BOD/2019/12 DOC 12
Meeting of the Board of Directors
December 10-12, 2019
Nairobi, Kenya
For Decision

INCREASING EFFICIENCY THROUGH DELEGATION

Please note: Board documents are deliberative in nature and, in accordance with the GPE Transparency Policy, are considered public documents only after their appraisal by the Board. It is understood that constituencies will circulate Board documents among their members prior to Board consideration for consultation purposes.

Recommended by: Grants and Performance Committee

Committee Consideration:

- The GPC at its October meeting reviewed a proposal delegating to the Secretariat the approval of education sector program implementation grants (ESPIGs)/Multiplier grants of US$10 million and below and increasing the delegation to the GPC up to US$25 million.
- The proposal was made in the context of the Effective Partnership Review principle to reduce transaction costs associated with grant approval processes and the Board's request to explore ways to accelerate grant disbursements and alleviate the workload of the GPC and Secretariat. The proposal to delegate to the Secretariat would have the effect of reducing GPC approval workload by approximately 50% in exchange for 7% of the dollar value of grants for approval moving to the Secretariat.
- There was favorable support for increased delegation to the GPC. However, there were different views on the proposal for delegation to the Secretariat. Those in favor appreciated that delegating to the Secretariat would allow countries to receive funding sooner and reduce the workload of the GPC and Secretariat without compromising on quality assurance. Importantly, they appreciated that the decreased workload for the GPC would allow the Committee to shift its focus from grant applications to grant performance and noted that a less heavy approval process could further incentivize GPE prospects for co-financing in simplifying the approval process and the ability of the Secretariat to be more flexible in the timing of the approval. Committee members further supported the proposed safeguards for the delegation. Those against were concerned about losing the diverse partnership perspectives in grants via GPC review of and Board consultation on the grant proposals.
- Given the diverging views, the Chair proposed to ask the Board to consider the three options of varying degrees of delegation set out in this paper.

Board Policy Reference: BOD/2019/06-15—Effective Partnership Roll-Out; BOD/2017/06-09-Decision Framework

1. Objective

1.1 For the Board to consider whether the advantages of increased delegations of grant approvals outweigh the concern of some constituencies that further delegation – specifically to the Secretariat - risks the loss of opportunity to ensure that the diverse range of GPE partner priorities are reflected in GPE grants. Consequently, the Board approves Option 1, 2, or 3.

2. Recommended Decision

Option 1: Maintain status quo: delegation to GPC up to US$10 million.

BOD/2019/12-XX- Delegation of Grant Approvals: The Board:

1. Acknowledges the transaction costs associated with grant approvals by the Board and the Grants and Performance Committee and notes that these are justified in order to ensure that each GPE grant reflects the diverse perspectives and priorities of the Partnership.
2. Affirms its decision to limit standing delegation of authority of ESPIG/Multiplier grants to the GPC of US$10 million and below or its equivalent in Euros plus applicable agency fees, and accelerated funding requests of any size.

Option 2 (Proposal reviewed by GPC in October): Increased delegation to GPC up to US$25 million and new delegation to Secretariat up to US$10 million.

BOD/2019/12-XX–Increasing Efficiency through Delegation: The Board of Directors:

1. Emphasizes the importance of reducing transaction costs, increasing the efficiency of grant approval processes, and rebalancing limited GPC time from applications to oversight of performance, while maintaining high standards of oversight and quality assurance.
2. Adopts the following risk-based approach to the delegation of grant approvals:
    a. Delegates standing authority to the GPC to approve ESPIG/Multiplier grant approvals (including accelerated financing and additional financing) not to exceed US$25 million or its equivalent in Euros plus applicable agency fees, noting that the GPC may continue to refer applications for Board decision if deemed to be in the interests of the partnership.
    b. Delegates standing authority to the Secretariat to approve ESPIG/Multiplier grants (including accelerated financing and additional financing) not to exceed US$10 million or its equivalent in Euros plus applicable agency fees, provided that the Secretariat's assessment is that all applicable requirements and standards have been

assessed as fully met. In cases requiring deliberation/exceptions, the Secretariat shall refer the application for GPC review and decision.

c. Requests the Secretariat to notify the GPC regularly of upcoming ESPIG/Multiplier applications not exceeding US$10 million or its equivalent in Euros, to inform the GPC and Board of any such grant approvals it has made, and to make available the documentation of its assessment and decision meeting minutes of each application to facilitate oversight.

