SECRETARIAT BUDGET UPDATE

For Decision

1. PURPOSE

1.1 The purpose of this paper is to update the Board of Directors (Board) on the Secretariat's budget as of May 2014 and request supplemental funding to cover current fiscal year unanticipated needs as well as future requirements given the expansion of the Secretariat's work program in certain programmatic areas. The paper also seeks approval of the Board to concur with the Governance, Ethics and Risk Committee (GERF) recommendation that the Secretariat's budget management cycle reverts to July-June to conform with the World Bank's financial year. The Secretariat would then submit a six-month budget for consideration at the December 2014 Board meeting to cover the period January–June 2015 and thereafter prepare a fiscal year budget (July–June) starting in May/June 2015. And finally, the paper seeks approval for the Secretariat to provide financial support to strengthening communications and coordination among GPE developing country partner constituencies as per **BOD/2014/06-XX**.

2. RECOMMENDED DECISION

The Secretariat requests that the Board of Directors approve the following decision:

BOD/2014/06-XX- **Secretariat Budget Update**: The Board of Directors:

a. Approves a supplemental amount of US$515,000 to cover current CY2014 budget needs as outlined in 3.1.

b. Approves a supplemental amount of US$310,230 to provide resources for new activities and initiatives.

c. Concurs with the GERF's recommendation to approve that the Secretariat budget revert to a July 1–June 30 fiscal year (GERF/2014/05 DOC 07), to align with the Hosting

Agency's (World Bank) fiscal year accounting and reporting requirements, policies, procedures and systems, effective July 1, 2015;

d. Requests the Secretariat to prepare a six-month budget for consideration at the December 2014 Board meeting to cover the period January–June 2015 and thereafter prepare a fiscal year budget (July–June) starting in May/June 2015; and

e. Approves a supplemental amount of US$350,000 (50 percent of US$700,000) to provide financial support to strengthening communications and coordination among GPE developing country partner constituencies for a six-month period July–December 2014 as per **BOD/2014/06-XX**.

3. SECRETARIAT EXPENDITURES AS OF END-MAY 2014

3.1 Whereas the Secretariat is on track with regard to the rate of current spending (38 percent actual and 42 percent with commitments) (see Annex 1), there are several unexpected budgetary needs which have arisen for which supplemental funding from the Board is requested in order to conclude the fiscal year within the approved budget envelope. These costs were unanticipated at the time of the CY2014 administrative budget approval, and should be considered as one-off requests. Status of the budget at the end of May is found in Annex 1. CY2014 current budget needs include the following (Table 1):

- February 2014 Board meeting costs: This was an unanticipated one-time cost based on the decision to have an additional face-to-face Board meeting in Washington, DC in CY2014. As this cost was not included in the Secretariat's CY2014 budget, the funds are now needed to cover the meeting expenses.

- Indirect costs for short-term consultants and temporaries: The World Bank has informed the Secretariat that it will be implementing a new strategy of full cost recovery from all trust funds. The Secretariat is working diligently with the World Bank to work out how the Global Partnership will be charged and will make all efforts to ensure that there is a ceiling to the charges on an annual basis. The first step in this cost recovery strategy is for the World Bank to impose a new indirect charge on consultants to cover indirect costs (i.e., costs related to facilities and communication as well as corporate IT costs). In the past, indirect costs were charged to staff on the payroll of trust funds, but now include a charge for short-term consultants and temporaries. This change was implemented by the World Bank on February 1, 2014 and was therefore unanticipated at

the time of the formulation of the Secretariat's CY2014 budget request. The Bank's Global Partnerships and Trust Fund Operations departments communicated these changes to donors in late February 2014. This additional charge will have a significant impact on the Secretariat's projected expenses in CY2014 given the required use of consultants – particularly in the first half of the year as part of the replenishment surge capacity. By choosing to use short-term help for time-sensitive and distinct assignments, the Secretariat is able to mobilize resources in a timely, cost-effective and flexible manner without entering into fixed term contracts or increasing head count. The Secretariat is not in a position now to estimate the full cost of the World Bank's cost recovery initiative beyond the recent measure charging consultants (an extra US$190,000 per year) but will keep the Board informed as this matter further evolves.

