POLICY ON EDUCATION SECTOR PROGRAM IMPLEMENTATION GRANTS: REPORT FROM THE COUNTRY GRANTS AND PERFORMANCE COMMITTEE

For Decision

1. STRATEGIC PURPOSE

1.1 The purpose of this paper is to request the Board approve the Policy on Education Sector Program Implementation Grants. The Policy replaces the Policy on Time Frames for Grant Agreement Signing and Implementation and Procedures for Proposed Revisions to Implementation Grant Programs ("Policy on Timeframes and Revisions").

2. RECOMMENDED DECISION

2.1 The Country Grants and Performance Committee ("CGPC") recommends the Board approve the following decision:

BOD/2015/05-XX – in reference to BOD/2012/05-01 -- Policy on Time Frames and Revisions: The Board of Directors approves the Policy on Education Sector Program Implementation Grants, attached as Annex 1 to BOD/2015/05 DOC 11. This revised policy supersedes and replaces the Policy on Time Frames and Revisions, approved by the Board of Directors in decision BOD/2012/05-01.

3. BACKGROUND

3.1 The Policy on Timeframes and Revisions defines formal processes and procedures related to the management of education sector program implementation grants. The policy is in need of revisions. Pertinent elements of the new funding model need to be incorporated and there are various other opportunities to improve the policy in terms of updates, more detail and clarity, addressing inconsistencies, rectifying oversights, and remedying issues that have arisen during its application.

3.2 The CGPC has reviewed the revisions, including changing the name to Policy on Education Sector Program Implementation Grants, and endorses them.

4. PLEASE CONTACT: Sven Baeten at sbaeten@globalpartnership.org for further information.

5. ANNEXES AND FURTHER INFORMATION

5.1 The following Annexes are included in this paper:

Annex 1 – Policy on Education Sector Program Implementation Grants

5.2 The Policy on Timeframes and Revisions is posted on the GPE website here.

ANNEX 1

POLICY ON EDUCATION SECTOR PROGRAM IMPLEMENTATION GRANTS[1]

PART I: INTRODUCTION

1. PURPOSE

This policy sets out the rules for all stakeholders involved in the management and administration of education sector program implementation grants ("ESPIGs") from the Global Partnership for Education ("Global Partnership" or "GPE") trust funds[2], in line with provisions and definitions in the GPE Fund Governance Document and the Operational Framework for Requirements and Incentives in the Funding Model of the Global Partnership for Education ("GPE Funding Model)[3], and pursuant to the overall GPE framework and principles as stipulated in the GPE Charter.

This policy is divided in seven parts:

Part I: Introduction: purpose and applicability

Part II: Approval and notification of ESPIG allocations

Part III: Program implementation period

Part IV: Reporting requirements

Part V: Revisions to programs

Part VI: The Board's discretion in amending allocation decisions and automatic revocation of grant funds

Part VII: Recordkeeping

2. APPLICABILITY

Aside from the exceptions below, all the provisions in this policy apply to all allocations for ESPIGs.

a. ESPIGs approved before December 1, 2011: sections 10 c.i[4], 13b, and 13d do not apply. In

[1] Approved by the Board of Directors via no-objection on May 9, 2012 (BOD/2012/05-01). Revised [Date TBD].
[2] The reference to Global Partnership for Education trust funds means all of the current and future trust funds established as funding vehicles for the Global Partnership for Education that transfer funds to a Supervising Entity or Managing Entity.
[3] BOD/2014/05 DOC 03
[4] For ESPIGs approved before December, 2011, any extension of the end date of the implementation period constitutes a non-minor but no material change revision.

addition, references to the fixed and variable part of the grant do not apply.

b. ESPIGs approved after December 1, 2011 and under the funding model for the 2011-2014 period: section 13d and references to the fixed and variable part of the grant do not apply.

Until a separate policy for them is in place, the provisions of this policy are equally applicable to all other grants from GPE trust funds, as relevant, with the exception of the Education Sector Plan Development Grant, the Program Development Grant, and allocations for Agency Fees, and Supervision.

PART II: APPROVAL AND NOTIFICATION OF ESPIG ALLOCATIONS

3. GRANT APPLICATION, BOARD APPROVAL AND RELATED INFORMATION

Following notification to countries that the Board has awarded an indicative Maximum Country Allocation ("MCA") for an ESPIG, countries may prepare and submit a grant application for the MCA. In the case of multi-country allocations, States can agree to formally authorize a regional organization to facilitate regional arrangements leading to the submission of an application on their behalf. The regional organization will need to send a letter of intent to the Secretariat, as well as copies of the agreement on the multi-country approach. The Education Sector Program Implementation Grant Guidelines[5] define the documents required as part of the Application Package and the application process.

