

BOD/2011/11—DOC 07

Meeting of the Board of Directors

Copenhagen, Denmark, 9-10 November 2011



REPORT OF THE FINANCIAL ADVISORY COMMITTEE **For Decision and for Information**

1. Purpose

The purpose of this paper is to summarize the deliberations and activities of the Financial Advisory Committee (FAC) since the meeting of the Board of Directors (Board) held in May 2011 in Kigali, Rwanda. The paper also includes two recommendations of the FAC to the Board for decision, as set out in sections 3 and 4 below.

2. Background

Reconstitution of the FAC

2.1 The FAC was established at the November 2010 meeting of the Board in Madrid, Spain on an interim basis, with every constituency having the option of nominating a member and the Chair of the Board acting as interim Chair of the FAC.

2.2 At its meeting in Kigali, Rwanda in May 2011, the Board approved changes to the terms of reference of the FAC. The Board also requested the Chair of the Board to initiate the process of reconstituting the FAC and selecting a new FAC Chair in accordance with the revised terms of reference. The Board also recognized that the process for reconstituting the FAC would take some time and instructed that the interim FAC members continue to operate on an interim basis until the new FAC was reconstituted.

2.3 On 26 September 2011 the Board approved by no objection the membership of the new FAC, which will come into effect at its first face-to-face meeting on 11-12 November, 2011 in Copenhagen, Denmark. The Board also approved some revisions to the FAC terms of reference

to: (i) increase the maximum number of both donors and developing country partner constituencies on the FAC to 5 of each (rather than 4); and (ii) add an exception for the 'partnered' seats and for the seat shared by UNESCO and UNICEF that allows the Alternate to attend FAC meetings and speak on behalf of the constituency.

2.4 The Chair of the Board recently initiated the process of identifying and selecting a new FAC Chair. The mandate of the new FAC chair is scheduled to begin on 1 January 2012.

2.5. The revised FAC terms of reference approved by the Board are in Annex 1 and the composition of the new FAC membership is in Annex 2.

Interim FAC Meetings since May 2011

2.6 Since the May 2011 meeting of the Board, the Interim FAC met by teleconference four times on 29 June 2011, 8 August 2011, 30 August 2011 and 6 October 2011. Prior to holding its first teleconference, the new Quality Assurance Review process, which will replace the External Quality Review Process, was circulated to the FAC for no objection. Having received no objections, it was sent to the Board for no objection and approved by email on 13 July 2011.

2.7 During its teleconference on 29 June 2011, the FAC discussed the Secretariat's first proposal on the revised Needs and Performance Framework (NPF) which is used to determine indicative allocations for education plan implementation grants from the Global Partnership's trust fund.

2.8 The FAC's teleconference on 8 August 2011 was called to discuss a request received from the Local Education Group in Guinea Bissau, who requested to submit an application for an education plan implementation grant for an amount that was substantially above the amount indicated by the NPF. The FAC agreed that the Local Education Group may submit its application for support of implementation of their education plan above the indicative amount but noted that the NPF remains the reference point for determining indicative allocations for all countries coming forward over the period 2011-2014, including Guinea Bissau.

2.9 The FAC discussed a further version of the NPF at its teleconference on 30 August 2011 and at its meeting on 6 October 2011. A summary of the FAC's deliberations on this issue is further discussed in section 3 below.

2.10 At its meeting on 6 October 2011, the FAC also discussed the Policy and Communications Protocol on Misuse of Trust Funds and the revision to the FAC terms of reference to ensure consistency with the new Quality Assurance Review Process. While many FAC members were supportive of the Policy and Communications Protocol, most had not received comments from their legal or counter-fraud departments and so were not in a position to recommend the document to the Board at the time. Therefore, the paper is being presented once again to the Board for its approval without a FAC recommendation in BOD/2011/11—DOC 08. The FAC's recommendation with regards to the amendments to the FAC terms of reference is discussed in section 4 below.

3. Requested Decision and Reasons for Recommendation: Revised Needs and Performance Framework (NPF)

3.1 Requested Decision

The FAC recommends that the Board approve the following decision:

BOD/2011/11-XX – Revised Needs and Performance Framework and Indicative Allocations for Education Plan Implementation Grants: The Board of Directors approves: (i) the revised Needs and Performance Framework (NPF) as presented in BOD/2011/11-DOC 07, Annex 3; and (ii) indicative allocations for education plan implementation grants from the Global Partnership for Education Fund for the period 2011-2014 based on the application of the revised NPF and as presented in BOD/2011/11-DOC 07, Annex 3, Attachment 3, which will be updated to reflect the final amounts raised at the Pledging Conference on 7-8 November 2011.

The Board of Directors requests that the Secretariat advise developing country partners of their indicative allocations (other than those previously notified) and post the list on the Global Partnership website as soon as possible.

3.2 Reasons for Recommendation

3.2.1 At its meeting in May 2011 in Kigali, Rwanda, the Board endorsed three prioritization criteria for allocation of resources among developing country partners eligible for education plan implementation grants. At the same time, the Board requested the Secretariat to propose indicative allocations – based on a revised NPF – that would reflect the three prioritization criteria and covering countries expected to seek financial support for education plan implementation over the period 2011-2014.