- Replenishment Campaign: To date, the Secretariat has received a very positive response and expectations are that the number of participants may significantly exceed the original estimate. The Partnerships and External Affairs team now estimate hosting approximately 700 participants as compared to the 500 originally estimated at the time of the replenishment budget request (a 40 percent increase). This additional attendance will necessitate additional costs for seating, food, refreshments and interpretation equipment. The number of venues for side events has also increased as the planning progresses. In addition, the Secretariat is assuming a higher level of representation at the conference that previously envisaged (to date 34 Ministers have confirmed their attendance) which will result in additional costs for security, hospitality, transportation, etc. The Secretariat will closely monitor these costs in order to incur savings wherever possible.

- CEO travel costs: The CEO has undertaken extensive travel to date in efforts to reach donor governments and partners in advance of the Replenishment conference. This volume of travel is an exceptional circumstance and would not be maintained in a non-replenishment year.

Table 1: Current CY2014 budget needs

Activity	Amount (USD)
February Board Meeting	100,000
Indirect Costs for Short-term consultants	190,000
Replenishment Campaign	175,000
CEO Travel	50,000
Total	**515,000**

3.2. Budget Requirements for new activities. Given anticipated work program requirements and the Secretariat's need to move forward on a number of new activities and initiatives, a number of budget requirements have emerged and are summarized below, including the request for two new additional staff positions. If the new positions are approved, staff would likely be on board no earlier than October 2014 given the time required for advertisement and recruitment. Estimated costs for CY2014, therefore, are shown below for the period October–December 2014. Full-year costs are provided as well for reference (Table 2).

- Strategic Plan and Humanitarian Fund: The Secretariat will have to start working on the next strategic plan in collaboration with the Coordinating Committee and Strategy and Policy Committee. There will be a need for short-term consultants with specialized expertise to assist in this work as well as to assist in developing a more comprehensive policy on the Global Partnership's role in humanitarian and emergency situations. The Secretariat estimates that it will require approximately US$150,000 to cover the cost of short-term consultants to carry out this work.

- New positions (2)

    1. Innovative Finance Officer: At the June 2 Board audio conference, the Board approved the GERF's recommendation to establish a provision of US$125 million for future programming which includes a nominal amount of US$100 million for Innovative Finance. In order for the Secretariat to proceed with developing the operational guidelines for innovative financing, as well as work with potential partners such as the Islamic Development Bank and the World Bank, the Secretariat will need to hire a senior term staff position with expertise in this area to execute these innovative financing arrangements.

    2. Special Assistant to the Chair: At the time of the CY2014 budget proposal, the Global Partnership had not yet identified or appointed its new Chair. It was therefore not clear what level and type of staff support would be required to assist the Chair in carrying out her functions. It has now become evident that there is need for a fulltime staff member within the Secretariat to provide this support. The position will provide liaison support and coordination between the Chair and the CEO and other members of the Leadership Team, and will assist the Chair on advocacy and outreach activities.

Table 2: Future Budget Needs

Staffing Needs	CY2014 Amount (US$)	CY2015 Full-Yr Amount (US$)
Consultants - Strategic Plan and Humanitarian Fund (July-Dec)	150,000	-
Innovative Finance Officer (July-Dec)	116,550	233,100
Special Assistant to the Chair (Oct-Dec)	43,680	175,000
Total	**310,230**	**408,100**

4. BUDGET ISSUES

4.1 The Secretariat presented a short paper to the GERF committee at the May 5-6, 2014 meeting in Dakar, Senegal. The GERF reviewed the issues for consideration (BOD/2014/06 DOC 10) and briefly discussed the difficulties encountered by the GPE Secretariat in budget planning, monitoring and reporting on a calendar basis as opposed to the Hosting Agency's fiscal year basis (July-June), including the following issues:

- Two Fiscal Year-End Closings: confusion for contracting, expense posting, signature of the Letter of Representation documents by the CEO and Secretariat Managers due to two Fiscal Year-End Closings (one informal closing in December for the Global Partnership and one formal closing at end-June to conform to the Hosting Agency's fiscal year end);
- Expenditure reporting and monitoring: management of the GPE administrative budget reporting in two separate parts to accommodate the two different fiscal years;
- Work program planning and monitoring: the Secretariat currently has to allocate the annual budget by activities twice, and monitor and report in two separate six-month pieces; and
- Contractual issues: confusion with firms, vendors and consultants as the World Bank end-fiscal year deadlines begin in May, which is only five months into the GPE fiscal year.

