GLOBAL PARTNERSHIP for EDUCATION

BOD/2014/05–DOC 04
Meeting of the Board of Directors
Via Audio-conference
May 28, 2014

CHAIR'S SUMMARY

1. Introduction

1.1 Julia Gillard, Chair of the Global Partnership for Education, welcomed participants. In particular, she extended a welcome to Olav Seim, who had returned to the Board representing the Donor 4 constituency effective April 3. She also thanked Paul Fife for his valuable contributions as the outgoing Board member for the constituency.

1.2 Secretariat staff were requested to take a roll call and confirmed a quorum was present, after which the Chair commenced the meeting (see Annex 1 for list of participants).

1.3 The Chair advised the Board that the objectives of the two-hour call were to:

a) Discuss and approve the Operational Framework for Requirements and Incentives in the Funding Model for the 2015-2018 Replenishment Period; and

b) Approve the incorporation of the Results-based Financing Pilot into the new funding model.

She noted the meeting materials had been sent to the Board via email.

2. Operational Framework for Requirements and Incentives in the Funding Model for the 2015-2018 Replenishment Period (BOD/2014/05–DOC 03)

2.1 The Chair introduced the topic, noting the recommendations presented were the result of Board discussions and subsequent work by the Country Grants and Performance Committee (CGPC)

2.2 The Chair invited Alice Albright, Chief Executive Officer (CEO) of the Global Partnership Secretariat, to provide remarks. The CEO thanked the staff, particularly Paul Coustere, Jean-Marc Bernard, Margarita Focas Licht and Padraig Power, who had been critical in developing the draft framework. She provided context for the new funding model, noting the need for simplicity, a focus on results and incentivizing them, and greater requirements for both domestic and external funding. All these components were incorporated in the draft framework. The CEO concluded by thanking Board members in advance for their part in committing funding for the new model at the Replenishment Conference in June.

2.3 The Chair invited Ronald Siebes, Chair of the CGPC, to report on the process of developing the recommendations. The CGPC Chair reminded the Board that phase one of the development of the Funding Model had occurred between the November 2013 Board meeting and the February 2014 Board meeting where the Board had approved the approach and principles of the new funding model, eligibility criteria, and a needs-based allocation formula. Based on these principles, the Board also requested the Secretariat develop an operational framework for requirements and incentives for the new funding model, for review by the CGPC. The subsequent process had included broad consultation with agencies, supervising and managing entities. During the April 28-May 1 CGPC meeting, the committee considered various options for inclusion in the framework. Its

preferred options had led to the framework for consideration by the Board today. The CGPC Chair alerted the Board to Annex 4 of the Board paper, which provides examples of how the funding model would work. Pending Board approval of the recommendations, more detailed guidelines would be elaborated.

2.4 The Chair noted the recommendation would be discussed in two parts: the first decision point related to the requirements and the three subsequent decision points related to the incentives, including the size of the variable part of program implementation grants.

Requirements

2.5 The Chair introduced decision point 1 on the requirements in the funding model for the fixed part of the Maximum Country Allocation and the means for verification along with the process for addressing significant deviations from commitments. She noted the requirements included three parts: a credible sector plan, commitments from the government and development partners, and improved data strategies related to equity, efficiency and learning.

2.6 The Chair invited Margarita Focas Licht, Regional Team Lead, to introduce the related Section 4 of the Board paper which included elaboration of the principle approved by the Board in February that countries could apply for the fixed part of the grant by fulfilling requirements related to the Education Sector Plan (ESP), commitments, and data.

2.7 With respect to the ESP, the proposal focused on credibility and quality, requiring costed implementation plans and LEG endorsement at least three months before submitting an application. In this way, there would be a balance between the need to ensure that the sector plan is driving GPE funding and not vice versa, against the need to provide funding as early as possible during the implementation of the plan. Fragile and conflict-affected states may submit a transitional sector plan. The Appraisal Guidelines will be strengthened to serve as a tool to assess the credibility and quality of sector plans.

2.8 With regards to commitments, she pointed out that the paper proposes that governments commit to gradually increase education spending to at least 20 percent of the budget or maintain current levels if already at 20 percent. It further asks countries to allocate at least 45 percent of education financing to primary education if Universal Primary Education has not been reached.

2.9 Regarding the data requirement, she noted that UIS data is a starting point to assess the degree to which countries are able to compile basic financial and education data, with additional data obtained through household surveys etc. to gain better data on disadvantaged groups. Countries without basic data can submit a plan to improve data collection.