Option 3: Increased delegation to the GPC up to US$25 million with the option for the GPC to subdelegate to the Secretariat grant approvals of US$10 million and below.

BOD/2019/12-XX–Increasing Efficiency through Delegation: The Board of Directors:

1. Emphasizes the importance of reducing transaction costs, increasing the efficiency of grant approval processes, and rebalancing limited GPC time from applications to oversight of performance, while maintaining high standards of oversight and quality assurance.
2. Delegates standing authority to the Grants and Performance Committee (GPC) to approve ESPIG/Multiplier grant approvals (including accelerated financing and additional financing) not to exceed US$25 million or its equivalent in Euros plus applicable agency fees, noting that the GPC may continue to refer applications for Board decision if deemed to be in the interests of the partnership, or subdelegate to the Secretariat grant approvals not to exceed US$10 million or its equivalent in Euros plus applicable agency fees. The GPC will determine the operational mechanism of the option to subdelegate to the Secretariat at its January 2020 meeting.

B. Annexes

ANNEX A: Background

ANNEX B: Impact of Delegation of Grant Approvals and Safeguards

ANNEX C: Overview of Quality Assurance and Approval Process

ANNEX D: Remaining and Potential Additional 2018-2020 MCAs and Approval Authority

ANNEX A: Background

3.1 In June 2018 (BOD/2018/06 DOC 06), the Board delegated the approval of grants up to US$10 million to the GPC and adopted a streamlined process for adding additional financing to existing grants. This has provided only limited efficiencies in grant approvals and it did not alleviate the substantial workload and transaction costs of the GPC or the Secretariat in the grant process.

3.2 Over the course of 2018/2019, the Secretariat, GPC, and Board along with partners have invested significant time and energy in conducting the Effective Partnership Review and have now moved to roll-out of the recommendations. A key EPR principle adopted by the Board at its December 2018 meeting was to **"Reduce GPE processes and transaction costs."**

3.3 At the June 2019 meeting, the Board also flagged the importance of operating as efficiently as possible and to explore actions to save on Secretariat staff time. It noted the Secretariat recommendation to explore increased use of delegation as a means of reducing transaction costs and increasing the timeliness of GPE operations. The Board also stressed the importance of accelerating the timely utilization of replenishment resources. In addition, the Board reiterated its desire to alleviate workload pressures on the GPC related to grant approval processes, and for the GPC and the partnership more generally to shift efforts from development to implementation of sector plans:

"Requests the GPC to update the Board at the December 2019 Board meeting on ways of effectively examining grant performance and how the Board can further improve its responsibilities in relation to grant performance as set out in the Accountability Matrix."

3.4 In response, the Secretariat requested that the GPC at its October 2019 meeting review two proposals that would substantially reduce the volume of work related to grant approval processes for the Board, GPC and Secretariat. The first recommendation included increased delegation to the GPC to approve allocations from a current ceiling of US$10 million (US$20 million for accelerated financing requests) to US$25 million. The second recommendation included a new delegation to the Secretariat to approve grants and additional financing requests not to exceed US$10 million.

3.5 There was favorable support for increased delegation to the GPC. However, there were mixed views on delegation to the Secretariat. Some GPC members supported the request, noting

that delegating grant approvals to the Secretariat would significantly reduce transaction costs for the GPC and Secretariat, give the Committee time to focus more on grant performance, and could incentivize co-financing of GPE grants by simplifying the GPE grant approval process and allowing a degree of flexibility in the timing of approvals based on need. The Committee also noted that the proposal from the Finance and Risk Committee (FRC) to provide additional MCAs to countries eligible for accelerated funding (BOD/2019/12 DOC 09) would likely further increase the GPC's workload under the current approval structure with additional applications in 2020 (as would the FRC recommendation to increase the MCA floor for ESPIG eligible small island and landlocked developing states to US$2.5 million and for all other ESPIG eligible countries to US$7.5 million; BOD/2019/12 DOC 09).