4.2 Given the above-mentioned issues, Secretariat Management proposed to revert the administrative budget to align with the hosting agency. The GERF recognized the additional administrative burden imposed by the current calendar year approach, and supported the Secretariat's request to revert to a July–June fiscal year.

5. ACHIEVEMENTS FOR FIRST FIVE MONTHS (JANUARY-MAY 2014)

5.1 The Secretariat has been engaged in a wide variety of activities during the first part of the year. Annex 2 provides a summary of key highlights by team.

ANNEX 1: Status of Secretariat Budget (at end-May)

GPE Secretariat CY 2014 Budget

Data as of May 31, 2014

Expenditure Breakdown Summary (US$000)

	CY 2014 Original Budget	5 Month Total Actual 5/31/14	Commit-ments 5/31/14	YTD Actual as % of Original Budget	YTD Actual+Com-mitments as % of Original Budget
SOURCES					
Board Approved Budget (A)	**16,649**	**16,649**			
New Committees	**160**	160			
M&E Steering Committee	**140**	140			
2nd Replenishment GPE Fund	**724**	724			
Replenishment - Germany Contrib.	**135**	0			
Replenishment - DCP Minister Travel	**150**	150			
Total Revisions to Budget (B)	**1,309**	**1,174**			
TOTAL BUDGET (A+B)	**17,958**	**17,822**		**99%**	
EXPENDITURES					
Total Staff Costs with Benefits	**8,922**	3,466		39%	
Total Communications	**123**	57	48	46%	85%
Total Equipment & Building	**882**	312		35%	
TOTAL FIXED COSTS	**9,927**	**3,835**		**39%**	
Total Short Term Temporary	**160**	67	36	42%	64%
Total Short Term Consultant	**2,100**	700	603	33%	62%
Total Extended Term Consultant	**1,038**	482		46%	
Total Travel	**2,216**	896		40%	
Total Representation & Hospitality	**60**	0		0%	
Total Contractual Services	**1,710**	492	92	29%	34%
Total Other Expenses	**250**	113		45%	
TOTAL VARIABLE COSTS	**7,534**	**2,750**		**36%**	
GROSS EXPENDITURES	**17,461**	**6,585**		38%	
Chargeback for IT services	497	211		42%	
TOTAL EXPENDITURES	**17,958**	**6,796**	**779**	**38%**	**42%**

ANNEX 2: Secretariat Achievements

Country Support Team

Development of the new funding model:

- Provided working papers and organized consultative process leading to the February Board meeting and developed the operational guidelines of the new funding model linking with implementers and Board committees.

Guidelines and Board Documents:

- Launched consultative update process for key documents relating to the new funding model including the Guidelines for Education Plan Preparation and Appraisal and the Country-Level Process Guide.

- Prepared Board paper on providing a financing window for education sector analyses.

Grants:

- Supported one application for Education Sector Plan Development Grant, three Program Development Grants, five Program Implementation Grants (Round One of 2014);

- Launched the Quality Assurance Review for ten potential country applications for the second round of 2014.

Partnership Development:

- Facilitated the process for five countries likely join the Global Partnership in 2014.

Country Support Missions:

- Carried out 38 country missions to support the country-level process, Education Sector Plan development, and implementation and monitoring, as well as quality assurance for GPE funding applications.

Sector Monitoring Initiative:

- Completed fifth and final regional workshop (Latin America) and global summary workshop.

- Marked improvement in the "monitorability" of Education Sector Plans in GPE member countries since launching of initiative.

Cross-Team Support:

- Provided input into the Implementation Plan, blogs, briefing notes, materials relating to replenishment, other communication materials.