2.10 She noted the paper further included mechanisms for the verification of requirements, which are integrated in the Quality Assurance Review (QAR) process. Monitoring of follow-up to commitments will be conducted by Local Education Groups, which can bring significant deviations in implementation and financing from the plans and commitments to the attention of the Board. The Board in turn can freeze or hold back funds for the current grant or reduce or not approve a new grant.

Discussion

2.11 Board members generally supported the decision point. Comments included that it is well aligned with GPE strategic objectives and that the commitment requirements promote mutual accountability and additionally. One Board member noted the real purpose of the data requirements is to help countries drive change.

2.12 However, while endorsing the principle of requiring a certain level of domestic spending on education, the 20 percent benchmark stated for government spending on education was questioned. One board member noted issues with stating a specific percentage which may not be feasible for all countries, particularly larger ones. Another Board member added that that 20 percent suggested a level that may not be appropriate everywhere. In addition, a comment was made that an increase in spending on education in order to bring it up to 20 percent may mean in practice an increase in teacher salaries, which would not necessarily improve learning outcomes. More generally, it was pointed out that there should be room for exceptions based on an analysis of efficiency in resources. One Board member also questioned the benchmark of 45 percent of education funding allocated to Primary Education. With respect to proof of government commitment, a Board member noted there should be a commitment from both the education and finance ministers.

2.13 In response, Paul Coustere, Country Team Support Lead, noted that 20 percent is widely accepted and not exaggerated, with quite a few countries situated beyond that level. He noted that the framework was taking into consideration situations where countries would have difficulty meeting the 20 percent threshold, for example those with a small fiscal space or conflict-affected. There was also a clear understanding that the path toward meeting the 20 percent would have to be linked to measures of efficiency and quality of the sector plan. He also explained that the expectation is the countries would progressively strive to each 20 percent and that there wasn't an expectation that they would necessarily achieve it within the life of the GPE grant. He confirmed that access to a grant would not be blocked unless there is a clear case of domestic underfunding.

2.14 In responding to a question on how the QAR process would be different due to its role in the process of verification, Ms. Focas Licht clarified that Secretariat country leads are already preparing countries with regard to the requirements in their on-going process of communication with countries, in particular those that are expected to apply in the first round of 2015. In addition, missions will be launched in the months following the Replenishment, specifically to assist countries with addressing the requirements and incentives of the new funding model. While the QAR is an important tool in the verification process, the dialogue with countries starts much earlier. QAR I results would highlight what action needs to be taken prior to submission of the application.

2.15 Several Board members noted the need for further information sessions and discussions across the constituencies around the guidelines prior to the operationalization of the funding model. Further, in finalizing the assessment guidelines, Board members requested there be a clear link to GPE priorities, more details on what constitutes a 'significant' deviation from commitments, and consideration for including training courses. Board Members expressed a desire for training opportunities themselves, including at Brussels. The Secretariat will investigate this possibility and the full set of training endeavours will be reported to the Board at forthcoming meetings.

2.16 Not hearing any further comments, the Chair announced consensus on the decision point, noting the language would be further developed in the final guidelines:

> **BOD/2014/06-XX – <u>Operational Framework for Requirements and Incentives in the Global Partnership for Education Funding Model for the 2015–2018 Replenishment Period</u>: The Board of Directors:** adopts the Operational Framework for Requirements and Incentives in the GPE Funding Model for the 2015–2018 Replenishment Period as outlined in this paper and its annexes. In particular, the Board of Directors approves:
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> 1. The Requirements for applying for the fixed part of the Maximum Country Allocation (MCA) and the means of verification and process to address significant deviations from commitments (Section 4 of BOD/2014/05—DOC 03);

2.17 Two Board members voiced opposition to the decision point, noting support for the principle of increasing domestic financing but disagreement with the specific percentages for education in the national budget. The Chair noted the opposition and suggested these and any other sticking points be further discussed during the finalization of the operational framework.

Incentives and Size of the Variable Tranche

2.18 The Board Chair introduced decision points 2-4 in the Board paper and invited Paul Coustere, Country Support Team Lead at the Secretariat, to provide an overview of related Sections 5 and 6 in the Board paper.

2.19 Mr. Coustere noted the variable tranche is one of the most distinguishable parts of the funding model and instrumental in influencing policy dialogue on the agreed core issues of equity, efficiency and learning. While these three components are already included in the requirements component, the variable component 'stretches' them. The guidelines for accessing the variable part will assist countries in identifying challenges, strategies and indicators to monitor progress. Depending on context, indicators may be about process, output or outcomes with the ultimate goal of operationalizing performance-based financing.

