program will also improve the quality of the education sector by strengthening the skills of the teachers and increasing the availability of learning and teaching materials in schools. Finally, the program will have a positive impact on girls' enrollment, especially in rural areas.

One of the main risks associated with the program is the need for firm government commitment to increase public resources for the sector and to hire, train, and pay more teachers. If this commitment is not fulfilled, the program will not achieve its objectives. Therefore, it is critical that the LEG implement the monitoring and evaluation strategy as described in the program document, and organize annual Joint Sector Reviews with

the active participation of CSOs that can provide feedback on service delivery at the school-level.

To ensure that the program will achieve its objectives and that GPE resources will indeed be additional, it is important that Chad provide feedback during implementation to the GPE Board of Directors on progress towards fulfilling commitments made by the Government and other partners.

DEMOCRATIC REPUBLIC OF CONGO
Quality Assurance Review - Phase III
Final Readiness Review
Proposed Grant Amount: US$ 100 million

COUNTRY BACKGROUND

The Democratic Republic of Congo (DRC) is the third largest country on the African continent with an area of 2.3 million square kilometers and a population of nearly 70 million, which is widely dispersed with just under 40 percent living in urban areas. Despite an abundance of natural resources, the incidence of poverty remains high with 59.2 percent of the population living on less than US$ 1.25 a day. The DRC is the lowest ranked country on the 2011 Human Development Index (HDI) at 187.

The DRC experienced decades of internal conflict and war, which was brought to an end through a tentative peace agreement in 2003. The country has made significant progress with regard to economic growth and political development in the intervening years, but peace remains fragile, and reconstruction and economic development will remain challenges for years to come. The resumption of hostilities in the east could interrupt continuation of recent progress with both long- and short-term effects. The security situation in the east has recently led to a rapid expansion in security-related expenditure. However, these increased expenditures have been absorbed by a reallocation from investments in infrastructure. Current funding for education and other social sectors remains protected, and public service salaries are being paid, including teacher salaries.

EDUCATION SECTOR

The impact of decades of internal conflict continues to affect education service delivery in DRC today. During periods of severe public financing restrictions (between the mid-90s and the mid-2000s, the education budget represented only around 1 percent of the national budget) and in the absence of the State, faith-based organizations became predominant in the administration of State schools ("Ecoles Conventionnées"), creating an ad-hoc arrangement which evolved into a deeply entrenched dual system of education services in DRC that kept the education system going during times of conflict. Today, 72 percent of the 10.6 million pupils in DRC attend primary schools that are managed by religious communities but that receive funding from the Government and are considered public schools.

In this context, the sector has known a rapid increase in enrollments in all levels of education. Between 2008 and 2010, the number of students registered across the system, from primary to higher education, grew from 13.6 million to 14.6 million. In

2010, gross enrollment rates reached 94 percent in primary education, 38 percent in secondary education, and 7 percent in higher education. The gradual introduction of a fee-free policy for primary education in September 2010 has further strengthened this positive trend in enrollment – specifically for children from poorer households – and has contributed to a reduction in gender disparity.

In spite of these achievements, challenges remain. Barriers to access and continued inequity are driven by high costs to households, poor infrastructure, and socio-economic and cultural factors that constrain access for girls, and children from low-income groups and hard-to-reach areas. The country counts around 3.5 million out-of-school children of primary school age. The primary completion rate is only 59 percent, and, despite improvements, girls remain disadvantaged compared to boys (the gender parity index is 0.87). Learning achievement remains low: 53 percent of pupils do not demonstrate minimally acceptable knowledge in French and 41 percent in Mathematics (PASEC 2010). Public financing of education also remains low, but the Government has committed to increasing its budgetary allocations to the sub-sector from 9.2 percent in 2011 to 13.5 percent in 2014.In addition, there is a lack of accountability in the dual system largely due to the development of a perverse relationship which places schools in the position of collecting fees for operating costs from the public management offices that are intended to supervise them.

The DRC joined the Global Partnership for Education (GPE) in June 2012, following a positive appraisal and endorsement of the Interim Education Plan (IEP) 2012 – 2014. The IEP has been developed around three specific objectives: (i) increase access to primary education; (ii) improve learning achievement; and (iii) improve system management. The priorities of the IEP include: development of a policy for early childhood education; primary education for all; reform of pre-service and in-service training for teachers and education advisers; restructuring of the Ministry of Primary, Secondary, and Vocational Education (MEPSP) management at all levels; reform of teacher management; and development of new policies for school construction and textbooks. Out of an estimated total cost for implementation of the IEP of US$ 1.8 billion, the Government will finance US$ 1.2 billion (67 percent). After deduction of the indicative donor aid financing and the expected funding from the GPE, the remaining gap will be US$ 270 million. The Government and partners are exploring means of further filling this gap.

UNICEF serves as Coordinating Agency for DRC. The "Groupe thématique éducation" (GTE) will play the role of Local Education Group in the near future. Recent developments and discussions demonstrate the commitment of donors to the alignment of new projects within the IEP framework (DFID, Belgium, Spain, UNESCO, UNICEF, USAID and AFD).

SUMMARY OF APPLICATION

The DRC has submitted a grant application in the amount of US$ 100 million, which is in-line with the indicative allocation set in the GPE Needs and Performance Framework (NPF). This is the first time DRC is requesting GPE financial support. The World Bank is the designated Supervising Entity.

While the proposed modality is a discreet project, the GPE-supported program will not be implemented through a parallel implementation unit but will be mainstreamed through the existing mechanisms of the MEPSP. Both the GPE-supported program and partner activities will support capacity strengthening of the MEPSP with the goal of laying the foundation for transition to a pooled-funding mechanism in the short- to medium-term.

Program activities directly support the IEP and are aligned with the priorities of the GPE of accelerating progress towards universal primary education for all children – especially the most marginalized, girls, and conflict-impacted children – and improving the quality of learning.

The GPE-supported program is composed of three components and additional sub-components presented in the following table:

	Program Component	Amount (US$) (million)	Percent of total (%)
1	**Component 1: Increasing access and equity at the primary level through Rehabilitation and Re-Construction of Classrooms**	**24.4**	**24.4%**
2	**Component 2: Improving the Quality of the Learning Environment**	**60.1**	**60.1%**
	Sub-Component 2.1: Strengthening in-service training	16.9	16.9%
	Sub-component 2.2: Provision of learning materials	43.1	43.1%
3	**Component 3: Strengthening Sector Management to**	**15.5**	**15.5%**
	Sub-component 3.1: Restructuring of the education administrative offices	4.7	4.7%
	Sub-component 3.2: Other Strengthening of institutional capacity including support for establishing systems for promoting girls education and support for improving teacher management	2.7	2.7%
	Sub-component 3.3: Project Management and Coordination	*8.1*	8.7%
	Sub-total of Components 1,2, and 3	100	100%
	Managing Entity local management fees	-	-
	TOTAL	**100**	**100%**

*Other Agency fees not included in the total grant requested: 1.75%.

** Note that the standard Supervising Entity fee of US$ 100,000 per year is not included in the total grant requested.

While the scope of the learning material sub-component is nation-wide, the other activities of the project focus on two of the most disinherited provinces. Six criteria were used to select the provinces with the most important needs in terms of schooling (in particular for girls) and those where donors are least active, namely: i) Primary Completion Rate; ii) Number of Out-of-School Children; iii) Gender Parity Index in primary education; iv) Enrolment growth rate largely resulting from the fee-free policy; v) Percentage of classrooms constructed from durable materials; and vi) Number of classrooms rehabilitated/rebuilt by donors and the Government during the last 5 years as a percent of the total number of classrooms in the province. This analysis identified the Equator Province and Kasaï-West as the provinces most urgently in need.

In terms of school construction, at least 40 percent of the selected schools will be state schools.

QUALITY ASSURANCE PROCESS SUMMARY

The Quality Assurance Review (QAR) process has followed the guidelines shared with the Financial Advisory Committee (FAC).

The conclusions of the QAR Phase I report were the following:

(i) The process leading to the development of the Concept Note was collaborative and transparent;
(ii) The proposed program outline was well-linked to the IEP;
(iii) The link between proposed activities and GPE strategic directions (girls' education, quality of learning, and education in fragile contexts) was clear; and
(iv) With respect to Aid Effectiveness, the chosen modality appropriately reflected the conditions of DRC's fragile context and the experience of the partners in the country.

Following were the key recommendations of the QAR Phase II report:

(i) Decrease the number of activities and reorganize them between the components of the program. The sub-components related to teachers' in-service training and to learning assessment, which are activities already implemented by other partners and not at the heart of the program, could be reconsidered. In addition, the activities for the allocation of subsidies to the local administrative offices and schools, and the restructuring of these offices could be grouped within the same component.
(ii) Improve the targeting of the interventions, increase the number of provinces wherein school construction would take place, and include further support to girls' education.
(iii) The figures for the current situation and the targets must be specified.
(iv) The results framework must be more developed.