Pursuant to the GPE Charter, the GPE Fund Governance document, and the GPE Funding Model, the Board of Directors, following review by the Country Grants and Performance Committee ("CGPC")[6], may approve an allocation for an ESPIG to be funded from the GPE Fund (the "Board's Approval" or the "Approval"). The Application Package is considered an integral part of the Board's Approval. It includes a description of activities to be financed by the ESPIG (the "Program").

Within ten business days after the Board has approved the Allocation (the "Approval Date"), the Secretariat communicates the Board's Approval to (i) the developing country partner, (ii) the Supervising Entity ("SE")/Managing Entity ("ME"), and (iii) the Coordinating Agency ("CA") for distribution to the Local Education Group (LEG). The communication includes:

(i) the grant amount;
(ii) the duration of the grant;

[5] http://www.globalpartnership.org/content/global-partnership-education-program-implementation-grant-guidelines
[6] See the terms of reference for the Country Grants and Performance Committee here.

(iii) the amount of the Variable Part along with the indicators that will be the basis for its release, the means of verification that indicators have been reached, and the disbursement modality for the Variable Part (ex-post or ex-ante, if applied for);
(iv) the designation of the SE/ME; and, as needed;
(v) actions required prior to release of funds;
(vi) observations and report-back items.

PART III: PROGRAM IMPLEMENTATION PERIOD

4. PROGRAM IMPLEMENTATION PERIOD, NOTIFICATION OF GRANT SIGNING AND START OF PROGRAM IMPLEMENTATION

The program implementation period may include a period of up to four years, unless a variable part of the ESPIG is accessed, in which case the Program may cover up to five years. The Application Package should indicate the expected program implementation period, including the start date ("Expected Start Date"). It is expected that the program start within six months after the Approval Date. A request for a later start date will have to provide a strong rationale and justification. Based on the Application Package, the Board will approve the grant duration and the Expected Start Date.

If applicable, the SE or ME should notify the Secretariat when the grant agreement with the country is signed. The SE/ME should also notify the Secretariat once implementation has *effectively* started. The grant application should define which event signifies the *effective* start of implementation.

5. EXTENDED TIME LIMIT FOR GRANT AGREEMENT SIGNING AND START OF PROGRAM IMPLEMENTATION

If the Secretariat has not received a notification that the grant agreement has been signed and/or that implementation has effectively started one month before the Expected Start Date, the Secretariat will send a notice to both country authorities and the SE/ME at that time, copying the CA (to inform the LEG), requesting the SE/ME to provide the following:

a. an indication of whether the grant agreement will be signed and/or program implementation will start before the Expected Start Date; and

b. if signing of the grant agreement and/or program implementation start is not likely to occur before the Expected Start Date, an explanation for the delay and a proposed new date—not to exceed three months after the Expected Start Date—by which it is expected that the event(s) will occur (the "Extended Deadline").

The Secretariat's agreement to the Extended Deadline is communicated to the SE/ME, along with the consequence of not meeting the Extended Deadline (see section 6). If the Secretariat has not received notification that the grant agreement was signed and/or program implementation has begun four weeks before the Extended Deadline, the Secretariat sends a final notice to the SE/ME.

The Secretariat informs the CGPC of the status of grant agreement signing and start of program implementation at each face-to-face meeting of the CGPC.

6. CONSEQUENCE OF NOT MEETING THE DEADLINE FOR GRANT AGREEMENT SIGNING AND/OR PROGRAM IMPLEMENTATION START

If the Secretariat has not received notification from the SE/ME that the grant agreement has been signed and/or program implementation has begun by the Expected Start Date or, if applicable, the Extended Deadline, the Secretariat requests the developing country partner to provide information on the status of implementation of the Education Sector Plan ("ESP"), and the SE/ME to advise whether the implementation status of the ESP requires an update of the Program and its timeline—specifically the indicators, related actions and their justification, including the results chain, to access the Variable Part of the Maximum Country Allocation. The information provided by the SE/ME should include progress with regard to these indicators in comparison with the baseline provided in the Application Package.