3.6 Other Committee members expressed strong concern that delegating approvals of any grants to the Secretariat without GPC/Board review would result in the loss of the diverse range of Partnership perspectives in the GPE grant approval process. Specifically, during GPC review of grant proposals, Committee members relay feedback received from their constituencies on the grant proposals. If deemed valid by the Chair, this feedback is included in the GPC observations, report-backs and/or conditions that accompany the Board or GPC decision on the grant proposal. As such, the Partnership at global level can ensure that issues that are key to them are taken on board in the grant decision. Other GPC members did not express support for the concern and appreciated the proposed safeguards, including that the GPC would be alerted to the pipeline of Secretariat delegated decisions and that any one GPC member could raise key issues on a specific grant proposal to the attention of the Secretariat to take on board in its assessment of the proposal, or request a specific grant proposal be deferred to the GPC or Board for decision.

3.7 Given the strong dissent, the Chair proposed to forward three recommendations to the Board with varying levels of delegations.

ANNEX B: Impact of Delegation of Grant Approvals and Safeguards

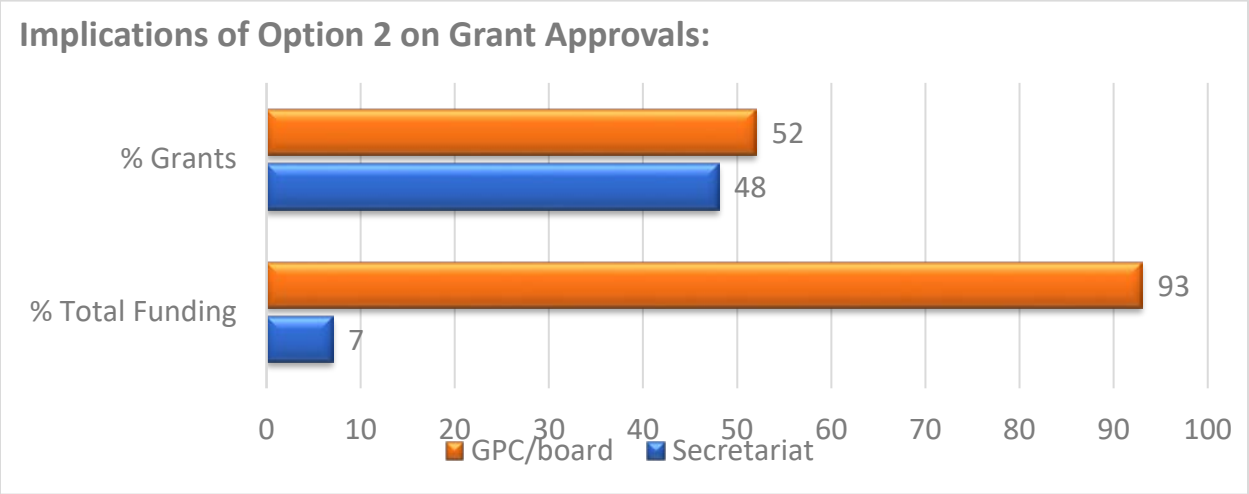
1. Impact of delegation on transaction costs

	Delegation to GPC	**Delegation to Secretariat**
Reduced duplication of application review	✓ **25 percent reduction.** The standard approach is that grant applications are reviewed four times: first by the LEG after which the application is submitted, then the Secretariat conducts its quality assurance review, then the GPC reviews and finally the Board. Delegating approval to the GPC would thus reduce the number of reviews by 25 percent.	✓ **50 percent reduction.** Duplication of review is further reduced by eliminating GPC review, relying on the inputs of the Partnership at country level via the LEG and subsequent verification by the Secretariat that the funding requirements and program standards are clearly and fully met. If not, the GPC is consulted or the application deferred to the GPC.
Reduced approval process	✓ **29 percent reduction.** Following the receipt of an application, the Secretariat needs approximately six weeks to quality assure an application and finalize the QAR III report for the GPC, which is circulated approximately three weeks before a GPC meeting. Following a GPC meeting, it takes approximately one week to finalize the recommendation language, one week to launch the affirmative vote process, and three weeks for the affirmative vote process to take place. Delegating the decision to the GPC would thus reduce the grant approval process from 14 weeks to 10 weeks.	✓ **57 percent reduction.** If delegated to the Secretariat, decisions on applications would be made once the QAR III report is finalized at which time the Secretariat CEO considers the recommendation in the QAR III report. This would reduce the approval time from some 14 weeks (see left column) to six weeks, the time it takes for the Secretariat to quality assure a grant proposal once submitted.
Reduced workload	**For Secretariat:** ✓ No post-GPC meeting consultation with Committee on decision language and drafting of Board paper ✓ No affirmative vote process (create/review/test voting	**For Secretariat:** ✓ Less detailed QAR III Report (Reduce average QAR III report for a regular ESPIG from 30 pages to approximately 15 pages by excluding sections on country context, summary of the application form, and