2.20 As agreed by the Board in February 2014, the default for disbursement of the variable part is an ex-post arrangement, with the CGPC authorized to approve ex-ante arrangements on an exceptional basis. He noted ex-post is not limited to countries with strong capacity, including fiduciary capacity, as adjustment to capacity levels is incorporated in ex-post arrangements.

2.21 Regarding the size of the variable tranche, he noted that the CGPC had determined to recommend 70/30 percent respectively as the size of the fixed versus variable part for all countries with criteria to access the variable part that would be adapted to fragile and conflict-affected contexts in particular.

2.22 Last, he noted that while the operational guidelines will be finalized in the following months, they may get further revised based on experience and lessons learned during implementation since the model is broad and robust enough to allow adaptations.

Discussion

2.23 The consensus of the Board included strong support for decision points 2–4 to help improve outcomes in equity, efficiency and learning (EEL) via the incentives part of the program implementation grant. There was broad support for a default ex-post arrangement while acknowledging the need for the availability of ex-ante arrangements on an exceptional basis.

2.24 The Board endorsed the principle of country ownership in the model. The request was made to not overburden countries with added requirements and ensure flexibility for context while noting the importance of verifiable data collection and aggregated results. A Board member noted that in terms of process in accessing the variable part, it is important that strategies and policies that are chosen for EEL are those that already exist in the ESP and no new ones are developed to avoid parallel tracking. Another Board member expressed some concern about the complexity of the model, suggesting further discussion on how to address capacity constraints and training with governments and donors in the field.

2.25 The Board also expressed support for the role of the CGPC in the process, with several Board members noting it should be involved in the cycle and review applications at an earlier stage. It was also suggested the CGPC provide input on indicators and have a conversation on capacity

and training issues. Staff noted that in addition to its usual role and approving ex-ante approaches, the CGPC will also stay informed on milestones for countries.

2.26 Related to the issue of capacity, it was pointed out that the LEG is in a good position to help address the complexity of the model and weak capacities in countries. Another Board member added that from a risk stand point, the LEG should be empowered to manage the assessment and verification in conjunction with the coordinating agency, noting it is a difficult position to maintain singularly. Mr. Coustere noted that the role of the LEG and third party monitors in verification and monitoring will be addressed in the roles and responsibilities paper.

2.27 Board members recognized the need to be pragmatic and expect adjustments over time as the funding model is operationalized and experience is gained from its implementation. With respect to any modifications to the requirements, however, a Board member noted the Board would need information on how these modifications are made. It would also need information on milestones and results of countries.

2.28 One Board member requested the Board reconsider the measure of efficiency, specifically the ratio of outcomes to spending, arguing that if spending goes up, efficiency may go down. The Board member further proposed that measuring learning outcomes should be defined by each country, and the Global Partnership should not impose global standards on learning. However, there was room for some methodology to be used to ensure quality of the data collection and authorize some degree of comparability. The Board member also pointed out the risk of benchmarking indicators, noting again that if spending goes down, efficiency goes up. Another Board member noted that with respect to verification of targets, the Global Partnership should assess consistency across countries.

2.29 In response, Paul Coustere clarified that macro indicators of efficiency will be used only as a diagnostic tool. Measuring these indicators could help identify underlying issues of efficiency underperformance in countries. The one particular indicator described in the framework is just an example of a wider range which would be used. In terms of methodology for measuring learning outcomes, international standards exist, but as far as the learning outcomes themselves are concerned, countries' own definition will be used.

2.30 Some Board members also insisted on consistency of indicators to allow reporting on results. A comment was also made that there is a need to be flexible on indicators while ensuring the incentives "stretch" is credible and linked to the sector analysis. A concern was expressed on assessing indicators and their feasibility.

2.31 Responding to a question on the additional workload for Secretariat staff in operationalizing the funding model, the CEO noted additional staff may be needed in terms of training, communications, and rethinking the role of the CGPC. The Secretariat will provide an update to the Board at the June and December board meetings on operationalization of the model. Staff also opened the possibility of organizing info sessions for interested Board members on operationalizing the funding model in June 2014 in conjunction with the Replenishment Pledging Conference and Board meeting.

2.32 There being no further comments, the Chair announced the decision points 2-4 adopted:

> **BOD/2014/06-XX [continued] – <u>Operational Framework for Requirements and Incentives in the Global Partnership for Education Funding Model for the 2015–2018 Replenishment Period</u>: The Board of Directors:** adopts the Operational Framework for Requirements and Incentives in the GPE Funding Model for the 2015–2018

Replenishment Period as outlined in this paper and its annexes. In particular, the Board of Directors approves:

2. the proposed basis for accessing the variable share of the MCA through strategies that address equity, efficiency and learning outcomes (Section 5 of BOD/2014/05—DOC 03);
3. the proposed conditions and modalities for accessing the variable part of the MCA (Section 5 of BOD/2014/05—DOC 03); and
4. the proposed share of the fixed versus variable portion of the grant (Section 6 of BOD/2014/05—DOC 03).