3.2.2 The Secretariat delivered its first proposal for a revised NPF to the FAC in June 2011, which was discussed by the FAC at its audio conference meeting on 29 June 2011. At that time, the FAC could not reach a consensus on a recommendation to the Board and requested the Secretariat to submit a revised version of the NPF. The Secretariat delivered its second proposal in August 2011, which was discussed by the FAC at its audio conference meeting on 30 August 2011. While the FAC was still unable to reach a full consensus on all aspects of the revised NPF proposal – specifically on the proposed cap mechanism – it was agreed at that time that the Chair of the FAC would report to the Board indicating that a majority of FAC members supported the cap scenario at US\$80 million.

3.2.3 In addition, FAC members requested that the Secretariat present to the FAC a revised list of eligible countries (taking into consideration more detailed estimates of country applications in addition to eligibility criteria) over the period 2011-2014. The majority of FAC members support the revised NPF that is presented in Annex 3 to this paper.

4. Requested Decision and Reasons for Recommendation: Quality Assurance Process – Amendments to the FAC Terms of Reference

4.1 Requested Decision

The FAC recommends that the Board approve the following decision:

BOD/2011/11-XX – Amendments to the Terms of Reference of the Financial Advisory Committee: The Board of Directors approves the amendments to the Terms of Reference

of the Financial Advisory Committee as set out in BOD/2011/11-DOC 07, Annex 4, Attachment 1, which shall come into effect on 1 January 2012.

4.2 Reasons for Recommendation

4.2.1 On 13 July 2011 the Board approved by non-objection the revised External Quality Review (EQR) process, which will be called the Quality Assurance Review (QAR) process. The QAR is the replacement for the External Quality Review process for proposals for education program implementation grants from the Global Partnership for Education Fund, which will be implemented starting in 2012.

4.2.2 At the same time, the Board requested that the FAC present to the Board at its next face-to-face meeting revised FAC terms of reference consistent with the new QAR process.

4.2.3 Annex 4 responds to the request made by the Board and sets out the reasons for the FAC's recommendation.

5. Next Steps

5.1 The newly-constituted FAC will hold a face-to-face meeting on 11-12 November 2011 to review applications for education plan implementation grants and make allocation recommendations to the Board. The FAC will discuss seven country applications: Afghanistan, Côte d'Ivoire, Guinea-Bissau, Mali, Moldova, Mongolia and Timor Leste.

5.2 The allocation recommendations from the FAC regarding the seven countries applying this year will be circulated to the Board as soon as possible after the meeting and will be discussed by the Board at an audio conference in December 2011 or January 2012.

5.3 The next steps for each of the recommended decisions are set out in Annex 3 and Annex 4.

6. Costs of Initiative and Source of Funding

The costs of the Secretariat continuing to support the FAC are included in the Secretariat's current budget. There are no material consequences to the Secretariat's budget as a consequence of the two recommended Board decisions.

6. Contact

Board members and others with questions on this paper are invited to contact Abou El Mahassine Fassi-Fihri, FAC Liaison, at: afassifihri@globalpartnership.org.

ANNEX 1: TERMS OF REFERENCE OF THE FINANCIAL ADVISORY COMMITTEE OF BOARD OF DIRECTORS¹

A. Composition

The membership of the FAC shall consist of up to 14 members, each with relevant skills/experience, some examples of which include the following:

- knowledge of the Global Partnership for Education, its mission, vision and processes, as well as general policy issues in the field of education in developing countries
- experience in applying for or analyzing requests for funding and making recommendations
- experience in developing, managing or overseeing education programs in developing countries
- experience in/knowledge of managing country-level processes
- experience in participating in the governance structures of funding mechanisms
- experience in public expenditure analysis and/or funding civil society monitoring efforts of public expenditure
- knowledge of different costing tools, budget tracking and financing modalities

In addition, the FAC members and their organizations shall have the ability to commit up to 25 days a year to fulfill the duties of the FAC.

Candidates for FAC membership shall be nominated from the following constituencies of the Board of Directors:

- up to 5 representatives from donor countries;
- up to 5 representatives from developing country partners;
- up to 2 representatives from non-government partners (i.e. the 3 civil society constituencies or the private sector/private foundations); and
- up to 2 representatives from multilateral agencies.

The membership of the FAC may be increased to 15 in the event that the FAC Chair is not chosen from amongst the members of the FAC.

There will be no more than one member from a single constituency on the FAC. One or more constituencies may be represented on the FAC by another constituency. It will be up to the constituencies themselves to negotiate such arrangements.

Each FAC member will put forward an Alternate with relevant skills from the constituency or constituencies that the FAC member represents, who may serve in his or her stead.

¹ As amended in September 2011.

Either the FAC member or his/her Alternate may attend FAC meetings to represent his/her constituency. In the event that one FAC member is representing two constituencies, his or her Alternate may attend a meeting, but only the FAC member or the Alternate may speak on any one agenda item. Observers shall be permitted to attend FAC meetings at the discretion of the FAC Chair.

FAC members should have an appropriate mandate, be sufficiently informed, briefed and empowered after consultation with his/her constituency so that he/she can contribute to the work of the FAC and accurately represent his/her constituency.

B. Selection of Members and Terms of Service

Membership of the FAC will be determined by the Board of Directors.

The Chair of the Board of Directors shall propose membership of the FAC, based on nominations made by constituencies of the Board of Directors as against the skills and time requirements listed in Section A above.

In addition, if appropriate, priority will be given to nominees from constituencies that were not included in the previous membership of the FAC.

The Chair of the Board of Directors shall present the FAC membership to the Board of Directors for ratification.