Recommendations offered by the Secretariat through QAR Phase II were taken on-board by the Local Education Group and resulted in the following outcomes:

(i) The program has been modified with fewer activities and also reorganized as suggested. The learning assessment activity will be followed by the program PARSE (Education Sector Support Project, World Bank). As DFID will finance an important program dedicated to girls support, the program activity focuses now on the development of a national strategy on this issue. The activities dedicated to teacher payment and school operating costs have also been dropped. Support for teacher salaries is already supported by the PARSE and will also be supported by AFD in the future. The subsidy of school operating costs is already covered by PARSE. In addition, both activities are a priority for the Government for the next several years. These changes allow the continuation of teacher in-service training, and support a more balanced program.

(ii) The issues of better targeting and the extension of school construction works beyond the two provinces identified have been extensively discussed by the Local Education Group. The partners concluded that it would be more effective to work only in the two provinces identified. In addition, according to the relative size and the important needs of the two provinces, it makes sense to focus on these provinces to ensure synergies with the other program activities and promote more substantial impact.

(iii) The figures for the current situation and the targets have been specified.

(iv) The results framework is now well-developed.

CONCLUDING REMARKS

The proposed program is built on a sound IEP that aims to address urgent priorities in a fragile context but also to prepare the development of long-term strategy focused on decentralization. The program activities strike a good balance between essential inputs to address urgent needs (construction, textbooks, teacher training) and strategic reform interventions (restructuring of the administrative offices, support to teacher management reforms) aimed at progressively strengthening the system.

The participatory process used for the development of both the IEP and the program has improved the coordination of the sector and strengthened the involvement of civil society organizations (CSOs). Such strengthened coordination will now aid the Local Education Group in effectively supporting the implementation of the plan and develop a pool-funding mechanism.

The Government has demonstrated real political will to rebuild its education system, most notably through increasing budgetary allocations to the sub-sector (primary and secondary education) from 9.2 percent in 2011 to 15 percent by 2015. Furthermore, the IEP is supported by both national and international education stakeholders in DRC.

The commitment from both the Government and the local partners has created momentum and represents a real opportunity for substantial progress in the education sector.

The organizational reforms planned in the IEP will play a key role in the evolution and the progress of the sector. In the coming year, the reorganization of the Ministry will be critical to the improvement of service delivery and the effective implementation of decentralization.

Following each annual Joint Sector Review, it will be important that the Local Education Group provide feedback to the GPE Board of Directors on the financial and organizational reform commitments made by the Government and other partners. The Secretariat is prepared for a close follow-up and support.

The Secretariat finds that DRC has provided evidence of thorough planning for the program and demonstrates overall readiness to implement.

SOUTH SUDAN
Quality Assurance Review - Phase III
Final Readiness Review
Proposed Grant Amount: US$ 36.1 million

COUNTRY BACKGROUND

South Sudan gained independence in July 2011 after suffering decades of neglect due to two lengthy civil wars and their aftermath. The current population, estimated at between 11 and 13 million, is young with half of the population under 18. Human development indicators are among the worst in the world, reflecting the cost of armed conflict over the long term. Accurate demographic, economic, and social development data is incomplete, making it difficult to provide data for some indicators that are quite standard for most countries, such as Gross Domestic Product (GDP) per capita. The Government of South Sudan is focusing its efforts on putting into place basic systems that will permit development of a much stronger economy in the medium term. Government revenues are heavily reliant on oil exports, and the 2012 suspension of exports resulted in a rapid depletion of financial reserves.

South Sudan has a federal system of government, so state governments and counties play a prominent role in planning and managing work in the social sectors. Roughly 51 percent of federal government expenditures go to security, rule of law, and public administration, as the government deals with continued tension with Sudan as well as ethnic-based conflict within the country.

EDUCATION SECTOR

The education system is struggling to establish a base on which to build and extend education services to reach broad swaths of the country that remain under-served following the recent return to peace (2005) and independence (2011). The existing school system has grown out of the previously existing network of Sudanese, church-affiliated, and non-governmental organization (NGO)-supported schools. The education sector is striving to develop a South Sudan identity and vision while struggling with existing schools that use curricula from neighboring countries and teachers that do not speak the language used as the medium of instruction (English), as they were trained to teach in Arabic. One-third of the classes are open-air, and roughly 1.3 million school-age children are not enrolled. Fewer than one in five students who enroll in grade one actually complete the 8-year basic education cycle. The gender imbalance is striking: While 38 percent of adults are literate, the same rate for women in South Sudan is only 8 percent. The Gross Enrollment Ratio (GER), at 63.5 percent in 2011, (52.4 percent for girls) is one of the lowest among GPE member countries.

The General Education Strategic Plan (GESP) 2012 – 2017 was endorsed in August 2012, and South Sudan became the 52nd member of the Global Partnership for Education. The GESP covers early childhood, primary, and secondary education. The country aims to move to a full sector plan to replace the GESP after 2017. In this sense, the GESP is considered to be a Transitional Education Sector Plan.

The GESP aims to: (i) improve the quality of general education; (ii) increase access to the general education system and promote equity; (iii) promote adult literacy and functional skills; (iv) strengthen the capacity of the Ministry, state ministries of education, and county education departments; and (v) increase funding for general education to support implementation of the General Education Strategic Plan 2012-2017.

In addition to significant access-related challenges, the GESP provides some insight into the quality of education noting that, as per the 2011 Country Status Report, mathematics scores averaged 29 percent and language scores 35 percent on multiple choice tests where a random response to each question would have generated a score of 25 percent. The GESP's focus is on dealing with the delivery systems that support improvements in the quality of education, and the issue of learning outcomes is noted but it does not feature as the paramount challenge in this phase of sector planning.

The education system is underfunded with only 5.5 percent of the national budget going to the sector; of that approximately 80 percent goes to primary and secondary education. The country relies heavily on external funding, particularly for capital costs. The total amount of external funding for the sector is US$ 82.7 million for the 2012-2013 financial year. The ten states of South Sudan also generate tax revenue and provide funding to schools, but reliable data on this flow of funding are not available.

UNESCO serves as Coordinating Agency for South Sudan, and the National Education Forum (NEF), chaired by the Ministry for General Education and Instruction (MoGEI), serves as Local Education Group (LEG). The NEF includes representatives of donors and other development agencies, private sector, and civil society organizations (CSOs). Major donors include DFID, GIZ, JICA, USAID, and World Bank. International NGOs are quite active, particularly at the state level and include: BRAC, Catholic Relief Services, Christian Aid, Mercy Corps, Norwegian Refugee Council, Oxfam, Plan International, Save the Children, World Vision, and many more. The United Nations organizations also have a robust in-country presence. Although the NEF existed for other purposes prior to the development of the GPE Program Implementation Grant application process, the NEF was reconfigured in May 2012 to take on a sector consultative coordination role and explicitly included CSOs.

SUMMARY OF APPLICATION

The grant amount requested, US$ 36.1 million, is in-line with the GPE Needs and Performance Framework (NPF) indicative allocation for South Sudan. This is the first time South Sudan is requesting GPE financial support.

In April 2012, UNICEF was selected by the Ministry of General Education and Instruction, in consultation with the Education Donor Group (EDoG), to serve as Managing Entity. The submitted application is the result of a consultative process between UNICEF and the NEF, as reconfigured in May 2012. The main reasons for the use of a Managing Entity in the South Sudan context are: (i) weak national systems; (ii) fragility; and (iii) past development assistance experience. The financial volatility of government finance and resulting high fiduciary risk, coupled with recent experiences in pooled funding arrangements, were among the major factors in this decision.

Proposed program component A includes capacity-building for national-level systems that are important for improving the quality of education system-wide. This will be done through developing: (i) standards for learning outcomes and how they are measured; (ii) a national assessment system; (iii) developing a school supervisory system; and (iv) a head-teacher training program focused mainly on learning outcomes.

Component B focuses on basic service delivery at the school level supporting: (i) improved school governance; (ii) low-cost school construction; (iii) pedagogical materials; (iv) headteacher and teacher training; (v) school supervision; and (vi) non-formal education for Out-of-School Children (OOSC).

Component C includes action research and communication. The research will focus on learning outcomes, community and parent perceptions as well as the work of school management committees.

Components A and C are national in scope whereas Component B will take place in selected counties of East Equatoria State where enrollment is particularly low.

Component D is an inception phase that takes place at both the national (in support of Components A and C) and county levels (in support of Component B). During the inception phase, UNICEF will collaborate with the state ministry of education to select the implementing partners. The mechanisms for the flow of funds to local communities will be determined during the inception phase.

The table below summarizes proposed program funding by component:

	Program Component	Amount (US$)	Percent of total (%)
A	National Systems Strengthening	9,213,000	25.5
B	Community and School Based	18,600,000	51.5

	Education Service Delivery		
	-Community engagement in school governance	1,500,000	
	-Improving school governance to enhance learning	11,300,000	
	-Provision of educational materials	1,300,000	
	-Capacity-building of teachers	600,000	
	-School supervision	2,500,000	
	-Support to out-of-school cohorts in selected counties	1,400,000	
C	Action Research and Communication	1,000,000	2.8
D	Inception Phase	1,150,000	3.2
	Sub-total of Components A,B,C and D	29,963,000	
	UNICEF technical assistance and Monitoring and Evaluation support	3,265,200	9.0
	UNICEF Direct Administrative Costs	2,871,800	8.0
	TOTAL	36,100,000	

* Other Agency fees not included in the total grant requested: UNICEF (7 percent of US$ 36.1 million)

QUALITY ASSURANCE PROCESS SUMMARY

The Quality Assurance Review (QAR) process has followed the guidelines shared with the Financial Advisory Committee (FAC). The timeline of this implementation was particularly compressed due to delays in: (i) finalization of the concept note, and (ii) submission of the draft program document submitted for the QAR Phase II exercise.