Knowledge Management, Production, and Dissemination:

- Piloted Gender Analysis Tool for the Education Sector with UNGEI in Malawi, Guinea and Eritrea.

- Participated in various knowledge dissemination activities including language question (in collaboration with CIEP and other partners), school-related gender-based violence (co-organized by UNGEI, UNESCO and France) and in various sessions during the annual Conference of the Comparative and International Education Society (CIES) in Toronto.

Thematic Work on Strategic Objectives:

- Participated in Community of Interest (COI) created for fragile and conflict-affected countries.

- Participated in Communities of Practice (COP, or Technical Reference Groups) created for Girls' Education (coordinated by UNGEI and France), Numeracy (by GIZ and Save the Children) and Literacy (by USAID) and Finance (coordinated by Australia).

- Supported Teacher Task Force which is serving as COP Strategic Objective 4.

- Participated in Out of School Children Initiative led by UNICEF and UIS.

Engagement in Fragile and Conflict-Affected States:

- Received more applications from fragile and conflict-affected countries; prepared applications for GPE grants: Haiti, Pakistan (Sindh and Balochistan) and Togo.

- Developed conflict-sensitive guiding principles and suggestions for integrating conflict sensitivity into education sector analysis in collaboration with INEE, to be integrated into the education sector plan guidelines.

- Continued consultative process to identify possible GPE engagement in humanitarian and complex emergency situations, with an update to the Board in June.

- Explored further collaboration with the Global Coalition to Protect Education from Attack in supporting global efforts to prevent violent attacks on education and improve protection.

Operations Team

Governance:

- Assisted the Interim Chair in establishing four new Board committees.

- Organized the special Board meeting and first technical committee meetings in February.

- Provided support to the three technical committees in developing annual work plans and organizing additional face-to face meetings of the Country Grants and Performance Committee and the Governance, Ethics, Risk and Finance Committee.

- Drafted papers on requirements and incentives in the new funding model, available resources for minimum and maximum country grant allocations, leveraged financing mechanisms and the role of the Global Partnership in humanitarian crises for committee review and board approval.

- Organized a face-to face Board meeting in June and drafted Board papers for consideration and approval by the Board.

Financial Reporting:

- Co-led the development of the Options Paper in conjunction with the Country Support Team and the Reference Group on the new funding model for presentation at the Special Board Meeting in February 2014.

- Developed papers for the GERF on "Options of Increasing the “Cap”, “Available Resources," "Roles and Responsibilities at Country Level," "Eligibility Expansion Plan," and provided input on the paper on "Innovative Financing."

- Completed a comprehensive bottom up disbursement forecasting exercise.

- Finalized with UNICEF and the Trustee amendments to the Financial Procedures Agreement and a solution to alleviate a procedural bottleneck on the Yemen allocation.

- Continued to support the development of a new grant finance database and new information systems, and GPE reporting to IATI.

- On-going work reviewing small grant applications, monitoring of donor contributions and grant disbursements, responding to stakeholder queries, preparation of Quarterly Financial Reports for Q4 2013 and Q1 2014.

Upgrade of IT Solutions:

- GPE Open Data and Data Visualization: delivered a data hub mapping and visualized key global education indicators corresponding to GPE strategic objectives in 59 partner developing countries.

- GPE Website: launched the newly-redesigned GPE website on Drupal content management system and completed content migration.

- GPE Information Technology Platform: progressed on design of a secure online platform to transform engagement among GPE partners to complete business processes, collaborate on documents, share knowledge and provide access to key information needed to manage the business.

- Documented and analysed GPE business requirements in the form of “user stories” (grants workflow, financial reporting, document collaboration) and integrated them into broader project requirements. Launched development and design of platform. Launch expected end of Q3 2014

Partnerships and External Relations Team

Replenishment and Pledging Conference:

- Launched The Case for Investment on March 24, 2014 which has been distributed widely among GPE partners and various organizations.

- Secured the venue and event management contracts for the Replenishment Conference. Invitations to the event have been sent to GPE partners and various organizations.

