HONDURAS MULTIPLIER EDUCATION SECTOR PROGRAM IMPLEMENTATION GRANT US$10 million

The Review Meeting (RM) met on November 24, 2019: Jo Bourne (chief technical officer), Sven Baeten (acting manager Country Support Team), and Matthew Damian Smith (Risk and Compliance Team lead in representation of Padraig Power, Chief Financial Officer) agreed, on the basis of successful completion of the Secretariat's quality assurance review process, to recommend to the Chief Executive Officer (CEO) to approve an allocation of US$10,000,000 for a Multiplier grant to Honduras with the World Bank (WB) as grant agent.

Jo Bourne	Sven Baeten	Matthew Damian Smith
Chief Technical Officer	Acting Manager, Country Support Team	Risk and Compliance Team lead

CEO DECISION – Honduras' Multiplier Grant

Allocation for a Multiplier Grant to the Republic of Honduras: The CEO, in her delegated authority from the Board of Directors, with respect to the application submitted by Honduras in the fourth round of 2019:

1) Notes compliance with the requirements for accessing the fixed and variable part of the Multiplier maximum country allocation (MCAM), as described in the application and summarized and assessed in the Final Readiness Review (FRR).

2) Notes compliance with the requirements of co-financing, additionality, and debt sustainability for accessing the MCAM, as described in the application and assessed in FRR.

3) Approves an allocation from GPE trust funds for a multiplier grant, as described in the application submitted and summarized in Table 1, subject to:

a) Availability of funds.

b) Board decision BOD/2012/11-04 on commitment of trust funds for ESPIGs in annual installments.

c) Review Meeting's recommendation for funding, including (all amounts in US$):

4) Requests the Secretariat to:

a) Include an update on the issues listed as "report backs" in the Grant Performance Report in accordance with the specified timeline.

Approved: _____

Not Approved: _____

Date: 1/17/20

Table 1: Application Summary and Secretariat's Allocation Recommendations for a multiplier grant in US $:

Honduras		
a.	Multiplier Maximum Country Allocation	10,000,000
b.	Allocation Requested (100%)	10,000,000
c.	Fixed Part Requested	7,000,000[1]
d.	Variable Part Requested	3,000,000
e.	**Allocation Recommended**	**10,000,000**
f.	Grant Agent	World Bank (WB)
g.	Agency Fee % - Amount	1.75% - 175,000
h.	Implementation Period	5 years
i.	Expected Start Date	July 31, 2020
j.	Variable Part Disbursement Modality	Ex-Post
k.	Funding Source	GPE Fund
l.	Co-financing institution(s) -Amount	30,000,000 (World Bank)

Table 2 – Review Meeting Observations, Report-Backs, And Conditions

Honduras	
Observations	The Secretariat appreciates the government efforts towards producing an Education Sector Analysis and Education Sector Plan (ESP) and its accompanying costed implementation plan for the Ministry of Education. Moreover, the Secretariat acknowledges that having the ESP appraised and endorsed were significant steps towards improvement in sector planning. The Secretariat is also aware of the efforts made in coordinating main education partners in the country to jointly discuss and agree on sector-wide planning, implementation and monitoring and would like to commend efforts of convening these actors within the structure of a Local Education Group.
Report-Backs	*For the government via the joint sector review report on an annual basis:* 1. Given the high financing gap of the Education Sector Plan and the goal to reverse the decreasing trend in education financing, the Secretariat requests for an annual report back via the joint sector review on the share of the government budget allocated for education. *For the coordinating agency:* 2. With the understanding that the National Education Council (CNE), Secretariat for General Government Coordination (SCGG) and Ministry of Education (SE) will continue to jointly coordinate sector planning, monitoring, and implementation in

[1] Includes US$500,000 for the cost of the grant agent to perform its roles and responsibilities.

	alignment with the ESP and in coordination with the development partners group (MERECE), and that these actors will strengthen LEG governance, effectiveness, and participation, the Secretariat requests an update on LEG improvement and effectiveness within the first year of program implementation (the LEG self-assessment survey could be used for this purpose).
Conditions	N/A

1) Background:

On November 04, 2019, United Nations Children's Fund (UNICEF) in Honduras as the Coordinating Agency on behalf of the Ministry of Education the Government of Honduras, the World Bank and the Local Education Group (LEG) in Honduras submitted an application of US$ 10 million to access the GPE Multiplier Allocation for Honduras. The application was reviewed and endorsed by the Local Education Group in Honduras.

2) Review Meeting (RM)

On November 24, 2019, the Secretariat's RM discussed the final application package and provided clearance for approval. The meeting included:

Management: Jo Bourne (chief technical officer), Kirsten Majgaard (Quality Assurance Team lead), Sven Baeten (acting manager Country Support Team), Nilse Ryman (regional manager Country Support Team) and Matthew Damian Smith (Risk and Compliance Team lead). Written comments provided by Margarita Focas Licht (Chief Effective Partnership Review)

Presenters, peer reviewers and quality assurance reviewers: Alexandra Solano (Country Lead, Honduras), Katherina Hruskovec (Education Specialist and peer reviewer), Arianne Wessal (Quality Assurance Focal Point), Lida Homa (Quality Assurance-note taker)

3) Internal Review and Main Conclusions

- Agreed to recommend the application for approval.
- Agreed that the requirements and program standards for accessing the fixed and variable part of the Multiplier Maximum Country Allocation are met, as well as the Multiplier-specific requirements on co-financing, additionality and debt sustainability.
- Agreed with the conclusions and recommendations in the QAR III report and requested to add a report-back on domestic financing expenditures given the high financing gap of the Education Sector Plan (ESP) and the goal to reverse the decreasing trend in education financing.
- On Implementation Arrangements and Readiness: While the program operations manual is not completely finalized, it is noted that the country and the grant agent will have sufficient time until the program start date to be ready for implementation.