FAC membership shall be for two years from the commencement of service of a FAC member. Membership as an interim FAC member shall not count as commencement of terms of service of a FAC member.

In the exceptional event that membership must permanently change from one delegate to another, both the incoming and outgoing members may, with the explicit permission of the FAC Chair, attend one meeting together in order to facilitate the transition of membership.

C. Chair

In addition to the skills required of a FAC member, the FAC Chair shall have the following skills/experience:

- experience in chairing governance bodies in a diplomatic, non-biased way, reconciling many different inputs into a coherent recommendation, and facilitating agreement on the basis of consensus
- experience in corporate governance matters

- readiness to work with the Secretariat on a close basis
- readiness to report to the Board of Directors on a regular basis, including by attending face-to-face meetings of the Board of Directors

The FAC Chair and his/her organization shall have the ability to commit up to 30 days a year to fulfill the duties.

Selection of the FAC Chair: The Chair of the Board of Directors, in consultation with the relevant constituency, shall identify a qualified candidate to chair the FAC from amongst the FAC members based on nominations received from the constituencies of the Board of Directors and taking into account the skills and time commitments stated above. The Chair of the Board of Directors shall present the candidate to the members of the FAC for ratification. In the event that the Chair of the Board of Directors determines that candidates from among the FAC do not adequately meet the requirements for the FAC Chair, the Chair of the Board of Directors may identify a FAC Chair from outside the FAC membership and shall present the candidate to the FAC membership for ratification.

When the FAC Chair is no longer available, or is not adequately fulfilling the role, the Chair of the Board of Directors shall nominate a replacement FAC Chair. The FAC membership shall approve the change of the FAC Chair.

D. Roles and Responsibilities

The FAC shall have the following roles and responsibilities:

1. Oversee the formulation and implementation of policies for eligibility and prioritization of funding from the Global Partnership for Education Fund in the following areas:
 - a. Support to countries for the development and revisions of education plans, program development, education plan implementation supervision and strengthening Local Education Groups and Joint Sector Reviews;
 - b. Support to countries for implementation of education plans; and
 - c. Support for regional capacity-building activities,

and make recommendations to the Board of Directors regarding any changes to such policies as appropriate.

2. Review requests and make recommendations for allocations from the Global Partnership for Education Fund to support implementation of education plans in eligible developing country partners. Requests for allocations from the Global Partnership for Education Fund to support the Secretariat annual work program, trustee fees, and the

budget of the Chair of the Board of Directors shall be made directly to the Board of Directors.

3. Review monitoring and evaluation work commissioned by the Secretariat, periodic results and performance reports and make recommendations to the Board of Directors regarding the funding of the portfolio of grants from the Global Partnership for Education Fund.
4. Analyze country-level processes, including the external quality review of proposals, and make recommendations to the Board of Directors, as appropriate.
5. Provide annual reports to the Board of Directors and make recommendations on future investment strategies.
6. Review and make recommendations to the Board of Directors on revisions to the FAC Terms of Reference.
7. Perform any other tasks delegated to the FAC by the Board of Directors.

E. Use of External Experts

The FAC Chair may approve additional participation of experts or other guests at FAC meetings.

F. Role of the Secretariat

The Secretariat shall coordinate and facilitate the work of the FAC, providing support to the FAC Chair and FAC members.

The Secretariat will appoint one qualified individual to be the FAC focal point. The focal point will provide secretarial assistance and support to the FAC, attend FAC meetings, and assist the FAC Chair in preparing, facilitating and coordinating the work plan and meetings for the FAC.

G. Committee Costs

The attendance of FAC members from developing country partner and CSOs from developing countries shall be funded by the Global Partnership for Education Fund upon request of the FAC member from these constituencies. This funding shall be facilitated by the Secretariat and shall be included in the budget of the Secretariat work program approved by the Board of Directors.

H. Meetings

The FAC shall meet:

- a. Annually, in person, to review the status of the portfolio of grants, including grants for implementation of education plans, other in-country work and global and regional activities, and any other matters that the FAC Chair determines shall be placed on the agenda; and
- b. Quarterly, to review proposals for grants from the Global Partnership for Education Fund for implementation of education plans (a "Proposal Review Meeting").

The FAC Chair shall decide prior to every Proposal Review Meeting whether to hold the meeting in person or by e-mail, teleconference, or a combination thereof.

I. Modes of Operation for Proposal Review Meetings

1. Prior to a Proposal Review Meeting, the Secretariat shall provide to the FAC, at a minimum, the following documents:
 - a. The education plan of the relevant country;
 - b. The appraisal by the Local Donor Group of the education plan;
 - c. The project documentation from the proposed Supervising Entity;
 - d. The proposal requesting an allocation from the Local Education Group;
 - e. The External Quality Review Report; and
 - f. The Secretariat's recommendation on the proposal, using the following categories:
 - i. allocate full amount as requested;
 - ii. allocate reduced amount from the amount requested, with the reasons for the reduction;
 - iii. do not allocate at this time, but encourage the applicant to revise and resubmit the proposal, indicating which areas requiring revision;

- iv. do not allocate at this time and advise the applicant that the proposal requires major revisions, indicating the areas requiring revision; or
- v. do not allocate at this time.

FAC members may request the Secretariat to provide additional information on a proposal during their review.

