STREAMLINED GRANTS DECISION-MAKING PROCESS

For Decision

1. STRATEGIC PURPOSE

1.1 This paper aims to assess strengths and weaknesses of the current decision-making process with regard to grants, and to propose options to the Board to make decisions more efficiently and timely.

2. BACKGROUND

2.1 At its last Board Meeting in December 2014, the Board of Directors adopted the Risk Policy and Risk Management Matrix recommended by the Governance, Ethics, Risk and Finance ("GERF") committee. One of the risks identified under the category of governance/management was risk 3.12, "the risk that GPE decision making with regard to grants is not made in an efficient and timely manner, therefore having a negative impact on the Global Partnership for Education ("Global Partnership" or "GPE") operations." A first mitigation measure that has been identified is to develop a proposal for delegating authority to the Country Grants and Performance Committee ("CGPC") to facilitate a more flexible approach to certain decisions concerning grant management.

2.2 The GPE Fund Governance Document vests all powers in the Board and authorizes delegation of powers to a Technical Committee and the Secretariat. Existing delegations of authority from the Board to the Secretariat are limited to the approval of the Education Sector Plan Development Grant (up to 500 000 USD) and the Program Development Grant as well as the authority to approve non-minor, non-material changes to existing program implementation grants (reallocations between 10 and 25% and extension up to 12 months).

2.3 Existing delegations of authority from the Board to a Technical Committee are limited to the GERF per the Policy on Conflict of Interest and certain ad hoc delegations such as the CGPC to review and approve a request for a costed extension of up to US$5 million plus applicable agency fees and a supervision allocation for the existing Civil Society Education Fund program to December 31, 2015 with UNESCO as Supervising Entity.

2.4 The Committee Paper on streamlined grants decision-making was presented to both the GERF and the CGPC. Both Committees supported the recommended decision language to approve the delegation to CGPC for material changes to grants and accelerated funding for emergency and early recovery activities per GERF/2015/04 DOC 05. The decision is outlined below (Option 1). During the GERF deliberations the committee thought that the delegation to the CGPC should go even further. The GERF believed the default for approval of all grants (except those delegated to the Secretariat) should rest with the CGPC, but with strict safeguards that ensure the Board retains authority over decision-making. The GERF therefore prepared a second option for the CGPC to consider. The CGPC broadly supported the proposal, but requested further time for consultation with constituencies. The decision language for the second option is outlined below (Option 2).

3. GERF/CGPC JOINT RECOMMENDED DECISION (OPTION 1)

3.1 The GERF requests that the Board of Directors approve the following decision:

BOD/2015/05-XX—[Title]: The Board of Directors agrees to:

1. delegate authority to the Country Grants and Performance Committee ("CGPC") to approve material changes to grants, as defined in the Policy on Education Sector Program Implementation Grants;
2. delegate authority to the CGPC to approve accelerated funding for emergency and early recovery activities (in accordance with the guidelines for accelerated support in Emergency and early recovery situations);
3. request the CGPC to report to the Board on all delegated decisions made by the CGPC at each Board meeting; and
4. request the GERF, in consultation with the CGPC, to review the implementation of this delegation of authority and to report to the Board at its next governance review.

4. GERF RECOMMENDED DECISION (OPTION 2)

BOD/2015/05-XX—[Title]: The Board of Directors agrees to:

1. delegate authority to the Country Grants and Performance Committee ("CGPC") to approve any grants, except for those that have been delegated to the Secretariat for approval, unless a Board Member prior to CGPC deliberations or a CGPC Member requests that a grant be brought to the Board for approval;
2. delegate authority to the CGPC to approve material changes to grants, as defined in the Policy on Education Sector Program Implementation Grants;
3. request the CGPC to report to the Board on all delegated decisions made by the CGPC at each Board meeting; and
4. request the GERF, in consultation with the CGPC, to review the implementation of this delegation of authority and to report to the Board at its next governance review.

5. REASONS FOR RECOMMENDATION

5.1 The purpose of streamlining the decision-making process for grants is to enable the Board to:

- improve the timeliness of certain grant decisions, thereby granting approval of requests in a more timely manner;
- decentralize decision-making by delegating authority to the CGPC for approval of accelerated funding and material revisions to grants; and
- strengthen the governance model.

5.2 Board decisions on new grants are central to the Global Partnership and therefore need to be taken in the most effective and efficient way. The rationale for the original proposed delegation to the CGPC (Option 1) was to ensure that time sensitive decisions are taken in a timely and efficient manner. The Secretariat identified two situations in which this delegation would improve the decision-making process and assist governments and their partners to quickly respond to changing circumstances. The first case is the allocation of accelerated funding for emergency and early recovery activities (in accordance with the guidelines for accelerated support in Emergency and early recovery situations). In this case, the Global Partnership has the possibility to react within a very short timeframe. Moreover, the maximum amount to be allocated as accelerated funding is limited to 20% of the Maximum Country Allocation ("MCA"). Finally, the accelerated

funding with its limitation to 20% of the MCA per definition does not include the incentive-based variable part.