	platform and verify/update site access eligibility; prepare related email communications to the Board; track votes and send targeted reminders to vote; respond to questions from Board constituencies) **For GPC:** No reduction of workload. **For Board:** ✓ No review of grant application and GPC recommendation.	Secretariat recommendations, and instead relying more on the Secretariat quality assurance annexes on the funding model requirements and program standards) ✓ No handling/tracking of translations. ✓ No presentation/preparation for GPC meeting ✓ No post-GPC meeting consultation with Committee on decision language and drafting of Board paper ✓ No affirmative vote process (see details in column to left) **For GPC:** ✓ No review of application package ✓ No preparation for GPC meeting ✓ No post-meeting consultation with constituencies/follow-up in reviewing draft decision language. **For Board:** ✓ No review of grant application and GPC recommendation
Increased strategic shift focus	N/A	✓ More time at GPC meetings allowing the Committee to focus more on grant performance
Increased prospects for co-financing	Limited with the timing of grant approvals constrained by GPC meeting scheduling.	✓ Increased benefit. Without the necessity of GPC review, the Secretariat can be far more flexible in the timing of such reviews and approvals to fit in with the needs of countries and any co-financing prospects.
Reduced translation costs	N/A	✓ On average US$3,000 per QAR III report for an estimated total in grant-related translation costs of at least US$100,000 in the next 12 months.

2. Impact of delegation to Secretariat on Board approval authority of overall portfolio

2.1 From a financial perspective, the impact of delegation to the Secretariat under Option 2 is relatively limited, with the Board retaining direct approval authority for approximately 93 percent of the dollar value of total funding, as shown below with details set out in Annex D. Annex D further shows that while up to 32 grant approvals would be delegated to the Secretariat under Option 2, the combined value is only US$134 million or 7 percent of the dollar value of total applications. **The effect, however, would be a reduction of the GPC grant review workload of almost 50 percent.**[1] This percentage is based on the GPC reviewing 35 applications under Option 2 instead of 67, so 32 fewer applications which the Secretariat would manage. Of these 32 applications, approximately 23 include applications with new programs or complex context that would require discussion during a GPC meeting and could not be handled via a non-objection decision. Grant sessions are typically allocated 90 minutes per grant so the Committee would likely save several hours per face-to-face meeting. These significant time savings for GPC members could be re-oriented towards oversight of grant implementation and performance**.**



3. Safeguards of delegation

Increased delegation to the GPC

3.1 All constituencies have the opportunity to provide feedback into the grant review through their constituency category representatives on the GPC. The GPC has a proven track

[1] Based on the scenario set out in Annex D. Please note the variables listed there that may impact the actual size of work load reduction.

record in rigorously reviewing grant applications and the Board routinely approves GPC grant recommendations.

3.2 The GPC would retain the right to refer applications for approval to the Board if it felt in the best interests of the partnership to do so. These could include politically sensitive applications, or applications where there is no strong consensus, or that raise major strategic or policy issues.

3.3 If the Board is not satisfied with how the GPC is executing its delegated authority, it could revoke or amend the delegation. The Governance and Ethics Committee conducts regular reviews of the appropriateness of delegation authority across GPE's governance structures.

Delegation to the Secretariat

3.4 Naturally, delegating to the Secretariat begs the question how the GPC and Board would fulfill its oversight roles.

3.5 Firstly, the GPC and Board would have the ability to review the decisions made and related documentation, including minutes of review meetings, which would be made available. The Board could adjust the delegation or processes if it considers the Secretariat decisions out of line with GPC/Board expectations. This is similar to implementation of the Contributions and Safeguard Policy where the Secretariat may accept targeted contributions and reports at regular meetings of the FRC on the decisions it has taken, including demonstrating compliance with the policy.