2. Following review of proposals, the FAC shall provide its recommendations to the Board of Directors, using the same categories as in paragraph 1.f. above and request the approval of the Board of Directors by e-mail on a no-objection or using other methods basis as determined by the FAC.

ANNEX 2: NEW FAC MEMBERSHIP (as of November 2011)

Constituency	FAC Member
Africa 2 (Benin, Burkina Faso, Cameroon, CAR, Djibouti, Guinea, Mali, Mauritania, Niger, Senegal, Togo)	Her Excellency Alim Hadidja Youssouf, Minister of Education, Cameroon
Africa 3 (The Gambia, Ghana, Guinea-Bissau, Ethiopia, Liberia, Sao Tome, Sierra Leone)	Mr. Charles Aheto-Tsega, Deputy Director-General, Ghana Education Service, Ghana
Asia and the Pacific (Bhutan, Cambodia, Lao PDR, Mongolia, Nepal, Papua New Guinea, Timor Leste, Vietnam)	Ms. Sangay Zam, Secretary, Ministry of Education, Bhutan
Eastern Europe, Middle East and Central Asia (Afghanistan, Albania, Georgia, Kyrgyz Republic, Moldova, Tajikistan, Yemen)	Mr. Hamoud Al- Seyani, Advisor to the Minister of Education, Yemen
Donor 1 (Belgium, Luxembourg, Netherlands, Switzerland)	Mr. Vincent Snijders, Adviser, Ministry of Foreign Affairs, Netherlands
Donor 2 (Australia, Spain) and Donor 4 (Denmark, Ireland, Norway, Sweden)	Ms. Hildegunn Tobiassen, Senior Adviser, Norwegian Agency for Development Cooperation, Norway
Donor 3 (Canada, United Kingdom)	Ms. Nora Fyles, Education Team Leader, Strategic Policy and Performance Branch, Canadian International Development Agency, Canada
Donor 5 (European Commission, France, Germany, Italy)	Ms. Sylvia Schmitt, Sector Advisor Education c/o German Federal Ministry for Economic Cooperation and Development (BMZ)
Donor 6 (Japan, United States, Russia)	Ms. Yuriko Akiyama, Chief for Education Aid Policy and Gender Issues, Ministry of Foreign Affairs, Japan
CSO 1 (International/Northern) and CSO 2 (Developing Country)	Ms. Swati Narayan, Independent researcher
CSO 3 (Teaching Professions) and Private Sector/Foundations	Ms. Aleesha Taylor, Director of Special Projects, Open Society Foundations
UNESCO and UNICEF	Mr. David Atchoarena, Director Education Strategies and Capacity Building, UNESCO/Ms. Susan Durston, Associate Director, Programmes and Chief, Education, UNICEF
Multilateral and Regional Banks	Ms. Elizabeth King, Director of Education, Human Development Network, World Bank

ANNEX 3: REVISED NEEDS AND PERFORMANCE FRAMEWORK FOR ALLOCATION OF RESOURCES AND INDICATIVE ALLOCATIONS FOR EDUCATION PLAN IMPLEMENTATION GRANTS

1. Background

1.1 The Needs and Performance Framework (NPF) was first discussed by the Catalytic Fund Committee meeting in Bonn in May, 2007, where there was broad agreement that allocations to countries of Catalytic Fund resources should reflect an explicit emphasis on performance in a manner consistent across countries. At the same time, there was agreement on the importance of retaining a strong emphasis on country-specific plans to address achievement of universal primary completion (UPC) and associated estimated financing needs to reach UPC. This evolution of the allocation process was seen as closely linked both to the increase in the volume of Catalytic Fund resources and to the broader effort to strengthen consistency and performance of Catalytic Fund grants at the country level.

1.2 These discussions led to the design of the first Needs and Performance Framework which was finalized in April 2008. Since that time, the NPF has been used to project indicative country allocations, as a means to inform, but not substitute for the judgment of those deciding on allocations for education plan implementation grants. As applied to date, the NPF aimed to help the Catalytic Fund Committee members compare and prioritize country allocation requests.

1.3 At its meeting in Madrid, Spain in November 2010, the Board established its decision-making authority over the new Education for All Fund (since renamed the Global Partnership for Education Fund) and also received a transfer of authority of allocation decision-making power over the Catalytic Fund by the Catalytic Fund Committee. At that time, the Board endorsed the NPF and requested the Global Partnership Secretariat to consider how limited resources could be better targeted or prioritized among eligible countries applying for education plan implementation grants (BOD/2010/11-15). The need to adopt a more targeted, “fair share” approach was seen as increasingly urgent given the uncertainty of the level of contributions to the trust funds coupled with growing demand for financial support both from countries already receiving trust fund support and from countries applying for support for the first time. The Board

requested the Secretariat to develop and recommend an approach for prioritization that would build on the then-current version NPF.

1.4 Following recommendation from the FAC, at its May 2011 meeting in Kigali, Rwanda, the Board endorsed three prioritization criteria for allocation of Global Partnership for Education Fund resources among developing country partners eligible for education plan implementation grants. At the same time, the Board requested the Secretariat to propose indicative allocations – based on a revised NPF – that would reflect the three prioritization criteria and covering countries expected to seek financial support for education plan implementation over the period 2011-2014.

1.5 The Board's decision made in Kigali, Rwanda states as follows:

BOD/2011/05-09 – Prioritization Criteria for Allocation of EFA FTI trust fund resources among developing country partners eligible for education plan implementation grants:

The EFA FTI Board of Directors approves the following prioritization criteria for allocation of EFA FTI resources among developing country partners eligible for education plan implementation grants:

- (i) fragility;
- (ii) distance from achieving gender equity in primary school; and
- (iii) performance on learning outcomes.