- Developed a pledging framework and partners have been requested to submit their expressions of interest in making pledges. Through the pledging framework, the Global Partnership is seeking both financial and policy commitments from its partners.

Strengthen the role of civil society and private sector/private foundations in the Partnership at both country and global levels:

- Hosted a round-table discussion with constituents from the private sector and private foundations to help develop a private sector strategy in January 2014. This strategy will be further developed in the coming months. Deeper engagement with the private sector constituency leading up to replenishment conference is underway.

- CSOs have been actively advocating at the global and country levell to help increase financing for education. Increased engagement by and with CSOs/INGOs through numerous advocacy campaigns leading up to the replenishment conference is underway.

- Conducted multiple meetings and workshops to help strengthen current outreach efforts with the developing country partner constituencies.

Elevate GPE Profile/Political Visibility:

- Since January 2014, visited 18 donor/potential donor countries and held meetings with various government and parliamentary counterparts in support of the replenishment campaign.

- Developed a champion's strategy in support of the replenishment campaign and champions have been confirmed, including global leaders, heads of states, ministers and other high-profile individuals. These individuals have been engaged to help raise

awareness overall, highlight the financing crisis in education, and support the Global Partnership in its mission. Champions have contributed through various mediums: accompanying the Secretariat CEO on donor visits, attending key events, writing op-eds and letters, etc.

- Representatives from the Global Partnership participated in a number of meetings/events in support of the upcoming replenishment to help raise its profile among key partners and advocate for increased education financing. Events, meetings and discussions have been ongoing on the "post–2015" framework.

Implementation Plan:

- Held discussions with GPE Secretariat focal points and relevant partners on the five strategic objectives. The focus was on the status of action items associated with the implementation plan, issues that are currently affecting its delivery, and potential issues that may adversely impact the implementation plan's delivery over the medium term. A tracking tool has been developed to help monitor progress and is updated frequently.

- Held discussions with the Chair of the Strategy and Policy Committee (SPC) on the most effective means to report progress on the Implementation Plan. A joint meeting among the Secretariat focal points, external partner leads (for the five strategic objectives), and members of the SPC took place on May 22, 2014.

- Prepared a process note on reviewing the 2012-2015 Strategic Plan (the Implementation Plan) which will be discussed at the Board meeting in June 2014.

Build Strong Strategic Communications and Media Function that Supports GPE Core Objectives:

- Published the Case for Investment in English and French and a summary of the Case for Investment (six pages) in English, French, Spanish, Japanese, Korean and Arabic.

- Produced a series of 13+ GPE factsheets.

- Produced high-quality videos on the Global Partnership's work (and results) in Sierra Leone, Cameroon, Lao PDR and Ethiopia.

- Published interviews with Julia Gillard in print and broadcast in 30+ media outlets from around the world (interviews by BBC World and Al Jazeera were broadcast in 100+ countries) raising the profile of the Global Partnership. Op-eds and blogs have also been published and posted in the Huffington Post, the Guardian and on GPE's website.

- Print media and TV interviews with Alice Albright; OpEd in Foreign Policy Magazine; several blog posts.

Monitoring and Evaluation (M&E) Team

Evaluation Activities:

- Continued work on an evaluation into the quality of education sector plans which will be finished by August 2014. The results of this study will provide input on how the Global Partnership can work to improve the quality of these documents in the future.

- Began work on the methodology to assess the contribution of the Global Partnership to Education sector performance at country level.

- Supported the Independent Evaluation Committee on the Interim External Evaluation of the Global Partnership.

Ongoing Monitoring Activities:

- In collaboration with the Knowledge/Digital Innovations Team, the M&E Team began work on the Global Partnership's data visualization project in January. Phase 1 of this project is the creation of global interface on the website that visualizes education indicators at the global and/or regional level to allow comparison across all developing country partners around a series of key education indicators corresponding to GPE strategic objectives.

- Began preparations for the planning, data collection and analysis for the annual Results for Learning Report, to be written in the summer and published in November 2014.

Support to Replenishment Efforts:

- Contributed to the development of the case for investment and the pledging framework and responded to partners' requests about these documents.