The QAR Phase I report concluded the following:

(i) The process leading to the development of the concept note was collaborative and transparent;
(ii) The proposed program outline was well-linked to the then-draft GESP;
(iii) The link between proposed activities and GPE strategic directions (girls' education, quality of learning, and education in fragile contexts) was not clear and needed to be better developed in the program document; and
(iv) With respect to Aid Effectiveness, the approaches laid out in the concept note would lead to improved education sector coordination, and the chosen modality appropriately reflected the conditions of the fragile context.

Following are the key recommendations from the QAR Phase II report:

(i) Propose fewer activities more directly linked with the communities' dynamic development to strengthen decentralized management and monitoring and evaluation (M&E) capacity building (e.g. school construction; allocation of funds for schools, manuals, and material distribution).
(ii) Create or identify within the Ministry, a National Policy Unit to monitor the GESP working in close relation with Department of Planning and Evaluation (DPE) to assist UNICEF in the implementation and M&E of the program.

(iii) Activities such as curricula development, OOSC education or teachers' training might be a bit ambitious for this program; they might be replaced by studies that will develop the prerequisites necessary to launch the corresponding initiatives (background, actual capacity of the population concerned, objectives and results expected, existing mechanisms and materials, terms of reference, etc.).
(iv) The M&E system has to be well-defined in terms of responsibilities, implications and hierarchic links of and between the different levels, as well as the nature of documentation used to monitor and evaluate.
(v) It will be important to add a part dedicated to Aid Effectiveness in the program document, since this is an ultimate objective of GPE allocation.

The report also noted that the budget and results framework of the draft program document were incomplete and therefore could not be evaluated.

Following is the status of the key recommendations from QAR phases I and II:

Relationship between proposed program and GPE strategic directions: The program document provides more information on how the GPE-funded activity will interact with other initiatives, including a major DFID-funded program addressing girls' education, and also commits to ensuring that gender equity features in all program activities. With respect to fragility, the proposed program remains weak in that its school community interventions are focused on relatively large schools (staff of 9 teachers at least), mostly in the East Equatoria state where access and security are relatively better than the national average. One of the most daunting aspects of program planning in the South Sudanese context is the incredibly high unit costs that come with reaching remote areas if/when the intervention is not highly adapted to the local context. The revised program document provides clearer information on the high unit cost issue. On the balance, the program approach is a compromise between the GESP's vision of establishing a solid, formal school system and the extreme needs of children living in remote areas. In the area of quality of learning, the program, while in-line with the GESP, focuses specifically on basic literacy and numeracy, and in some ways, will serve as a leading edge. The GESP touches on mother tongue instruction for its non-formal education system (Alternative Education System) but does not address the issue for formal education, and the proposed GPE-funded program mirrors this approach.

Simplification of activities, link with community development: Of the two major program components, one focuses specifically on the community and school. School-level interventions are holistic and emphasize the role of the community in the life of the school. The focus on basic literacy and numeracy serves as a unifying theme for school-level interventions.

Identification of a national policy unit: The program document provides sufficient information in this area.

Ambitiousness of national-level activities planned for curriculum, OOSC, and teacher training: The revised program document maintains activities in all three areas, but for curriculum and teacher training, the work is more narrowly focused on learning outcomes, and basic literacy and numeracy. That work should serve as a precursor to full-scale curriculum reform at a later date.

Monitoring and Evaluation system: This part of the document has been completed. The logical framework will be further developed during the program's "inception phase."

Aid Effectiveness: This section has been added to the document.

Budget and Results Framework: The revised program includes the elements incomplete or missing in the original submission. The budget is presented by output as per the results framework, and there are estimated overall amounts for each major output. Unit cost and quantity information is provided for most of the outputs, but it is not always clear how the total cost of the outputs is calculated. The results framework provides baseline and target information for most outputs as well as information on coverage, partners, and unit of measure.

Aid Effectiveness: The revised program document includes a chapter on aid effectiveness that reviews progress against six government benchmarks. One key development that could influence the assistance modality in the medium-term is the donor work to develop capacity and finalize the service delivery framework for the "Local Services Support Aid Instrument" (LSSAI).

CONCLUDING REMARKS

Implementation of any basic education program in the South Sudanese context will be complex due to the extreme conditions, volatile financial context, and fragile environment. The Local Education Group has come together to support the program to be funded by GPE, and the consultative process has been robust, particularly toward the end of the process leading up to submission. The Managing Entity modality should give a reasonable probability of successful implementation in a context where there is low implementation capacity in government systems.

The program design has been simplified somewhat, which favors smoother implementation. At the same time, some of the more ambitious, riskier activities that could address core education system challenges as well as the needs of children in emergency situations have been left for coverage by other programs or complementary

sources of funding. The program strategically addresses the issue of learning outcomes which, while a sensitive topic, is likely the most fundamental problem of the South Sudan education system.

The Secretariat notes that the program planning process in South Sudan suffered from considerable delays that, to some extent, limited the positive impact of the Quality Assurance Review process. The resulting program document, while much improved, is not as complete as it might have been had the process worked more smoothly. The Secretariat will expect the LEG in South Sudan to report back to the GPE Board of Directors on progress during the "inception phase" of the GPE-funded program to ensure that potential implementation issues are addressed in a timely manner.

The program is built on an education plan that is focused on fundamentally establishing a school system in a federal context reflects South Sudan's new reality as a nation. The program activities find a balance between essential school community level inputs to address urgent needs (school supervision, construction, pedagogical materials, teacher training) and national-level systems strengthening (developing norms and assessment tools for literacy and numeracy, school supervision, policy development) to progressively strengthen the system with better accountability. A plan on how to transfer competencies towards the Government of South Sudan and on how eventually the South Sudanese system could be used should be developed during the coming period.

Sudan
Quality Assurance Review Phase III
Final Readiness Review - Addendum

Background: Based on the recommendations of the Global Partnership for Education (GPE) Financial Advisory Committee, the GPE Board of Directors approved the funding of Component 1 (Improving the learning environment) and Component 3 (Strengthening the monitoring and management mechanisms of the education system) described in the Sudan program document in July 2012. This approval was for US$ 50.7 million for a four-year implementation period.

The GPE Board of Directors requested that the Local Education Group in Sudan provide additional justification for Component 2 (Increasing the availability of textbooks), for a maximum amount of US$ 26,000,000. The Local Education Group was asked to submit to the Secretariat, no later than 31 August 2012, an application, including:

1. A justification for the unit costs; and
2. A strengthened process for conflict sensitivity and gender analyses.

Accordingly, the Coordinating Agency submitted the following documents to the Secretariat:

1. Report: "School Textbook provision for The Sudan" by the Federal Ministry of Education and UNICEF;
2. Textbook unit cost justification note;
3. Gender and Conflict-Sensitive Analysis note; and
4. Gender and Conflict-Sensitive Analysis, Consultant Terms of Reference.

The textbook unit cost justification note details additional costs (described below), which were not included in the earlier submission of the program document.

Justification of textbook unit costs: The "School Textbook provision for The Sudan's report is a comprehensive and detailed analysis of textbook production in Sudan. It includes a discussion on textbook titles, distribution, printing specifications and capacity, and management. The unit cost justification note is based on this report.

The original program document presented the Ministry of Education's estimate of the unit cost of textbooks, including transportation, of US$ 4. The "School Textbook provision for The Sudan's report and the cost justification note indicate a reduction in the initial unit cost of textbooks to US$ 1.4. This does not include transportation costs. The study also specifies a total textbook requirement of 9,855,000. Accordingly, the total amount requested for textbook printing is reduced from US$ 25 million to US$ 14.1 million for 9,855,000 textbooks.

Conflict and gender analyses: The team has prepared a detailed Concept Note and Consultant Terms of Reference for carrying out conflict and gender analyses. An international firm will develop a set of criteria to assess textbooks, especially with regard to ethnic, religious, and racial slurs, and to gender biases and stereotypes. This activity is expected to be completed by February 2013 and the country team will ensure that the textbooks printed with GPE financing will not contain any elements that could have a negative effect on girls' education, peace building, and social stability.

Additional activities: The reduced textbook unit cost analysis for component 2 allows the country team to include several critical areas associated with textbooks in the program:

1. The textbook management component is increased from US$ 1 million to US$ 1.5 million;
2. US$ 4 million for textbook transportation;
3. US$ 5 million for teacher training focused on the use of textbooks for learning;
4. US$ .9 million for monitoring textbook distribution; and
5. US$ .3 million for printing teacher guides.

The cost of transporting textbooks is separated from the cost of printing textbooks. Schools are very dispersed in Sudan and the transporting of textbooks to schools in states such as Darfur will be resource-intensive. Teacher training is important to furthering GPE's strategic goals for learning. Teacher guides could also prove to be helpful in improving instruction. Monitoring textbook distribution is important and could ensure that schools receive textbooks in sufficient quantity and on time.