The EFA FTI Secretariat will present a detailed proposal incorporating these priorities, as well as issues of performance and implementation implications, covering countries expected to seek financial support over the period 2011-2014. This proposal will be presented to the EFA FTI Financial Advisory Committee (FAC) no later than 29 July 2011, for recommendation by the FAC and approval by the EFA FTI Board of Directors.

Eligibility for education plan implementation grants from the Education for All Fund will be the same as eligibility for Catalytic Fund (CF) grants unless otherwise determined by the EFA FTI Board of Directors upon recommendation by the FAC.

2. Recommended Decision

2.1 The recommended decision is contained in the cover paper to this Annex. Please note that the final amounts to be allocated over the period of 2011-2014 will not be known until after the results of the Replenishment Pledging Conference on 7-8 November 2011. At that point a final list of indicative allocations can be prepared based on the amounts raised. The indicative list found in **Attachment 3** of this Annex has been prepared on the basis of assumptions as explained in section 4 below.

3. Using the Revised NPF

3.1 **Technical Details.** The NPF by nature is a very technical tool. The details of the indicators used, the calculations and the methods of arriving at the numbers used in the NPF are provided in **Attachment 1** of this Annex. As part of the revised NPF, and in particular to capture learning outcomes in the prioritization scheme for the Global Partnership for Education Fund, the Secretariat has recommended using “top-ups”. Some initial thinking on top-ups and how they will work is provided in **Attachment 2** of this Annex.

3.2 **Indicative Allocations.** On the basis of the calculations explained in Attachment 1 and the recommended approach explained in section 4 below, the resulting indicative allocations are provided in **Attachment 3**.

3.3 **FAC and Board Discretion.** It is emphasized that the revised NPF variables and indicators are designed to serve as a consistent indicative cross-country reference point for considering allocations (and, in particular, shares of the amount available for allocation) to developing country partners for education plan implementation grants, along with other factors. The indicative amount is neither an entitlement nor a ceiling. Allocations could go above or below the NPF indicative amount, subject to the decision of the Board after receiving a FAC recommendation. This approach reflects the strong country-driven basis of the Global Partnership and enables the Board to make country-specific adjustments. Criteria for making adjustments may include, among others:

- the quality of programs submitted for financing (including their focus on educational quality, capacity, results and data);
- concerns about public finance, procurement or other systemic issues that may not be adequately reflected in the performance index of the revised NPF;
- progress on past allocations;
- turnarounds in performance (policy and capacity to use aid effectively) not adequately captured in the performance index; and/or
- outside shocks – positive or negative.

In the future, the FAC may consider adding these and other factors to their terms of reference for recommendation-making on allocations.

4. Recommended Approach

4.1 **Countries included on the Indicative Allocations List.** For the purpose of transparency and keeping in mind that final allocations will be posted on the Global Partnership website (after decision by the Board), the allocations resulting from the application of the revised NPF assume that all countries eligible for education implementation grant funds over the 2011-2014 period will request and receive funding **except:**

A. Countries in year 1 of grant implementation and with grant closing dates in 2013 or 2014, as experience has shown that three year grants take on average just under four years to disburse (as of the date of this document² these include Lao PDR, Lesotho, Liberia, Malawi, Mozambique, Nepal, Papua New Guinea, Rwanda, and Togo).³

B. Countries with grants under implementation for more than one year, but with very low disbursement rates (Guinea, 0%).

² 25 September 2011.

³ Those countries may be reconsidered during the 2011-2014 funding cycle based on the review of the indicative allocations list that will take place on an annual basis starting in November 2012 (see paragraph 4.2.)

C. Low-income countries that are ineligible for education implementation grants (because they are in International Development Association Category 3) but eligible to receive Catalytic Fund “graduation grants” (Mongolia and Moldova).

4.2 **Annual review of the Indicative Allocations List:** There are two sources of variation in the actual amount a country may be allocated over time through application of the NPF: the “share” of the country relative to all other eligible countries, and the total available funding – to which the share is applied. The share can vary as individual country indicators change (the weights of the individual indicator in the NPF formula will not change). However, as education systems generally change only slowly, the country’s share relative to all other eligible countries would likely represent a minor source of variation in the allocation. A more important source of variation over time is the total amount of funding available for allocation. As the Secretariat identifies countries that are not able to submit a full application for education plan implementation grants within the 2011-2014 period, or conversely, identifies countries that had been excluded in the original allocation round and are now eligible (e.g., new entrants to IDA 1 & 2) or are more likely to apply for a new grant (e.g., improved disbursement rate on a grant closing in 2013 or 2014), the total amount of funding available for the remaining list of countries will vary accordingly. Given that the Global Partnership has a “rolling funding” process, that is, allocations are expected to be made twice per year over multiple years, this may have an effect both on the indicative allocations of countries expecting to apply at a later stage during the 2011-2014 cycle and on the total amounts allocated to performance top-ups to all countries. Therefore it is impossible to predict with mathematical precision how much will be available to distribute at any given point in time. The Secretariat plans to mitigate this uncertainty by conducting an annual review of the indicative allocations list (based on criteria that will be discussed at the FAC as appropriate), approximately on the anniversary of the 2011 replenishment (thus, approximately in November of 2012 and 2013).