The CGPC reviews the information received and may approve a revision of the Program in terms of: (i) the grant duration, if requested; (ii) activities to be funded, including material revisions as defined in section 10, if requested; (iii) the actions and indicators that will be the basis for the release of the Variable Part and its disbursement modality (ex-post or ex-ante, if applied for); (iv) requirements for funding and/or (v) observations and report-back items where appropriate. The CGPC may refer a proposed revision to the Board for decision.

7. RESPONSIBILITY OF THE SUPERVISING ENTITY/MANAGING ENTITY

The SE or ME is responsible for the use of the grant carried out in accordance with: (i) its own policies and procedures; (ii) the Board's Approval; (iii) the applicable GPE policies and guidelines; and (iv) the Financial Procedures Agreement.

The SE disburses the Variable Part in accordance with the terms of the application package as approved by the Board if the SE in consultation with the LEG concludes that (some of the) indicators have been reached. The SE notifies the Secretariat in the next implementation report that indicators have been reached, how verification has been conducted, and that the Variable Part is being

(partially) disbursed. The notification includes documentation of the explicit confirmation of the LEG that indicators have been reached to allow (partial) disbursement. The Secretariat informs the CGPC on the disbursement of the Variable Part at the next face-to-face meeting of the CGPC.

PART IV: REPORTING REQUIREMENTS

8. REPORTING ON STATUS OF IMPLEMENTATION

a. **Annual Sector Reporting.** Since the GPE grant is based on the credibility of the ESP, the developing country partner should transfer its **annual report on the progress in the sector to the Secretariat**, preferably as prepared for joint education sector review or similar country-owned mechanism for monitoring the progress of the sector and the implementation of sector plans. In line with the GPE Funding Model, this report should include information on:

i. the implementation of the ESP;

ii. domestic and external financing;

iii. basic education data disaggregated by gender and socio-economic status, as well as results from learning outcomes assessments, as available, and/or;

iv. the implementation of a plan to develop or strengthen the national Education Monitoring and Information System (EMIS) as well as implementation of a plan to develop mechanisms to monitor learning outcomes.

In addition, the developing country partner should transfer to the Secretariat the **reports/aide memoires of the joint sector review** or similar country-owned mechanism for monitoring the progress of the sector and the implementation of sector plans. In line with the GPE Funding Model, it is expected that these reports examine causes of major deviations from endorsed plans and commitments - including significant gaps between financing commitments and execution that threaten implementation of the ESP or TESP, or shifts in policy priorities that render the endorsed plan irrelevant or considerably weaken its implementation - and LEG-recommended remedial actions.

b. **Annual Program Implementation Report.** No later than one year after the Approval Date, and annually thereafter, the SE/ME will provide to the LEG and the Secretariat as part of their regular implementation report, an update on progress with regards to:

i. the results framework and the indicators for the disbursement of the Variable Part;

ii. status of activities funded under the Program and funds disbursed, including if the Variable Part has been (partially) disbursed;

iii. reports from implementing partners, including program audit reports.[7]

The regular implementation report shall also include information on severe delays in carrying out planned activities due to exceptional circumstances (An "Exceptional Implementation Delay"), along with the reasons for the delay when the percentage of the grant amount that has been disbursed is at least 25 percent below the disbursement forecast in the grant application or in a revised forecast provided to the Secretariat.

c. **Funds use Projections**. On an annual basis or as otherwise agreed between the SE/ME and the Secretariat, the SE/ME will submit to the Secretariat a projection of the anticipated use of the remaining undisbursed allocated funds for the remaining term of the program implementation period for each grant allocation (the "Funds Use Projection").

d. **Mid-Year Status Update**. In addition to the regular implementation report on the Program, if the Program is significantly underperforming in terms of implementation progress and/or if the percentage of the grant amount that has been disbursed is at least 25 percent below the disbursement forecast in the grant application or in a revised forecast provided to the Secretariat , a mid-year status update shall be provided to the LEG and the Secretariat, detailing the reasons for delays and/or poor results along with mitigation measures.

e**. Completion Reports.** At the completion of implementation of the program, the SE provides a program completion report to the Secretariat. The program completion report is expected to have a description of all deliverables (results framework and program components) related to the financial and technical execution of the grant, any significant deviation from the original program, and an explanation for any misuse of funds, and/or incomplete deliverables. It should report if indicators related to the Variable Part have been reached and thus lead to disbursement. The program completion report should also include a detailed analysis of whether the program has facilitated the country's progress in terms of education outcomes, in particular (but not limited to) the results chain linked to the indicators for the Variable Part. A GPE completion reporting template is available. However, the SE may use its internal process to report as long as key information outlined in the GPE template is captured in the SE's Completion Report.