Concluding remarks: As requested by the FAC, the team has made every effort to provide a more thorough analysis and justification for the cost of textbooks. Given the current lack of textbooks in Sudan's schools, the new textbooks supported by the GPE will be an important contribution to improving learning in Sudan. The Secretariat finds, however, that the additional financing for transport and teacher training is high and not as well substantiated as the cost of textbooks.

TAJIKISTAN
Quality Assurance Review - Phase III
Final Readiness Review
Proposed Grant Amount: US$ 16.2 million

COUNTRY BACKGROUND

Tajikistan is a small, low-income and landlocked country in Central Asia with a population of 7.6 million and a Gross National Income (GNI) per capita of US$ 800. A former Republic of the Soviet Union, Tajikistan achieved independence in 1991 followed by a period of civil unrest and economic contraction until peace accords were signed in 1997. Since then, the country's political regime has been stable, the economy has grown steadily and setbacks in education have been partially reversed. Gross Domestic Product (GDP) grew on average by 7.9 percent annually during 2000-10, and growth in 2011 was 7.4 percent. Despite a decline in headcount poverty figures from 72 percent in 2003 to 54 percent in 2007, the country remains among the poorest in the region.

Tajikistan's population is young and growing: 37 percent is under 14 years of age. The average annual population growth over the past five years was 2 percent. The number of jobs available in the economy grew by 0.9 percent on average in recent years, far short of the number needed to create full employment and provide opportunities for graduates entering the economy. Based on these facts and data, the development of education sector was announced as one of priority directions of the social policy of the country.

EDUCATION SECTOR

Enrolment and completion of the primary cycle (Grade 1-4) are near universal, with gender parity having been achieved. The enrollment rate in the last year of lower secondary (Grade 9) is more than 90 percent. However, the Grade 9 graduation rate for girls is only 88 percent while enrollment in upper secondary (Grade 10-11) is lower still.

The effectiveness of the education system has become an issue for concern. A survey conducted by USAID in 2010 (Early Grade Reading Assessment, EGRA[8]) found that 30 percent of girls and 31 percent of boys in Grade 2, and that 45 percent and 56 percent of Grade 4 girls and boys, respectively, did not meet national standards for reading fluency. Further, the EGRA concluded that students demonstrated low levels of critical thinking and reading comprehension.

[8] Tvaruzkova, M. and Shamatov, D., 2011. *Review of Early Grade Teaching and Skills. The Kyrgyz Republic and Tajikistan. Final Report*. USAID: Bishkek and Dushanbe.

Many factors contribute to the relatively poor performance of the education system: curriculum issues, inadequacy of teaching and learning materials, deficient learning environments, and insufficient use of the information system for decision-making and strategic planning. Moreover, there is currently no system in place to regularly measure learning achievements in order to gauge education system effectiveness; while the Government of Tajikistan established the National Testing Centre (NTC) in 2009, it will not begin conducting regular assessments of learning in basic education until after 2014.

The Government's commitment to education is reflected in its budget, which has been steadily increasing as a share of GDP from 3.5 percent in 2008 to 4.8 percent in 2011, comprising 19.9 percent of the state budget. Spending for basic education accounted for 69.2 percent in 2011. However, the levels of financing are inadequate to meet system needs. The funding gap to implement the Ministry of Education's (MoE) medium-term Action Plan (2012-2014), which covers all levels of education, is estimated at US$ 131 million (out of a total US$ 512 million). This gap is mainly due to significant needs for infrastructure upgrade and equipment provision.

The Government's National Strategy for Education Development (NSED) up to 2020 was approved by the Government in July 2012 and endorsed by the Development Partner Group in August 2012. Its main goal is to create the conditions to ensure universal access to relevant and quality education. There are three main priorities: (i) to modernize the curricula; (ii) to re-organize the education system; and (iii) to ensure equal access to quality education. The NSED identifies six implementation mechanisms to achieve its aims: (i) the development of the material and technical base; (ii) the development and introduction of new educational technologies; (iii) the strengthening of staff capacities; (iv) the modernization of the management system; (v) the use of new financing mechanisms; and (vi) the promotion of social partnerships in education.

UNICEF serves as Coordinating Agency in Tajikistan. Members of the Development Partner Group include Aga Khan Foundation, European Union, German International Cooperation (GIZ), Open Society Institute, UNICEF, USAID, World Bank, and the World Food Programme.

PERFORMANCE UNDER PREVIOUS GRANTS

Tajikistan has received three previous grants from Global Partnership for Education (GPE) – then Fast Track Initiative (FTI) – under the year-by-year allocation model that was abandoned in 2008. Similar to other early grant recipients, performance suffered from extensive delays. It took 3-4 years to successfully execute the first two grants called FTI-1 and FTI-2 of US$ 9.2 million each. The current FTI-3 grant amounts to US$ 13.5 million and became effective in April 2010. Its closing date has been extended

until June 30, 2013 due to initial delays on previous allocations. As of August 2012, commitments had reached 70 percent; and the disbursement rate stood at 56% (US$ 7.6 million). With the completion of the civil works and the delivery of school furniture scheduled by end-December 2012, project resources are expected to be fully committed and disbursed. Approval of the current request would guarantee that there will be no gap with on-going activities.

Donor reviews have assessed implementation of previous and existing grants as satisfactory. The grants have had a catalytic effect on the mobilization and improvement in the use of national and international resources. Together, the grants have supported: improved physical learning environments for 37,000 students; alleviation of furniture shortages affecting around 100,000 students; publication of 1,663,500 textbooks in 27 titles, thus eliminating the shortage of Tajik language textbooks in major subjects; further development and national introduction of per capita financing reforms resulting in improved pupil-to-teacher ratios, a reduction in the wage bill share at school-level, transparency in local budgeting processes, and an increase in funds for discretionary use at the school-level; establishment of an Education Management Information System (EMIS); and improved management and fiduciary capacities within the MoE.

SUMMARY OF APPLICATION

Tajikistan is applying for a grant in the amount of US$ 16.2 million, which is in-line with the indicative allocation provided by the GPE Needs and Performance Framework. This three-year grant aims at contributing to increasing access and improving the learning conditions in preschool and general education. The World Bank is Supervising Entity.

Fully aligned with the National Strategy for Education Development (NSED), the proposed GPE-supported program has four main components: i) increase access to affordable and quality Early Childhood Education (ECD) programs; ii) upgrade general education content by focusing on competencies and broadening the teaching-learning process to encompass active learning and formative assessment techniques; iii) increase access to improved learning environments, which includes construction and rehabilitation of schools; and iv) strengthen the capacities at the central and local levels to manage the education system.

The table below summarizes proposed program funding by component:

	Program Component	Amount (US$)	Percent of total (%)
I	Access to ECE programs	1,700,000	10.5
II	Upgrading general education content	1,750,000	10.8
III	Improving learning environments	11,000,000	67.9

IV	Strengthening management capacities	1,650,000	10.2
	TOTAL	16,200,000	

* Agency fees not included in the total grant request: World Bank (1.75% of US$ 16.2 million).

The proposed modality is that of project funding. Because of the high fiduciary risk of operating in Tajikistan, this was found to be the most aligned modality feasible. There will also be parallel financing from different Local Education Group (LEG) members for numerous activities to support implementation of the Government's NSED.

While the LEG have decided on a project modality, the MoE will be responsible for all decision-making and implementation arrangements including procurement, financial management, and monitoring and evaluation, supported by consultants as needed.

QUALITY ASSURANCE PROCESS SUMMARY

The Quality Assurance Review (QAR) process has followed the guidelines shared with the Financial Advisory Committee (FAC).

QAR Phase I

QAR Phase I began with a visit to Tajikistan in March 2012 and concluded with a report noting that the process to develop the program was both transparent and collaborative, the proposed program is appropriately linked to the Education Plan and to GPE's strategic priorities, and the proposed grant modality is the most aligned modality feasible.

QAR Phase II

QAR Phase II findings and conclusions: The QAR Phase II review found that the proposed program builds on and complements previous investments in education while introducing support to ECE. The review indicated that the proposed activities, in addition to other donor inputs, could effectively contribute to the improvement of access and quality in education.

The following were key recommendations of QAR Phase II:

(i) The project's results framework needed to be strengthened by introducing outcome indicators to reflect the value-added of the project as an incremental contribution to improving the effectiveness of the education system. This is especially true for indicating how learning outcomes are expected to improve as a result of the range of investments aimed at improving teaching and learning conditions and environments.

(ii) Component 3, focusing on increasing access to improved learning environments, which accounts for 67.9 percent of the total project cost, did not adequately demonstrate prioritization of poor-performing schools and marginalized areas. The QAR recommended the component be reinforced by:

justifying the number of schools that will be both constructed and rehabilitated; more substantively explaining costings; and more specifically defining the criteria used for selecting districts where schools will be built/rehabilitated.

Country response to the QAR II findings and conclusions: Working with the Local Education Group, the Supervising Entity prepared a memo providing details on how the recommendations were taken into account in the final documentation (Grant Application and the program document). Following is a summary of how the QAR Phase II recommendations were addressed:

(i) With regard to learning outcomes, the country team responded that it would not be reasonable to introduce such indicators in the results framework due to the short implementation period. For that reason, the project does not include learning outcome indicators as a measurement of project performance. The LEG will, however, track learning results against the Education Plan when and where possible. Two dimensions of this can be mentioned here. First, USAID will conduct the next round of EGRA toward the end of the project implementation period and the results will be analyzed keeping in mind the proposed interventions. Second, the National Testing Centre (NTC) is expected to introduce sample-based assessments of student learning after 2014.