4.3 **Overall Resources to be Allocated:** As noted above, the overall resources to be allocated will be determined following the Replenishment Pledging Conference in Copenhagen, Denmark on 7-8 November. For the purposes of illustration at this point, the overall allocation amount used for the revised NPF is US\$1.68 billion. This number was derived from the baseline

replenishment target approved by the Board in May 2011 (US\$1.75 billion over three years), with adjustments down for requirements to fund the Secretariat, Chair and Trustee budget, global and regional activities and other kinds of country-level grants (approximately US\$150 million), and for a hold-back for top-up grants (US\$50 million). It was further adjusted to include the approximate value of uncommitted Catalytic Fund resources (US\$140 million).

4.4 **Applying a Cap.** The original NPF endorsed by the Board did not cap allocations. The indicative amounts were the direct results of the formula. At the time, this may have made sense, as the excess demand for allocations was not known, and there were fewer very large countries under consideration. More recently, the idea of capping the allocation for very large countries that could apply for funding has been proposed. This would allow the allocations to smaller countries to be bigger, which would incentivize smaller countries to apply without creating a disincentive for the larger countries to apply. Applying for an allocation, and monitoring grants, generally has a fixed overhead cost without regard to the size of the application. Therefore it makes sense to cap the size of allocation to the larger countries so as to bring up the size of the allocation to the smallest ones.

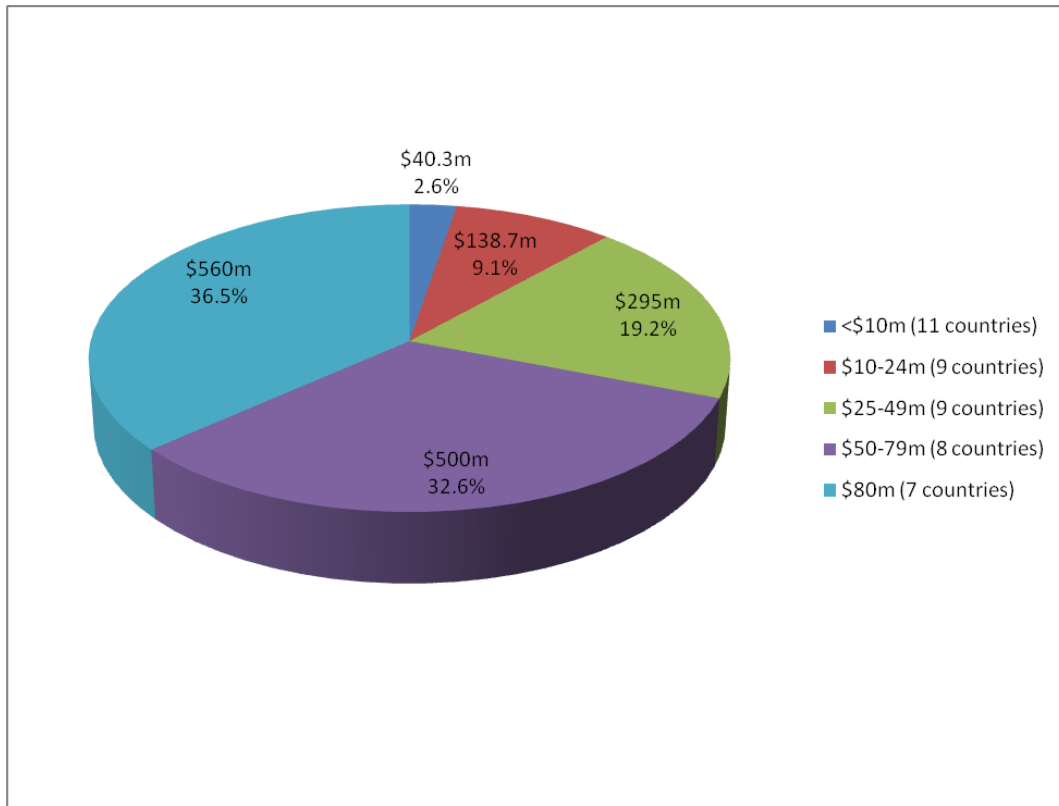
4.5 In principle, the above could be accomplished by decreasing the weight given to population in the formula itself. However, simulations done by the Secretariat have shown that while it is possible to use this method to reduce the allocations to big countries and increase that to small countries, the variance or inequality of the allocations increases considerably, relative to both a no-cap but high-population weight situation, or a capped situation. The reason for this is that anything that reduces the weight of population increases the weight of other factors, and therefore creates inequality in per capita allocations. For example, reducing the weight of population from 0.9 to 0.7 doubles or triples the inequality of per-child allocations relative to the straightforward non-capped allocation and still leaves a few countries with very large allocations. For example, the allocation to the Democratic Republic of Congo decreases only from about US\$166 million to US\$144 million.

4.6 **Rationale for Not Applying a Floor.** It should be noted that the issue of small countries is similar. If allocations to larger countries are capped, or the weight given to the population size is reduced, then the smaller countries receive larger amounts. An attempt to put any reasonable floor (the opposite of a cap) on the funding for small countries would introduce even larger inequalities in per child funding, with some of the smallest countries receiving as much as 20-30 times more, per child, as the larger countries.