[7] If the ESPIG is disbursed through budget support or a pooled fund which directly supports the whole ESP, the SE may refer to the sector progress report with regards to the status of activities and the results framework, where appropriate.

f. **Other Reports**. Where available, SE/MEs should also provide to the Secretariat relevant mission and monitoring reports. In addition and where available, annual audit reports and financial statements of GPE funded programs related to funds disbursed by the SE/ME to implementers (e.g. Audits conducted by the Supreme Auditing Institute) should be submitted to the Secretariat.[8]

g. **Portfolio Review.** The Secretariat includes information regarding implementation of ESPIGs, including disbursement of the Variable Part, and progress in the education sector in relation to the requirements of the GPE funding model in its annual Portfolio to the CGPC and the Board. Where applicable, such information may include recommendations from the CGPC to the Board to cancel or withhold transfer of grant funds, as set out in Part VI.

PART V: REVISIONS TO PROGRAMS

9. CONTEXT FOR REVISIONS TO PROGRAMS

Following the Board's Approval, flexibility is needed to enable potential revisions to the approved Program to address unforeseen circumstances, risks or weaknesses that arise before or during implementation. An SE or ME, together with the developing country partner and other members of the LEG, should work to develop options for adjusting the program as a means to promote the best possible outcome.

SEs and MEs will have processes and procedures to reflect mutual agreement between themselves and the developing country partner government to undertake revisions to programs or activities, including required approvals within their agencies. They should follow the processes and procedures in this policy, in addition to their own.

10. DEFINITION OF REVISIONS

A change or series of changes to indicators and targets, modification of program scope or design, additions or cancellations of program components or subcomponents, as compared to the Board's Approval, are considered:

a. **minor revisions** if they result in a reallocation from GPE trust funds of less than 10% of the total grant amount, not exceeding US$5 million;

b. **non-minor revisions** if they result in:

[8] This section does not refer to audits of the activities and expenditures of the SE or ME themselves. The relevant provisions relating to the activities and expenditures of the SE/ME are outlined in the Financial Procedures Agreements.

i. a less than 12-month extension of the original end date of the grant implementation period[9];

ii. and/or a reallocation of between US$5 million and US$10 million or between 10% and 25% of the total grant amount, whichever is lower;

iii. and/or the addition or cancellation of components or sub-components;

iv. and/or an increase or reduction of more than 25% of the overall program budget (where the ESPIG forms part of a co-financed program);

v. and/or any changes in the results framework;

vi. and/or any changes in the implementation modality.

c. **material change revisions** if they result in:

i. an extension of twelve months or more of the original implementation end date;

ii. and/or a reallocation of resources from GPE funds that exceeds US$10 million or 25% of the total grant, whichever is lowest;

iii. and/or changes to the indicators and/or means of verification for the disbursement of the Variable Part.

11. PROCESS FOR PROGRAM REVISIONS

The SE/ME and developing country partner government should consult the other members of the LEG and solicit their explicit support for the proposed revision. The SE/ME should then provide a written notification (the "Program Revision Notification") to the Secretariat prior to undertaking any revision to an ESPIG. The Program Revision Notification should include:

- the reasons, content and timeline for the proposed revision (if non-minor only);
- a description of how the changes will affect the results framework outlined in the application package (if non-minor only), and;

[9] For ESPIGs approved before December, 2011, *any* extension of the end date of the implementation period constitutes a non-minor but no material change revision.

- documentation of the support of the revision by the LEG (e.g., minutes of the meeting at which the LEG made the decision to support the revision, or letter from CA confirming support from LEG).

The Board delegates authority to the Secretariat to assess whether or not a program revision is non-minor and/or material, based on the Program Revision Notification. The SE/ME should not undertake the decision to implement a revision:

a. in case of a non-minor revision: without first receiving a no-objection from the Secretariat. The Secretariat will make a decision within 15 business days of receiving the Program Revision Notification to either provide a no-objection, object to the revision, or defer the decision to the CGPC. In the event that the Secretariat objects to the revision, it may refer the matter back to the LEG for further discussion, along with the rationale for the objection. The SE/ME and developing country partner government can, in consultation with the other members of the LEG, appeal to the CGPC to revise the decision of the Secretariat or submit a revised Program Revision Notification, including endorsement by the LEG, to the Secretariat. The Secretariat will notify the CGPC of any no-objections it has provided at its next face-to-face meeting.