(ii) With regard to component 3, the revised program document includes a clear view and justification of the number of schools and classrooms to be rehabilitated or built, the number of students who will benefit from these civil works, and an analysis of costing. With regard to the criteria for the selection of schools, the country team noted that Tajikistan lacks a standardized assessment to define poor performing schools but that one of the criteria used for the selection of schools/classrooms (subsidization by the central/oblast budget) will serve as an indication of social need. The country team concluded that the criteria detailed in the original program document were already quite strong in terms of equity and did not provide further input as to other possible criteria.

CONCLUDING REMARKS

Tajikistan has become a stable country, recovering from a period of civil unrest and economic contraction during the 1990s. The Government considers education a priority to which it allocates a consistent share of its domestic resources.

Tajikistan's first three GPE (then-FTI) grants were fully and satisfactorily implemented. The current grant, which is scheduled to close in June 2013, is also being implemented satisfactorily. The proposed project incorporates lessons learned from previous grants, and the experiences gained by the World Bank and other Development Partners in Tajikistan, especially in terms of synergy between partners, capacity building, civil works, and the use of teaching-learning materials. The activities either scale-up or continue successful interventions from previous grants and operations supported by

Development Partners. These are clear indications that Tajikistan is ready to use GPE funds effectively and efficiently.

Lessons learned from previous GPE and donor-supported programs have led to a simple program design using existing national structures and systems. This approach augurs well for effective implementation, especially in terms of improving learning and teaching conditions and environments within the next three years and beyond. The Secretariat nevertheless recommends that the Local Education Group measure the impact of the program in terms of learning outcomes, and ensure that districts selected for civil works prioritize poor-performing schools and marginalized areas on an objective basis.

ANNEX 4: TIERED APPROACH FOR THE ASSESSMENT OF SUPERVISING AND MANAGING ENTITIES

Options	Pros	Cons	Timelines	Recommended For
1. Review of Entities' Existing Policies and Procedures in key areas required to be a SE or ME (plus analysis of Agency Fees, Supervision Allocations, and Preferred Implementation Modality etc.). This approach is similar to the Nordic Plus approach.	Provides the FAC and Board with key information on the SE or ME before considering approval of a grant. Can identify areas for improvement to assist the entity. One-off assessment with updating only as needed to limit cost and burden on entities.	Lacks the rigor of a detailed assessment and therefore may not be sufficient to fully understand and mitigate risk.	The review criteria for SEs and separate criteria for MEs could be finalized by the Secretariat by February 2013 for FAC review. Assuming FAC recommendation and Board approval by conference call shortly thereafter, and active and timely cooperation by potential SEs and MEs, the review of some agencies could be completed by mid- 2013.	Entities currently eligible to be SE or ME (Multilaterals and Donor Government Partners) Where Donor Government Partners are already part of Nordic Plus the review would not duplicate those elements but would seek confirmation that the information was still accurate. Given the track record and familiarity of the policies and procedures of both UNICEF and the World Bank, the review of those agencies would focus only on provision of information related to agency fees and supervision allocations.

2. Independent Capacity Assessment of the Institution. This would involve an in depth assessment of the entity's capacity in critical areas using pre-determined assessment tools and checklists based on international standards and customized for GPE needs.	Provides a robust and independent mechanism to assess potential SEs and MEs. (Assessments would be tailored based on the differences in the role SE and ME). Would identify areas of weakness and make recommendations for improvement. The Assessment could be a one-off assessment with updating only as needed.	Costs of approximately US$25,000 each. Would not sufficiently address the differences in risk caused by specific country context (e.g., the capacity of individual country offices may be different, while the size and complexity of individual programs can change the risk profile. This is addressed by combining this assessment with Option 3.	Similar to that above, except the Board would need to make a determination of which entities would be assessed (e.g., open call for expressions of interest or invitations to be assessed to selected entities only). A determination would need to be made about who would carry out the assessments (an existing partner or outsourced to consultancy firms).	Organizations that would become eligible under an expansion of the eligibility requirements. Suitable for large and experienced well established non-governmental organizations with international headquarters. Once this assessment was completed, an entity would be able to be appointed as a ME for an Education Plan Development Grant or a Program Development Grant only, as these are low-value and therefore low-risk. However, to be eligible for the Program Implementation Grant, a more detailed assessment of the implementation arrangements would be subsequently required and this is set out in Option 3 below.
3. Grant-Level Independent Assessment. Using standardized assessment tools and checklists but customized based on the specific implementation arrangements proposed.	Independent and robust assessment tailored to the specific program implementation grant risks. Would identify areas of weakness and provide recommendations that could reduce risk. Likely to provide confidence to	Cost per assessment would be at least US$25,000. May create barriers to encouraging new entities to take on the role. Creates a risk that grant implementation may be delayed based on timing	The tools, checklists and assessment criteria could be developed by February 2013, however assessments would only take place once a LEG had nominated an organization to act as ME and their proposed implementation arrangements were	Organizations that would become eligible under an expansion of the eligibility requirements. Used for organizations nominated to be ME for a Program Implementation Grant, provided that the entity had already undergone an institutional assessment described in Option 2.

	donors that sufficient safeguards are in place. Assessments would be tailored based on the context. (e.g., detailed assessments for large grants in fragile and conflict-affected states versus lighter assessments for low value grants).	of assessment and issues identified in the assessment. Typically an assessment would take one month to complete and is dependent on the proposed ME's readiness to be assessed.	known.	

ANNEX 5: RESULTS BASED FINANCING PILOT

1.1 The pilot would have six discrete steps, as depicted in the following figure. This figure also provides a high-level summary of each step, as well as the actors responsible for the step. Each of these is described in more detail below.



	1. Country decision and proposal	2. GPE decision on proposal	3. Inclusion of new elements in the grant agreement	4. Results reporting	5. Results verification	6. Payout
Description	Country decides if it wants to focus on learning outcomes and, if so, submits a proposal as normal and also expresses interest in pilot, including proposing indicators and targets	Proposal is subjected to normal review process; if more countries express interest in pilot than slots available, selection of pilot countries	Indicators, baselines, targets, and payout functions are added to the normal agreement signed by the Supervising Entity	Country tracks performance over course of implementation, reports results to the GPE and publishes them locally	Independent verification of the results data	If targets are achieved, country receives payout; if targets are not achieved, country is targeted for technical support on learning outcomes
Actors	Ministry of Education, LEG	GPE Board (including FAC)	Ministry of Education, LEG, Supervising Entity, Secretariat	Ministry of Education, LEG	Independent firm contracted by the Secretariat	Secretariat through the Supervising Entity

1.2 In keeping with the principle of country ownership, the first step must be a commitment from a GPE-endorsed country to work on improving learning outcomes, which should be reflected in the Education Sector Plan. A country would then submit a proposal as per normal to the Global Partnership, with the addition of an expression of interest stating the country's desire to be included in the pilot. Implicit in this is the fact that the pilot would only be open to countries that will submit proposals to the GPE in the next year. Although it would be possible to open the pilot to

countries that are in the course of implementing a GPE grant, that would be both administratively more complicated and would mean that the countries would have relatively short periods of time to demonstrate progress on learning outcomes, which may not be practical; for both reasons, this approach is not recommended.

1.3 As part of the proposal, the country would include a set of indicators (with baselines) and targets on learning outcomes. The indicators would vary based on the situation of the countries in the pilot:

(a) Countries with robust assessment systems: these countries would be required to propose outcome indicators, such as number of assessed completers, percentage of students who are able to read a grade-appropriate passage, or test scores on a standardized examination; or

(b) Countries without robust assessment systems: these countries would not be able to report on outcomes, so instead would need to propose indicators that can track systems strengthening, such as developing and implementing a national education assessment test, introducing a system to assess school quality, or adopting a national policy on learning outcomes.

1.4 Basing the pilot on the first type of indicators – outcome measures – is clearly preferable, as they are truly "results" in the sense of the type of improvements that all parties are keen to see. Indeed, one possible alternative would be to limit the pilot solely to those countries that have national education assessment systems that are able to produce reliable outcome data (or to weight the availability of such a system heavily as a criterion in the process of selecting which countries to include in the pilot).

1.5 Even in the case that outcome measures are used, care must be taken in selecting which indicators are to be used, as the choice can create perverse incentives, such as (if average test scores are used) encouraging only the best students to take the examination. Therefore it will be important for

the process of selecting the indicators be a dialogue between the country and the Global Partnership.

1.6 If countries that do not have robust assessment systems are included in the pilot, the process of agreeing to indicators is likely to become somewhat more complicated, as it is important to arrive at a set of indicators that are as objectively verifiable (and preferably quantifiable) as possible, which can be challenging with indicators of systems strengthening. If the indicators are not very clearly defined, the process of agreeing to the payout function (described below) and then monitoring and verifying results becomes complicated and open to disagreement.

1.7 At this stage countries will also propose targets, such as indicating that they wish to increase the number of assessed completers from 100,000 at the baseline to 105,000 at the first reporting period and 110,000 at the second reporting period. These targets should balance between stretching a country and presenting a reasonable figure given the relatively short span of time represented by the GPE grant.