3.6 Secondly, the Secretariat would escalate applications to the GPC if it is unclear whether funding requirements are met, and could also escalate to the GPC, or via the GPC even to the Board, applications that might be politically sensitive, or raise major strategic or policy questions.

3.7 Thirdly, the Secretariat would update the GPC regularly on the grant pipeline for Secretariat decision. This would afford GPC members and constituencies the opportunity to draw any issues of concern (particularly from partners in-country) to the Secretariat that may be relevant to the decision-making process. Significant emphasis has been placed on ensuring inclusive LEG processes, but in the event that concerns are formally voiced by the coordinating agency, the Secretariat will automatically inform the GPC and defer to the GPC Chair whether the application should be discussed by the GPC.

3.8 Fourthly, the GPC and Board would not be giving up oversight. They would rather be placing reliance for relatively low-value grants on robust quality assurance mechanisms already in place, through the grant agent's quality assurance process, and through the Secretariat's quality assurance process (See Annex C). Secretariat decisions would be signed off by the CEO or Deputy CEO and would be based on the joint recommendation of the chief technical officer, chief financial officer, manager of the Country Support Team, and the chief of Effective Partnership, who would collectively review each application and the findings of the quality assurance review.

3.9 Delegation of authority to the Secretariat is not unusual in the sector, and currently the Education Cannot Wait Director has delegated authority to approve grants of up to US$3 million, noting that many of these grants are operating in high risk contexts with NGO implementers, and with a smaller Secretariat review team.

ANNEX C: Overview of Quality Assurance and Approval Process

Delegation of approvals of smaller-sized grants to the Secretariat and GPC would retain robust approval processes as set out below.

Step 1: Secretariat reviews the application for completeness and internal consistency between documents, reverting to country for additional information or corrections as necessary.

Step 2: The Quality Assurance (QA) Team reviews the application through the GPC matrix to assess the degree to which it meets the standards set out in the matrix; the finance team looks at budgetary and implementation arrangement issues, while the country lead (CL) the regional manager and peer reviewers review from a general technical perspective. The QA Team, CL and peer reviewers then discuss and agree on conclusions and preliminary recommendations, which are summarized in a draft Quality Assurance Phase III report and submitted to a sub-set of Secretariat managers (Management Group) which includes the Country Support Team (CST) manager, Chief Technical Officer (CTO); the Chief Financial Officer (CFO), and Chief of Effective Partnership.

Step 3: The Management Group (as defined in step 2) organizes a ***Review Meeting*** with the CL, Regional Manager, QA lead and focal point and other peer reviewers as relevant to discuss the application. The Review Meeting concludes on the QAR III report, including Secretariat recommendations to the CEO/Deputy CEO for final decision or to the GPC depending on delegation authority. The Review Meeting can conclude that the application is not ready to be forwarded to the CEO/Deputy CEO or GPC, in which case it will contact the grant agent to discuss and agree next steps.

Step 4: The QAR III report and background documents are submitted to the CEO/Deputy CEO for Decision or to the GPC for discussion.

Step 5: Applications discussed by the GPC are approved or forwarded to the Board for decision based on applicable delegation of authority

ANNEX D: Remaining and Potential Additional 2018-2020 MCAs and Approval Authority

1. *Amounts and numbers may change based on the further uptake of available Multiplier funds and consolidation of small island MCAs into regional grants and based on Board decisions on the Finance and Risk Committee recommendations on additional MCAs for accelerated funding (BOD/2019/12 DOC 09) and raising the MCA floor for ESPIG eligible small island and landlocked developing states to US$2.5 million and for all other ESPIG eligible countries to US$7.5 million (BOD/2019/12 DOC 08).*

2. *Countries are strongly encouraged to submit a single grant application for the various MCAs to reduce transaction costs. In the event of justified separate applications, the approval authority is determined by the Board decision on the level of delegation to GPC and Secretariat and the amount of each grant application.*

3. *Under the maximum level of delegation proposed (Option 2) and assuming consolidated grant proposals where countries have more than one MCA, the approval authority is as follows based on the table further below:*

Board Approval Authority		**GPC Approval Authority**		**Secretariat Approval Authority**	
Grants	Funds	Grants	Funds	Grants	Funds
24	1,555 million	11	185 million	32	134 million