3. Results-Based Financing Pilot

3.1 The Board Chair invited the CGPC Chair to introduce the topic, specifically the decision to incorporate the work to date on the results-based financing pilot into the new funding model. Mr. Siebes noted the CGPC had briefly discussed the topic. While appreciating the work done on the pilot, the CGPC reasoned that with the new funding model, there is no need to have a separate pilot on results-based financing since the objectives of the pilot are now built into the new funding model. Good housekeeping warrants the conclusion of the Pilot into the new funding model.

3.2 Paul Coustere added that the pilot provides a head start in using the variable part of the GPE grant to incentivize learning outcomes. The pilot guidelines describe in detail how results-based financing arrangements can help focus on and achieve learning outcomes and how the funding model can apply results-based financing for learning outcomes at the sector level.

3.3 Comments from Board members included that as the Global Partnership moves into more detailed guidance on learning outcomes, there need to be monitoring mechanisms to assure that learning outcomes are part of the requirements. With respect to incentives, indicators should lead to outcomes. With respect to the requirements, there should be a system to monitor outcomes and incentives, particularly learning outcomes.

3.4 Secretariat staff confirmed that in terms of EEL, there is no flexibility in that countries must address all three components. A Board member noted that detailed guidelines should encourage countries to look at actual learning outcomes, versus just focusing on indicators as the path to those outcomes.

3.5 There being no further comments, the Chair deemed the decision passed:

BOD/2014/05-03— In reference to its decision (BOD/2012/11-09 – Launch of a Results-Based Financing Pilot): The Board of Directors:

1. recognizes the importance of and appreciates the work performed to date on developing the operational guidelines for a Results-Based Financing pilot focused on learning outcomes; and
2. determines to incorporate the work to date on the Results-Based Financing Pilot into the new funding model.

4. Next Steps

4.1 The Chair announced the Secretariat would circulate the final decisions in the next few days and a summary of the meeting as soon as possible. She confirmed the next meeting via audio-conference on June 2 to discuss the GERF recommendations on the related issues regarding available resources.

There being no further business, the Chair adjourned the meeting.

Annex 1 – Participants on the call

1. **List of Board Participants:**

Developing Country Partners	
Africa 3	Charles Aheto-Tsegah, Board Member, Ghana Solomon Shiferaw – on behalf of Minister Ato Shiferaw Shigutie, Alternate Board Member, Ethiopia
Donors	
Donor 1	Yvonne Stassen, Board Member, Netherlands
Donor 2	Chris Tinning – Board Member, Australia
Donor 3	Donal Brown, Board Member, U.K.
Donor 4	Nathalia Feinberg, Alternate Board Member, Denmark
Donor 5	Marja Karjaleinen, on behalf of Veronique Lorenzo, Board Member, European Commission
Donor 6	Atushi Karimata, Board Member, Japan Nathasha de Marcken, Alternate Board Member, U.S.
Non-Governmental	
CSO 1	Joseph O'Reilly, UK- Alternate Board Member
Private Sector/ Private Foundations	Peter Colenso, Board Member, Private Foundations Amanda Gardiner, Alternate Board Member, Private Sector
Multilateral Agencies	
UNESCO	Elizabeth Fordham, on behalf of David Atchoarena, Alternate Board Member
UNICEF	Jo Bourne – Alternate Board Member
Multilateral/Regional Banks	Elizabeth King, Board Member, World Bank

2. **Invited Guest:**

   Ronald Siebes, Chair, Country Grants and Performance Committee

3. **Observers:**

   Olav Christensen, World Bank

4. **List of Regrets from Board Participants:**

   David Edwards, Alternate Board Member, CSO 3
   David Atchoarena, Alternate Board Member, UNESCO

5. **List of Chair/Secretariat Participants:**

   - Julia Gillard, Board Chair
   - Alice Albright, Chief Executive Officer
   - Lisa Gomer, Chief Operating Officer
   - Jean-Marc Bernard, Monitoring & Evaluation Team Lead
   - Margarita Focas Licht, Regional Team Lead
   - Paul Coustere, Country Support Team Lead
   - Padraig Power, Senior Financial Officer
   - Johanna Van Dyke, Board Operations Officer
   - Christine Guétin, Board Operations Officer
   - Michaelle Wane, Senior Board Assistant
   - Charles Tapp, Manager, Partnership and External Relations Team