1.8 The second step would primarily consist of the Global Partnership's normal proposal approval process. Countries that express interest in the pilot would receive no special treatment and would be judged in the normal manner. One additional step would be added, though: if more than five countries that expressed interest in the pilot have their proposals approved, a mechanism would be needed to select between the countries. This could be done either through a random selection or through the use of a set of criteria (e.g., the readiness of the countries expressing interest, the quality of the indicators and targets proposed, the geographical distribution, etc.) that would enable the countries applying to be ranked (which might increase the likelihood of success if readiness was used as a criterion). This decision would be made by the Board of the Global Partnership, based on the recommendation of the FAC.

1.9 Based on the final set of five countries selected for the pilot, it would be possible to determine the maximum amount each country would be eligible

to receive. The maximum possible reward for each country would be in proportion to the size of its regular GPE grant.

1.10 The third step would be codifying the new elements in the normal grant agreement signed between the country and the Supervising Entity. The indicators and targets would be clearly specified in the grant agreement, as would the payout function. This should describe – *ex ante* and transparently – how the country will be rewarded for performance over the course of the grant. In the preceding example of a country that has set targets for assessed completers, the payout function would describe the possible rewards that the country would receive for varying levels of achievement. For example, if the country has a maximum reward of US$10 million, the receipt of the full amount could be tied to the assessment of a total of 215,000 students over the two assessment periods. The payout function would also describe what happens if only 210,000 students – or 205,000, etc. – are assessed, and define the reward associated with that figure.

1.11 This example also highlights one of the challenges associated with indicators of systems strengthening: outcome measures such as assessed completers are generally continuous variables, meaning that it is possible to derive payout functions for 215,000 assessed completers, for 210,000 assessed completers, or even for 207,831 assessed completers, by tying payment to each unit of change (e.g., US$20 for each additional assessed completer). This is useful because it enables countries to be rewarded if they make considerable progress but do not fully achieve a target. However, indicators of systems strengthening, such as whether a national education assessment has been introduced or whether a country has a system to assess the quality of its school, tend to be binary (e.g., either the system is in place and being used or it is not). It may be possible to define objectively an intermediate position (e.g., "partially in place") for some systems strengthening indicators, but because terms such as "partially in place" often have ambiguous meanings, this can be a difficult exercise and one that leads to disagreement at the time of verifying results.

1.12 Once a grant agreement is signed (including the indicators, targets, and payout functions), implementation proceeds as normal. The fourth step of the pilot – reporting results – would not formally occur until well into the life of a grant, although in some situations it would be necessary to develop monitoring systems early in the course of a grant to be able to report later. In line with good practice in international development, the exact timing of the results reporting should be tied to national cycles, rather than being artificially linked to the cycle of the GPE grant. This would enable countries to base their reporting on existing national systems, such as existing national education assessments.

1.13 For example, suppose Country A is part of the RBF pilot and has chosen to measure progress using assessed completers. The national education assessment occurs in November of every year. Country A begins its GPE grant in January of 2013 and, based on the timing of its national education assessment, reports to the Global Partnership in February 2014, when it has been able to process all of the data associated with the previous November's assessment. Country B may also be part of the pilot and have a grant that begins in January 2013, but it conducts its national education assessment in March of every year, with results ready by June. In the case of Country B, it would then report its results to the Global Partnership in June, rather than at a time that is set based on the calendar of the GPE grant.

1.14 Each country in the pilot should report on results twice: the first time will typically occur in the second year of implementation of the grant (as in the above examples), and once will typically occur in the third year of implementation (see the timeline later in this section for a visual depiction of this).

1.15 Although the reporting from the country to the Global Partnership is important in ensuring accountability for the use of development assistance funding, a more important form of accountability is between a government and its people, and between a school and its children and parents. To promote this kind of accountability – and create another form of incentive

for performance – the results that are reported to the Global Partnership should also be disseminated widely in the countries participating in the pilot. This would hopefully occur not only at the national level but also in a disaggregated form at the local level, so local children, parents, and community members could see how their schools are performing.

1.16 The habit of monitoring and analysing performance around learning outcomes will also hopefully assist the Ministry of Education and the Local Education Group to understand trends around learning outcomes and so to direct more efficiently their efforts to improve the quality of education.

1.17 The fifth step is the verification of the results. This step is important to provide confidence that the results reported reflect genuine progress and are not the consequence of efforts to "game" the system. In this form of results-based financing, this verification replaces the traditional approach of receiving and validating statements of expenditures. The verification process would occur twice, immediately after each round of results reporting.

1.18 The nature of the verification process will depend heavily on the type of indicators selected for the pilot. In the case of outcome indicators such as assessed completers, the verification process would typically consist of checks of administrative data, a series of site visits to match administrative records with conditions on the ground, and possibly even a selective retest (which would almost certainly be necessary if the indicator selected was changes in the average score or the pass rate on a national test).

1.19 If indicators of systems strengthening are being used, the verification process would look quite different: it would entail a much greater focus on the extent to which particularly systems or policy changes had been introduced and rolled out, and whether the changes had truly been made or if they had been mandated at central level but not taken effect peripherally. This is inherently a more subjective task than an audit of quantifiable indicators, which is why careful definition of any systems strengthening indicators is critical.

1.20 The verification would be performed by an external body with experience auditing performance records (typically a consulting firm). Such firms could either be contracted centrally by the Secretariat or contracted in each of the pilot countries by the Supervising Entities.

1.21 The sixth and final step is the payout. If a country succeeds in making progress on improving learning outcomes as verified through two rounds of results reporting, it would receive additional financing as set out in the section of the grant agreement that specifies the payout function. The financing would take the form of a lump-sum payment to the Ministry of Education (or, to promote transparent management of donor resources, a payment to the Ministry of Finance that is earmarked for the Ministry of Education).

1.22 If the country does not meet its targets and so is not eligible for any additional financing, that would signal that it was having difficulties improving learning outcomes. It is important that the Global Partnership does not abandon countries that are struggling, so these countries would be identified for additional technical support. The form and financing for this technical support would need to be defined further, but since the country did not access the results-based financing available to it, that would mean that a pool of resources would be available that could be used to finance technical support. However, this would need to be handled carefully to avoid communicating the fact that countries will receive money regardless of whether or not they perform, which would obviously undermine the incentive effect of results-based financing.

1.23 The preceding six steps are the heart of the pilot, but there is one important additional element: the evaluation of the scheme. As noted above, it is important that evaluation be built into the pilot from the outset, so that the implications of the approach for the countries involved, the Secretariat, the Supervising Entities, and the broader international education community can be understood.

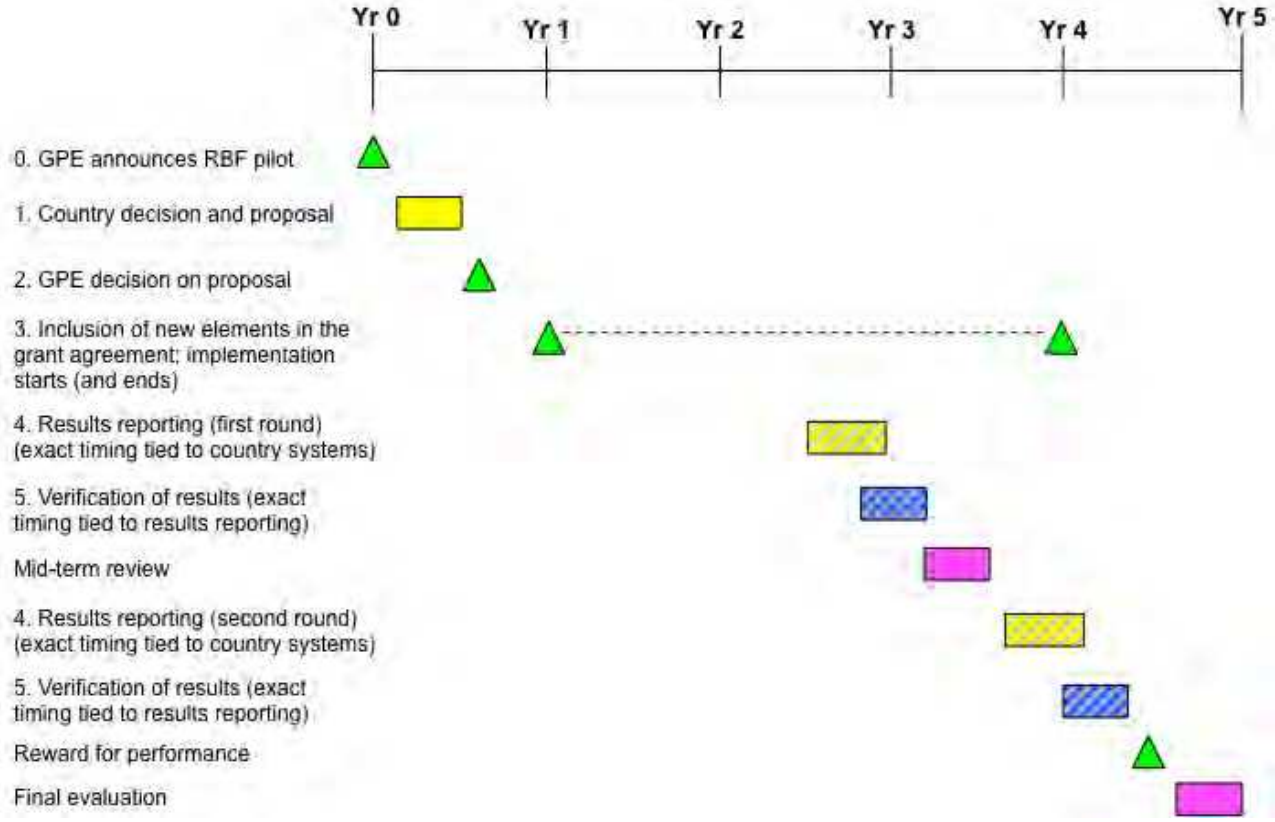
1.24 This would best be done by commissioning an external evaluation early in the course of the pilot. The evaluation team would be responsible for conducting both a mid-term and a final evaluation of the scheme, based on review of documents and interviews with key stakeholders both in the countries involved and internationally. This would primarily be a process evaluation, examining issues such as how both the Global Partnership and the countries involved respond to the incentives created in this new modality (e.g., how they adapt their systems and/or attempt to innovate in response to it).