5.3 The second case concerns the authority to approve material changes to grants, as defined in the Policy on Education Sector Program Implementation Grants. Material changes include the reallocation of resources above US $ 10million or 25% of the grant and/or extension of more than one year and/or changes to the indicators and/or means of verification for the disbursement of the Variable Part. Minor revisions to the GPE funded program, including reallocations of 10% of the grant amount, are delegated to Developing Country Partner and the Supervising Entity, under the condition of endorsement by the Local Education Group ("LEG"). Non-minor but non-material revisions, including reallocations above 10% but below 25% of the grant amount and extensions up to 12 months, are delegated to the Secretariat. All other revisions must currently be submitted to the Board.

5.4 While changes in the allocation of resources above 25% are material, it is important that they are reviewed by the CGPC to assess value for money. Once the technical aspects of a material request for a change in grant resources are assessed by the CGPC, the committee is in a strong position to decide whether or not the changes requested are valid and whether they will positively or negatively affect the objectives and outcomes of the grant. It therefore makes sense that in cases where the CGPC is comfortable in making a decision on the extension, they as a committee are delegated the authority do so. In the event the CGPC decides that the decision merits Board review, the committee can decide to defer the decision to the Board.

6. SUMMARY OF THE GERF MEETING DISCUSSION

6.1 During its deliberations, the GERF felt that delegating responsibility to those who had the most knowledge of the grants would promote better decision-making The GERF discussed the merits of taking this principle beyond emergency grants to encompass the entire grant portfolio (with the exception those grants already delegated to the Secretariat for approval).

6.2 The GERF cited several arguments in favor of recommending a broader delegation. The first was that there would be an even stronger impact on mitigating Risk 3.12 by improving the timeliness for approval of the majority of grants. The GERF felt strongly that the CGPC has the more time and better technical expertise than the Board to review the grant applications in depth. They noted that the large majority of grants have been approved by the Board without any

discussion. The GERF also felt that in terms of good governance, having delegation rest with the CGPC helped to promote accountability for decision-making. Finally, the GERF noted that several hours of Board meetings are usually taken up by the Chair of the CGPC presenting each grant to the Board and there are normally limited Board discussions on individual grants. This time could be better used to discuss strategic issues.

6.3 The GERF noted the importance of including safeguards for this delegation in in order to ensure the Board retained its overall decision-making role. The recommended two safeguards: that any member of the CGPC could request that a grant be brought to the Board; and that any Board Member could request a Board–level review of any grant prior to CGPC deliberations.

7. SUMMARY OF THE DISCUSSION AT THE CGPC

7.1 A member of the GERF attended the CGPC meeting in Washington, D.C. and explained the GERF's disposition to give the CGPC broader delegation to approve grants with the safeguards discussed above, as well as the reasons why the GERF had come to this conclusion. The committee member also emphasized that the GERF wished to propose this broader delegation to the Board as a joint decision with the CGPC.

7.2 The CGPC discussed the merits of the GERF's second option for the delegation. Most of the committee members were favorable to the idea, t but some requested time to consult with their constituencies. The CPGC members therefore recommended that the GERF and CGPC present the original delegation option as a joint recommendation to the Board and that the GERF recommend the second option as an alternative. In the meantime, prior to the Board meeting, the CGPC members would consult with their constituencies to sensitize them to the GERF's recommendation.

8. RISK

8.1 The risks associated with the implementation of this decision are limited due to the safeguards included to retain the decision-making authority of the Board. All power delegated by the Board of Directors will be exercised under the authority and direction of the Board and any such delegation may be rescinded by the Board at any time. The GERF will review the implementation of this delegation of authority and report to the Board.

9. NEXT STEPS

9.1 Pending Board approval, the CGPC will execute this authority in all cases going forward.

9.2 The GERF will further review governance decision making processes (areas that need Board approval of delegation of authority to Committee or Secretariat) and will make recommendations to the Board on how to address any other areas that can be streamlined to improve efficient and effective decision-making as well as the terms of reference for each committee and proposed revisions. This analysis will be part of the full governance review that the GERF will carry out at the end of the Technical Committees' initial two-year term.

10. PLEASE CONTACT Christine Guétin at cguetin@globalpartnership.org or Sven Baeten at sbaeten@globalpartnership.org for further information.

11. REFERENCE

Streamlined Grants Decision-making Process, GERF/2015/04 DOC 05