4) Funding Model Requirements

Requirements/Criteria	Met (if not met, why is it considered acceptable)
Fixed Part Requirements (Ref. pages 7-9 of Final Readiness Review)	
Requirement 1: A credible, endorsed Education Sector Plan	**MET:** The ESP 2018-2030 is Honduras' first sector-wide plan. It is also the country's first endorsed and independently appraised ESP accompanied by a comprehensive Education Sector Analysis (ESA) and by costed action plans.

Requirement 2: Evidence of commitment to ESP and its financing.	**MET:** In 2017, actual education spending was 26.2% of total public expenditure (excluding debt servicing), meeting the benchmark of allocating 20% or more of domestic resources to education. The country also meets the requirement of allocating 45% or more of its education budget on primary education. The ratio of primary school expenditures over total education spending was 45.1% in 2018 and is programmed to increase to 47.5% by 2021.
Requirement 3: Availability of Data.	**MET:** The ESA was finalized in July 2017 and updated in January 2018. The country has regularly reported data to UIS and reported on 10 of the 12 key indicators per GPE's results framework. The government has recognized that an improved EMIS and stronger coordination will improve reporting.
Variable Part Criteria (Ref. pages 16-19 of Final Readiness Review)	
(i) Sector alignment (ii) Relevance (iii) Transformative effect (iv) Adequacy of indicators and targets (v) Reliability of means of verification (vi) Clarity and adequacy of disbursement mechanism	**MET:** All three VP strategies include a clear theory of change, a clear rationale for why the investments are relevant per the ESA/ESP challenges and why the milestones are considered stretch and transformational. VP strategies and indicators were identified based on national policies and priorities areas that were discussed and validated by the educations donor group and government stakeholders. The verification of the results for the VP is clearly defined as are the disbursement mechanisms. **Efficiency:** Development, approval and nationwide implementation of Preschool Education Model to improve quality of education **Total: US$1.385 million** **Equity:** Strengthened and Active Municipal Education Councils disadvantaged departments to promote community participation in preschool education **Total: US$580, 000** **Learning:** Certified preschool teachers and educators with improvements in their professional development plan and educators receiving certification bonuses to support improved pedagogical practices **Total: US$1.035**
Multiplier Requirements (Ref. page 10 of FRR)	
(i) Additionality (ii) Co-financing (iii) Debt sustainability	**MET:** Honduras leveraged US$30 million in additional financing from the World Banks' IDA through the Multiplier ESPIG. Honduras is at low risk of debt distress per the most recent Bank-Fund joint DSA update (August 31, 2019), with co-financing (30 million) and instrument (IDA credit) remaining the same since the approval of the Expression of Interest (EOI).

5) Delays

- The first delay started with the development of their ESP. An ESPDG was granted in 2015 for Education Sector Analysis and ESP development with the ESP being finalized and submitted in April 2019. Delays were due to lack of capacity in data collection and analysis, lack of coordination among education actors, changes (4) of Minsters of Education and distractions per controversial presidential election in 2017.
- There were also delays with the submission of the Multiplier Expression of Interest (EOI). The delay was due to the Minister of Finance (MoF) taking 2-3 months to endorse and sign the EOI.
- The application was intended to be submitted in the August 2019 ESPIG round but was delayed to November 2019 due to change of Minister of Education in January 2019 and April 2019 national protests paralyzing the country for months.

6) Past Performance

Not Applicable. This is Honduras' first Multiplier ESPIG. In 2017, Honduras became eligible for a US$10 million Multiplier Grant. While the country has not been ESPIG eligible, in 2015 it received an Education

Sector Plan Development Grant (ESPDG) to develop its Education Sector Analysis (ESA) and its first sector-wide Education Sector Plan covering 2018-2030

7) Risks and Mitigation Measures (Ref. page 14 of Final Readiness Review)

The Risk Identification and Mitigation Measures identified in the program document are pertinent given the country context and are overall identified as *substantial.* This rating seems appropriate in the country context given weaknesses in government capacity for implementing and monitoring policies and programs and its inexperience with this type of financing (results-based financing). There are also high fiduciary risks given the persistent weakness in the education system regarding transparency, governance and accountability. These risks will be mitigated through several measures, including close cooperation of Grant Agent staff with the Ministry of Education (MoE), especially during the first year of implementation. There will also be Project Implementation Unit within MoE will help manage the program, which includes coordination between the MoF and MoE and will build the capacity of the Ministry of Education to manage preschool education.

8) ANNEXES

Annex 1: Secretariat Quality Assurance Review Phase III (QAR III) Report
Annex 2: Honduras' Application for the GPE Multiplier Fund
Annex 3: Project Appraisal Document (PAD)
Annex 4 : Review Meeting Memo