1.25 Of course a process evaluation cannot fully answer the fundamental question of whether the results-based financing modality is more effective at promoting learning outcomes than the traditional approach. To answer this question requires a different evaluation methodology and will be challenging to do with such a small set of countries. However, it should be possible to learn some lessons by comparing the experiences of the countries in the pilot with those that are not participating.

1.26 The timeframe for the evaluation is set largely by the grant cycle already in use by the Global Partnership, which is based on three year grants. On the one hand, this is a considerable period of time to wait before determining whether or not the pilot is working. On the other hand, efforts on learning outcomes are unlikely to result in measurable improvements in short periods of time; indeed, it is possible that the three year cycle would be too short for such changes to materialize. Overall, however, the current cycle seems to balance relatively well between the desire for quicker feedback on the results-based mechanism and the reality of the time needed to improve the quality of education, and so it does not seem necessary to modify the basic structure of the GPE grant to accommodate the pilot. Needless to say, though, if the available evidence suggests that the RBF scheme is working, the Board would be able to expand the pilot even prior to the end of the full five years.

1.27 In its entirety, the process is likely to take five years from inception to the completion of the final evaluation. The following timeline shows how each

of the six steps described above – and the evaluation – would occur over this period (with each step labelled as per the diagram below).



ANNEX 6 – FINANCIAL FORECAST FOR RECOMMENDED INDICATIVE ALLOCATIONS FOR PROGRAM IMPLEMENTATION GRANTS AND ANNUAL COMMITMENTS

ANNUAL COMMITMENTS - FORECAST OF AVAILABLE ASSETS	Current Indicative Allocations				New Indicative Allocations			Future Periods			
All Figures in USD Millions	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	S1 2014	S2 2014	2015	2016	2017
Opening Balance Cash and Promissory Notes	1029	967	1105	1087	1055	922	1047	842	1046	1011	1139
Total Committed	691	831	978	880	1025	872	932	762	585	454	197
Total Uncommitted	338	136	126	207	30	50	116	79	460	558	942
Inflows	43	267	85	69	31	280	222	621	673	673	673[9]
Outflows	105	129	103	101	164	154	428	417	707	545	191[10]
New Commitments	245	277	4	246	12	214	258	240	576	288	34[11]
Closing Balance Cash and Promissory Notes	967	1105	1087	1055	922	1047	842	1046	1011	1139	1621
Total Committed	831	978	880	1025	872	932	762	585	453	197	40
Total Uncommitted/Available for Approval	136	126	207	30	50	116	79	461	558	942	1581[12]

At the end of 2014, it is expected that there will be US$461 million in uncommitted assets available, while the value of outstanding commitments to be made after 2015 for program implementation grants, associated agency fees and the results based financing pilot all expected to be approved in the 2012-2014 period will be in the region of US794million. Therefore, the difference of US$333 million will need to be drawn from 2015-2017 contributions. This is all factored into the forecast above.

[9] 2015-2017 contributions forecasted tentatively at approximately US$2 billion based on 2012-2014 projections.
[10] Disbursements drop off as no new allocations for program implementation grants are forecast in this scenario.
[11] New Commitments in this scenario are low as no new approvals of implementation grants are currently included beyond Round 1 of 2014 (new indicative allocation list validity period).
[12] This amount would be reduced for any new commitments for program implementation grants that the Board would approve from Round 2 of 2014 onwards.

Explanatory Notes

Opening Balance

1. The opening balance of funds reflects the cash available in both the Catalytic Fund and GPE Fund as of 30 June 2012.

2. Committed Assets refers to the amount of assets that are earmarked to pay for existing obligations such as program implementation grants already approved by the Board of Directors but not as yet disbursed.

3. Uncommitted Assets refers to the amount of funds available that can be allocated to new activities approved by the Board of Directors.

Inflows

4. Inflows are comprised primarily of funding from donor governments, refunds from grants, and investment income.

5. Donor government contributions refer to expected contributions from donors based on either signed contribution agreements, written confirmation from the donor of their expected contribution, or the Secretariat's assessment of projected contributions from donors.

6. The current forecast to the end of 2014 projects US$724 million dollars based on the remaining value of signed contribution agreements with donors. A further US$868 million is based on projections from the Secretariat based on discussions with donors that are not yet in a position to sign a contribution agreement or confirm their contribution in writing. For the 2015-2017 period, all amounts are based on an indicative projection that contributions in this period will be at approximately the same level as the 2012-2014 period.

7. Refunds are projections of repayments of funds from implementation grants requested by the Secretariat or unspent funds from expired grants. In the current forecasts, the only amount projected for refunds is US$26million received from Kenya.

8. Investment Income refers to the returns generated from investing the cash balance. The projected returns reflect the current market environment.

Outflows

9. Outflows reflect the cash transfers from the Trust Funds to Supervising and Managing Entities and the transfer of funds to cover the operational expenses of the Secretariat and Trustee.

10. The majority of outflows relate to disbursements for program implementation grants. These disbursement projections are currently based on simple assumptions that implementation grants will be disbursed over a four year period to account for any projected delays in signings or grant extensions. These assumptions will be further refined in subsequent updates to the forecast to take into account differences in individual grants.

11. It is important to note that disbursements impact the level of committed assets and have no impact on the level of uncommitted assets which are used for the purpose of making financial commitments.

New Commitments

12. Grant commitments are obligations for the provision of financial resources to Supervising and Managing Entities over a predetermined period of time. The current practice is to enter into a commitment for the full value of the grant amount. This forecast however models the effect of committing funds in annual tranches.

13. The forecast of grant commitments for program implementation grants is based on the Secretariat's assessment of when applications will be received from relevant countries. It should be noted that in a number of cases, the Secretariat's assessment differs from when the country has indicated they will submit an application. The amounts for future program implementation grants may be affected based on the decisions by the Board of Directors in relation to the indicative allocations.

14. It is important to note, that as the revised indicative allocation list will only be valid through Round 1 of 2014, no commitments from any new Board approved program implementation grant allocations after this Round are currently forecasted.

15. The commitments shown in the period S2 2014 – 2017 primarily reflect the commitments for year 2 and year 3 for program implementation grants approved in Round 1 of 2013 and 2014, as well as the provision of funding under the proposed Results Based Financing pilot, and a continuation of Global and Regional Activities (GRA) funding, and other operating costs at current levels.

Closing Balance

16. The closing balance reflects the projected level of assets available at the end of each period.

17. The uncommitted balance is not projected to be negative in this scenario indicating that there should be no disruption to program implementation grants due to lack of funding. However, as forecasts are subject to change, any negative event such as reduced or delayed donor contributions, or higher or earlier than anticipated applications for funding could create a shortfall in uncommitted assets. In these cases, as the Trustee cannot commit negative funds, the impact is that the commitment of funds (and subsequent cash transfer) for grants would be delayed until new contributions had arrived to eliminate the negative balance.