Remaining and Potential Additional 2018-2020 MCAs in US$ millions						
Country	**ESPIG MCA Balance**	**Multiplier MCA Balance**	**Additional MCA for accelerated funding (FRC proposal)**	**Additional MCA for SILDs**	**Additional Increase over Cap**	**Maximum Total MCA**
Ethiopia	100	20	20	0	25	165
Congo, Dem. Rep.	100	0	20	0	25	145
Mozambique	100	0	20	0	25	145
Nigeria	100	0	20	0	25	145
Uganda	100	0	0	0	25	125
Niger	85.1	0	17.02	0	0	102.12
Sudan	59	0	11.8	0	0	70.8
Bangladesh	53.9	0	10.78	0	0	64.68
Mali	45.7	0	9.14	0	0	54.84
Malawi	48.7	0	0	0	0	48.7
Afghanistan	0	0	20	0	25	45
Pakistan	0	0	20	0	25	45

Pakistan-Punjab	40.5	0	0	0	0	40.5
Yemen, Rep.	32.4	0	6.48	0	0	38.88
Cameroon	31.04	0	7.76	0	0	38.8
Guinea	37.9	0	0	0	0	37.9
Madagascar	19.6	0	13.28	0	0	32.88
Chad	22.2	0	10.01	0	0	32.21
Central African Rep.	25.28	0	6.32	0	0	31.6
Rwanda	30.8	0	0	0	0	30.8
Burundi	21.3	0	9.38	0	0	30.68
Syria	25	0	5	0	0	30
Somalia FGS (Save)	19.3	0	9.17	0	0	28.51
Zambia	15.9	10	0	0	0	25.9
Pakistan-Sindh	24.89	0	0	0	0	24.89
Ghana	9.4	15	0	0	0	24.4
Haiti	16.5	0	3.3	0	0	19.8
Pakistan-Khyber Paktunkhwa	18.6	0	0	0	0	18.6
Eritrea	17.2	0	0	0	0	17.2
Pakistan-Baluchstan	16	0	0	0	0	16
Togo	15.6	0	0	0	0	15.6
Myanmar	0	0	14.74	0	0	14.74
Mauritania	6.8	5	0	0	0	11.8
Burkina Faso	0	0	11	0	0	11
Republic of Congo	10.7	0	0	0	0	10.7
Honduras	0	10	0	0	0	10
Tajikistan	0	10	0	0	0	10
Tanzania-Zanzibar	4.24	2.5	0	0	2.5	9.24
Timor-Leste	4.1	5	0	0	0	9.1
Somalia-FGS	8.6	0	0	0	0	8.61

South Sudan	0	0	6	0	0	6
Liberia	5.9	0	0	0	0	5.9
Kyrgyz Republic	0	5	0	0	0	5
Lao PDR	5	0	0	0	0	5
Lesotho	5	0	0	0	0	5
Nicaragua	5	0	0	0	0	5
Somaliland	0	0	4.924	0	0	4.924
Maldives	2.5	1	0	0	0	3.5
Papua New Guinea	3.221	0	0	0	0	3.221
Somalia-Puntland	0	0	2.89	0	0	2.89
Comoros	2.7	0	0	0	0	2.7
Dominica	1.3	0	0	1.2	0	2.5
FSM	1.8	0	0	0.7	0	2.5
Grenada	1.3	0	0	1.2	0	2.5
Guyana	1.3	0	0	1.2	0	2.5
Kiribati	1.8	0	0	0.7	0	2.5
Marshall Islands	1.8	0	0	0.7	0	2.5
Samoa	1.9	0	0	0.6	0	2.5
Sao Tome & Principe	2.5	0	0	0	0	2.5
Solomon Islands	2.5	0	0	0	0	2.5
St Lucia	1.3	0	0	1.2	0	2.5
St Vincent	1.3	0	0	1.2	0	2.5
Tonga	1.8	0	0	0.7	0	2.5
Tuvalu	1.8	0	0	0.7	0	2.5
Vanuatu	2.1	0	0	0.4	0	2.5
Zimbabwe	0	0	2.34	0	0	2.34
Guinea-Bissau	0.3	0	0	0	0	0.3
Total	**1,320.4**	**83.5**	**281.3**	**10.5**	**177.5**	**1,873.3**