4.7 The **recommendation** is to cap the indicative allocations to large countries at US\$80 million. This increases the inequality of per child allocation among countries (because the large countries, which already had little per child, now get even less per child), relative to a no-cap situation. However, US\$80 million is sufficient to merit the attention of a developing country government. Therefore, the increase in inequality is a worthwhile trade-off as it does allow the further increase of funding to, and hence encourage participation of, the smaller countries. The distribution of the funds using a US\$80 million cap is depicted in Figure 1 below.⁴

⁴ Note that the Secretariat notified certain countries of their indicative allocations in July 2011 (based on the July 2011 version of the NPF), so that those countries could meet the 23 September 2011 deadline for submission of their applications to the Secretariat. These countries were Afghanistan, Cote d'Ivoire, Guinea-Bissau, Mali, and Timor-Leste. As a result, the allocations indicated to these five countries have been taken out of the total allocation of US\$1.68 billion (US\$ 1.68 billion – US\$147.2 million = **US\$1.53 billion**), and the countries have been removed from the list in Attachment 3 (indicative allocations showing "0.0").

Figure 1: Allocation distribution with US\$80 million cap under the revised NPF



4.8 The Secretariat proposes to actively engage with donor partners, UNESCO, UNICEF and the World Bank, to address the enormous needs of the five countries where allocations would be capped at US\$80 million.

4.9 For transparency, the country-level allocation details presented in Attachment 3 include two scenarios: 1) without a cap; and 2) with a cap set at US\$80 million.

5. Next Steps

5.1 After approval by the Board, indicative allocations that result from application of the NPF will be adapted to the final amounts that are raised at the Replenishment Pledging Conference on 7-8 November 2011.⁵

5.2 In parallel, the Secretariat will continue to consult on, develop, and circulate for review and recommendation by the FAC, new procedures to top-up allocations to countries which can demonstrate significant progress in implementing their education plan and their Global Partnership for Education Fund allocation (see Attachment 2).

5.3 The final list of indicative allocations will be communicated to developing country partners and posted on the Global Partnership website once adopted and approved by the Board at its meeting in Copenhagen, Denmark on 9-10 November 2011. Final indicative allocations may be lower or higher than the indicative allocations indicated in Attachment 3, depending on the level of donor contributions pledged at the Replenishment Pledging Conference.

⁵ For those countries applying in 2011 (Afghanistan, Cote d'Ivoire, Guinea-Bissau, Mali and Timor-Leste), indicative allocations that were communicated in July 2011 will apply.

ANNEX 3, ATTACHMENT 1: TECHNICAL INFORMATION ON THE NEEDS AND PERFORMANCE FRAMEWORK

1. Why a Quantitative Framework?

1.1 Having a consistent framework across a set of quantifiable variables is not a substitute for a qualitative judgment case by case on country proposals. However, it helps weigh a range of variables on a consistent basis over a range of countries.

1.2 **Consistency and transparency** are the main reasons for the adoption of quantitative frameworks, whereby decision-makers reach agreement on what quantifiable variables should be included in the framework and what impact they should have (coefficient), while recognizing that there will always be special situations or variables that cannot be quantified.

1.3 Several bilateral and multilateral donors now use quantitative consistency frameworks in their funding allocation processes. Some of them, like the International Development Association or the European Development Fund, make their funding allocation decisions primarily on the basis of quantitative frameworks, although they also reserve substantial sums for cases or objectives that quantitative frameworks cannot cover. Other donor agencies – as proposed here – draw on quantitative frameworks only to provide an indicative reference point while ensuring that their governance mechanisms offer decision-makers sufficient flexibility in determining final allocations.

2. Revised Needs and Performance Framework

2.1 The revised Needs and Performance Framework provides indicative reference points for cross-country comparison of country proposals. It is built on two key pillars. The first pillar is **country need** – what is needed to meet the Education for All Millennium Development Goal (MDG) of universal primary education by 2015. The second pillar, **country performance**, reflects national policies, capacities, and enabling environment that facilitate successful implementation of education programs and increase aid effectiveness.

2.2 These two pillars are reflected in the NPF through the following two indices:

- (a) Needs Index: a composite measure of need that includes distance from the Education for All(EFA) goals, poverty, country size, and level of external financing;
- (b) Performance Index: a composite measure of country policies and institutional capacity relevant to a successful implementation of education programs, as well as recent progress in the primary completion rate.

A. Needs Index (NI)

2.3 The Needs Index aims at measuring in a consistent manner across countries the “needs” of a given country in terms of achieving the Millennium Development Goal of universal primary education by 2015. It takes account of the following variables:

- the fragility of the country,⁶ measured as a 0-1 variable (FRAG)⁷
- the gender parity in school completion (GPIC)⁸
- the distance from the EFA goal, measured by the Primary Completion Rate (PCR)
- the size of the country, measured by the number of children of school age (CSA)⁹

⁶ The Global Partnership uses the World Bank’s definition of “fragile state”, which can be found at: <http://siteresources.worldbank.org/INTLICUS/Resources/388758-1094226297907/IDA15FragileStates.pdf>, accessed 1 August 2011 or

<http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/STRATEGIES/EXTLICUS/0,,menuPK:511784~pagePK:64171540~piPK:64171528~theSitePK:511778,00.html>, accessed 1 August 2011. Actual lists are found at: [http://siteresources.worldbank.org/EXTLICUS/Resources/511777-1269623894864/Fragile_Situations_List_FY11_\(Oct_19_2010\).pdf](http://siteresources.worldbank.org/EXTLICUS/Resources/511777-1269623894864/Fragile_Situations_List_FY11_(Oct_19_2010).pdf), accessed 1 August 2011.