b. in case of a material change: without first receiving a no-objection from the CGPC. The Secretariat forwards the Program Revision Notification to the CGPC, along with any other relevant documentation. If possible, the CGPC decides on a no-objection basis whether or not to approve the proposed revision. The Secretariat notifies the developing country partner, the CA (on behalf of the LEG), and the SE/ME of the decision of the CGPC within ten business days of the CGPC's decision. In the event that the CGPC does not agree to a revision, the Committee may refer the matter back to the LEG for further discussion, along with the rationale for the objection. After discussion, a revised Program Revision Notification may be submitted, including endorsement by the LEG. The CGPC may refer a proposed revision including a material change to the Board for decision.

12. SECRETARIAT REPORT TO THE CGPC AND THE BOARD

The Secretariat includes information regarding Program Revision Notifications received by the Secretariat in the previous period and the actions taken along with any lessons learned in the Portfolio Review.

PART VI: THE BOARD'S DISCRETION IN AMENDING ALLOCATION DECISIONS AND AUTOMATIC REVOCATION OF GRANT FUNDS

13. WITHHOLDING OF TRANSFERS, CANCELATION AND REVOCATION OF GRANT FUNDS

a. At any time, the Board of Directors may cancel all or part of an allocation.

b. Prior to the final year of the implementation period, including any extensions approved under Part V, the SE/ME is to notify the Secretariat regarding whether it expects to have any unspent funds, other than for closing activities, at the Grant End Date ("Fund Use Projection:"). Following the notification, the Secretariat may recommend to the Board to cancel remaining funds that are not required for closing activities. Any canceled grant funds become available for allocation by the Board.

c. Aside from funds required for closing activities, Grant Funds are automatically canceled and made available for allocation by the Board upon the end of the grant implementation period (including any extension approved under section 11). Any amount of an Allocation that has not been used for the agreed purposes within the agreed time frame and for which no further expenses will be incurred or disbursements made are canceled and made available for allocation by the Board.

d. In cases where there are significant deviations from endorsed ESPs and commitments—including significant gaps between financing commitments and execution that threaten implementation of the ESP or TESP, or shifts in policy priorities that render the endorsed plan irrelevant or considerably weaken its implementation—that undermine the basis on which GPE funding was granted, the Board may decide, upon recommendation by the CGPC, to (1) cancel the allocation for an ESPIG or part thereof until remedial measures have been taken; or (2) instruct the Trustee to withhold transfers to the SE/ME on the grant until remedial measures are taken. In order to inform the CGPC's recommendation, the developing country partner in consultation with the LEG will present a recommendation for action that will highlight potential consequences and risks related to the above scenarios.

e. At any time, and after consultation with the LEG, the CGPC may recommend to the Board to (1) cancel the allocation for an ESPIG or part thereof; or (2) withhold transfers to SE/ME for any reason, including, but not limited to:

i. Two consecutive years of delays where the percentage of the grant amount that has been disbursed is at least 25 percent below the disbursement forecast in the grant application or in a revised forecast provided to the Secretariat. In its recommendation, the CGPC will

consider circumstances that may justify these delays and execution of mitigation measures indicated in the Mid-Year Progress Report.

ii. Two consecutive years of significant underperformance of the Program. In its recommendation, the CGPC will consider the circumstances that may justify the underperformance and execution of mitigation measures indicated in the Mid-Year Progress Report.

iii. Non-compliance with any of the provisions in this policy.

f. Cancellation and withholding of transfers to the SE/ME does not apply to amounts of the Allocation that are subject to outstanding financial obligations and liabilities incurred in the implementation of activities related to such Allocation prior to the date of receipt by the SE/ME of notice of the Board's decision to withhold transfers or to cancel such allocation or a part thereof.

Upon cancelation of grant funds, the SE/ME shall use its own policies and procedures to work with the developing country partner to amend the grant agreement to reflect the reduced grant amount. Any canceled grant funds become available for re-allocation by the Board.

PART VII: RECORDKEEPING

14. The Secretariat will record information on the types of decisions listed below in the official records of the GPE Trust Funds:

a. approval of applications for grant funds under section 3;
b. no-objection by the Secretariat to a program revision under section 11.a; or
c. CGPC decision regarding a proposed program revision under 11.b; and
d. cancelation, withholding or reduction of allocated funds by the Board of Directors as per section 13.