ANNEX 7: INDICATIVE ALLOCATIONS FUNDING PROJECTIONS

Assumptions used in calculating Program Implementation Grant Indicative Allocations approved in January 2012	USD Million	Present	USD Million
Supply			
Projected Contributions 2012-2014	$2,000	Projected Contributions 2012-2014	$2,098
Of which:		*Of which:*	
Based on replenishment conference outcomes	$1,500	*From Signed Contribution Agreements - Cash received to date (30 June 2012):*	$480
Based on Secretariat projections of additional contributions	$500	*From Signed Contribution Agreements - Value of outstanding payments*	$724
		Based on Secretariat projections of additional contributions and investment income	$868
		Refunds from Kenya	$26
Demand			
Less Previous Approvals and Funds Set Aside for Existing Obligations	$368	Less Previous Approvals and Expected approvals through Round 2 of 2012	$832
Of which:		*Of which:*	
December 2011 implementation grants	$168	*December 2011 implementation grants*	$168
Results Based Financing Pilot	$50	*July 2012 implementation grants*	$228
GRA, Agency Fees, Supervision Allocations, Program Development Grants, Education Plan Development Grants, Trustee Fees, Secretariat Expenses	$150	*November 2012 implementation grants*	$278
		GRA, Agency Fees, Supervision Allocations, Program Development Grants, Education Plan Development Grants, Trustee Fees, Secretariat Expenses	$156
Projected Available Funding for Indicative Allocations for Program Implementation Grants	$1,632	Projected Available Funding	$1,268
Over Programming of 25%	$408	Based on value of indicative allocations of countries that are not expected to apply in the period	$42
Amount used for Indicative Allocations	$2,040	**Potential Available for Indicative Allocations**	**$1,310**

ANNEX 8: ANALYSIS OF INDICATIVE ALLOCATION OPTIONS

Analysis of Options	OPTION 1 –Existing Allocation Levels	OPTION 2 – Reduce Allocations to Match Projected Funding in the Period	OPTION 3 – Adhere to Board-Approved Criteria for the Review
Indicative Allocation Amount	US$1,490 million	US$936 million*(adjusted from US$1,310 for Round 1 2013)*[13]	US$0
Country Allocations	No Change	Reduced by 46%	Reduced by 100%
Projected Shortfall in 2012-2014	US$0.3 billion[14]	0	0
Risks	• Delayed implementation (Full Commitment especially) • Resources may not materialize as planned • Risk of program disruption (Annual Commitments) • Increased pressure on next replenishment	• Delayed implementation • Reputational • Resources may not materialize as planned	• Reputational • Severe Impact on ability to achieve strategic objectives

[13]A significant number of countries are expected to apply in Round 1 of 2013, including Nigeria, Uzbekistan, and Djibouti. As these countries can apply at the existing indicative allocation level, an adjustment must be made to factor in the effect of this on the funds available for the indicative allocations after Round 1 of 2013.

[14]The indicative allocation amount of US$1,490 million does not include a need to provision funds in Round 1 of 2013 for Nigeria, Uzbekistan, and Djibouti who are expected to apply. When these are included, the funding shortfall increases to approximately US$333 million.

ANNEX 9: REVISED LIST OF INDICATIVE ALLOCATIONS FOR PROGRAM IMPLEMENTATIONGRANTS 2012-2014

List of Eligible Countries *All Figures in USD Millions*	Current List (Valid Through Round 1 of 2013)	Recommended (Valid from Round 2 of 2013)
Afghanistan	0.0	0.0
Angola	37.1	37.1
Bangladesh	100.0	100.0
Benin	42.3	42.3
Burkina Faso	78.2	78.2
Burundi	52.9	0.0
Cambodia	38.5	38.5
Cameroon	53.3	53.3
Central African Republic	19.2	19.2
Chad	47.2	0.0
Comoros	4.6	4.6
Congo, Democratic Republic	100.0	0.0
Congo, Republic	10.7	10.7
Côte d'Ivoire	0.0	0.0
Djibouti	*3.8*	*N/A*
Eritrea	25.3	25.4
Ethiopia	100.0	100.0
Gambia, The	6.9	6.9
Ghana	75.5	0.0
Guinea	0.0	37.8
Guinea-Bissau	0.0	0.0
Guyana	N/A	1.7
Haiti	24.1	24.1
Kenya	88.4	88.4
Kiribati	0.3	0.3
Kyrgyz Republic	12.7	12.7
Lao PDR	0.0	16.8
Lesotho	0.0	0.0
Liberia	0.0	0.0
Madagascar	85.4	85.4
Malawi	0.0	0.0
Maldives	N/A	0.0
Mali	0.0	0.0
Marshall Islands	N/A	0.0
Mauritania	12.4	12.4

List of Eligible Countries *All Figures in USD Millions*	Current List (Valid Through Round 1 of 2013)	Proposed (Valid from Round 2 of 2013)
Micronesia	N/A	0.4
Moldova	0.0	0.0
Mongolia	0.0	0.0
Mozambique	0.0	0.0
Myanmar	32.2	32.2
Nepal	0.0	0.0
Nicaragua	16.7	0.0
Niger	84.2	84.2
Nigeria	*100.0*	*N/A*
Pakistan	100.0	100.0
Papua New Guinea	0.0	0.0
Rwanda	0.0	0.0
Samoa	N/A	0.0
Sao Tome and Principe	1.1	1.1
Senegal	46.9	46.9
Sierra Leone	17.9	17.9
Solomon Islands	1.7	1.7
Somalia	14.5	14.5
South Sudan	36.1	0.0
St. Lucia	N/A	0.6
St. Vincent & the Grenadines	N/A	0.3
Sudan	76.7	0.0
Tajikistan	16.2	16.2
Tanzania	100.0	100.0
Timor-Leste	0.0	0.0
Togo	0.0	27.8
Tonga	0.3	0.3
Tuvalu	N/A	0.1
Uganda	100.0	100.0
Uzbekistan	*49.9*	*N/A*
Vanuatu	0.6	0.6
Viet Nam	84.6	0.0
Yemen	82.6	82.6
Zambia	35.2	35.2
Zimbabwe	23.6	23.6
Total[15]	2,040.0	1,490.3

[15]*Rows marked in Blue show countries that previously had a zero allocation, while rows marked in yellow were added to the list of countries for the first time (Small Island Developing States). Rows in Grey indicate eligible only until Round 1 of 2013.*

ANNEX 10: GUIDELINES FOR ACCELERATED SUPPORT IN EMERGENCY AND EARLY RECOVERY SITUATIONS

1. ELIGIBILITY CRITERIA, IMPLEMENTATION PERIOD AND FUNDING

Countries Eligible for Accelerated Funding

1.1 Countries eligible for accelerated funding under these guidelines include those that are:

a. eligible for program implementation grant funding;
b. affected by a crisis for which a humanitarian appeal has been launched and published by the UN Office of Coordination for Humanitarian Affairs, with education as a part of that appeal; and
c. able to demonstrate that GPE funds will not displace government and/or other donor funds, but will be in addition to other resources.

Implementation Period

1.2 The implementation period for accelerated funding is one year, but an extension may be considered according to the nature of the activities and context. It is expected that by the end of the one-year implementation period, the application for the remainder of the country's indicative allocation will have been submitted.

Activities Eligible for Funding

1.3 The total amount of accelerated funding for emergency and early recovery activities will be based on the Education Cluster needs assessment and agreed upon by the Local Education Group (LEG). It cannot exceed 20% of the then-current indicative allocation for program implementation grants applicable to the country. Activities could include, but are not limited to, emergency activities such as temporary shelters, school meals and distribution of school supplies, as well as activities critical to establishing or rebuilding education services, such as classroom construction, teacher remuneration and school grants.

2. PROCEDURES FOR APPLICATION AND APPROVAL

Step 1: Initiating the Process

The Local Education Group (LEG) in consultation with the Education Cluster initiates the process by verifying with the Secretariat whether the country is eligible for accelerated support to cover emergency and/or early recovery activities.

Step 2: Designation of a Managing Entity

The LEG, in consultation with the Education Cluster, selects a Managing Entity to manage the emergency and early recovery funding. Selection of the Managing Entity should be guided by the Terms of Reference for Managing Entities,[16] with particular attention to the agency's ability to operate in the emergency or post-emergency context and provide rapid scale-up of support. To avoid delays in the transfer of funds, Managing Entities must be selected among agencies that have a Transfer Agreement for the GPE Fund executed prior to the submission of the application.

Step 3: Development of the proposal

The Managing Entity develops a proposal in close collaboration with the LEG and the Education Cluster. The format and internal approval process of the proposal follows the Managing Entity's internal procedures for emergency assistance programs. The proposal must:

a. be based on the Education Cluster's emergency needs assessment and/or an assessment of early recovery needs;
b. provide information on the sources of financing for other emergency and early recovery activities planned and information demonstrating that GPE funds will not displace government or other donor funding; and
c. contain an operational plan indicating activities, budgets, implementation strategies and a description of how activities will be sub-contracted to other organizations as appropriate.

[16] http://www.globalpartnership.org/media/GPE_TOR_ME_August_2012_FINAL.pdf

The Secretariat will be in close dialogue with the LEG and Education Cluster through the Coordinating Agency during the preparation of the proposal, reviewing and giving feedback on draft versions. The Secretariat will immediately notify the Financial Advisory Committee and the Board of Directors once it confirms that a request will be made by the LEG for accelerated support.

Step 4: Application submission

The Development Partner Group must endorse the proposal, and, where possible, the developing country government also endorses it. The Coordinating Agency submits the completed application package to the Secretariat.

Step 5: Application review

The Secretariat conducts a final readiness review of the application package, with due attention to the relevance, quality and feasibility of the planned activities, and prepares a summary for decision.

Step 6: Decision

The Secretariat submits the application package to the Financial Advisory Committee (FAC). The FAC will review the application package and present its recommendation to the Board of Directors for a decision, preferably using a no objection process.

Step 7: Transfer of funds

Following approval by the Secretariat or Board of Directors, as applicable, the Secretariat conveys the approval to the Trustee. The Trustee will send a commitment letter to the designated Managing Entity, who will in turn request a transfer of funds.

Anticipated Timeframes

Activity	Estimated Timeframe
Step 1: Initiating the process	1 week
Step 2: Designation of a Managing Entity	
Step 3: Development of the proposal Step 4: Application submission	1-2 weeks
Step 5: Application review by Secretariat	2 weeks
Step 6: FAC recommendation and Board approval	2 weeks
Step 7: Transfer of funds	1 week