⁷ This variable was added to the revised NPF to reflect the more explicit focus on fragility as per Board Decision BOD/2011/05-09.

⁸ This was added to the revised NPF to reflect the more explicit focus on gender as requested in Board decision BOD/2011/05-09.

⁹The age group for this purpose is taken to be 6-11, corresponding generally to grades 1-6. It is important for cross-country comparability to take the same age group for all countries. It would be unfair if those countries that defined (or redefined) grades 7-9 as part of the primary cycle were to be awarded far higher allocations from the Global Partnership than comparable countries that did not do so. While the Board would have the flexibility to provide financing for grades 7-9, the overall budget constraint means that other countries would have to receive allocations below their indicative levels. In some cases, the Board may choose not to provide direct financing for these grades but to call the attention of donors to their financing needs.

- the poverty of the country, measured by per capita income (PCI);and
- the volume of current external financing for education (EXT).

B. Performance Index

2.4 The second pillar of the framework, the Performance Index, seeks to measure each country's performance via two dimensions: the set of policies, institutional development and programs that are likely to have a substantial impact on implementation of primary education programs; and actual results achieved. The Performance Index is composed of two indicators for the first dimension and one indicator for the second dimension:

A. Policies and Institutions

- (a.) (i) The Policy and Institutional Indicator (PII) is comprised of indicators from the World Bank's Country Policy and Institutional Assessment score (CPIA), that are directly relevant to primary education. These include indicators listed in the clusters for "policies for social inclusion/equity" (except for environment), "economic management" (except for debt management), and "public sector management and institutions". The relevance of indicators derived from "policies for social inclusion/equity" cluster is evident. The relevance of economic management and public sector management and institutions is indicated by the importance of primary education in government budgets and employment, and its heavy reliance on government systems for public finance, public administration, and transparency and corruption (e.g., whether teachers are paid or numbers of "ghost workers"). The PPI is robust in that minor changes – addition or elimination of a CPIA indicator – would not materially change the average.¹⁰

¹⁰Country ratings for the CPIA and its indicators for 2010 are available at <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,,contentMDK:21359477~pagePK:51236175~piPK:437394~theSitePK:73154,00.html>, accessed on 1 August 2011. The indicators included under "policies for social inclusion/equity" are: gender equality; equity of public resource use; building human resources; and social protection and labor. Those under "economic management" are: macro management and fiscal policy. Those under "public sector management and institutions" are: property rights and rule-based governance; quality of budget and financial management; efficiency of resource mobilization; quality of public administration; and transparency, accountability and corruption in the public sector.

- (a.) (ii) The Public Educational Expenditure as a share of GDP (E/GDP) is a valuable indicator of a country's willingness to commit resources, both domestic and foreign, to the education sector. The revised NPF uses this indicator to allocate slightly more funding to countries making an additional effort. It is an indicator of willingness to commit fiscal effort, since it is the product of fiscal effort as a share of GDP and prioritization of the education budget as a proportion of total fiscal effort. (In multiplying total budget or total fiscal effort as a share of GDP, and education budget as a share of total budget, the denominators cancel to produce public education expenditure as a share of GDP, which is a measure of both fiscal effort and educational prioritization). However, it is also possible that effort may be out of line with results; excessive expenditure could be thought of as signaling inefficiency, not just policy preference. Thus, mathematically, the revised NPF model "rewards" countries for fiscal effort up to the average of Global Partnership developing country partners, and thereafter this indicator has a neutral (non-negative, non-positive) effect on the allocations. Where this information is not available for a country, the Secretariat considered the value at the average. The countries with no data therefore are neither "rewarded" nor "dis-incentivized"— it is the equivalent of a neutral effect.
- (b.) The PCR Progress Indicator (PPI) measures progress made by the country in meeting the MDG target of universal primary education by 2015. Since progress becomes harder as countries get closer to the target, the measure used is the percentage decline in the remaining gap over the most recent three-year period for which reliable cross-country data are available.¹¹ The PCR Progress Index is a measure of results rather than of inputs, reflecting a broad range of lagged policy and

¹¹Data, from the UNESCO Institute of Statistics, or from EDSTATS (World Bank), are for the most recent period available for all countries. The PCR Progress Indicator (PPI) is rescaled by adding 1 to all values, since elasticities cannot be applied to negative numbers (i.e., to increases in the PCR gap). In a few cases where the information is not available, estimates are from other variables in the data set using multiple regression analysis if possible, and set at the mean if there are not enough strong data to permit a regression analysis.

institutional factors. As such, it is a useful complement to the Policy and Institutional Index, with its focus on policy and institutional inputs.¹²

3. Coefficients of the Needs and Performance Indices

3.1 The following recommendations for specific coefficients, or elasticities, are based partly on precedent (for instance, in those cases where donors have already agreed on comparable coefficients in IDA's Performance Based Allocations). However, proposed coefficients also take account of comparable coefficients implicit in past Catalytic Fund allocations. Moreover, it is important to note that these coefficients are not empirically-derived, but rather reflect policy priorities of the Board of Directors.

3.2 An "elasticity" measures the percentage change in a country's NPF indicative allocation brought about by a 1% change in the needs or performance indices (or in one of their components).¹³

3.3 The coefficients originally used in the NPF have been revised on the basis of sensitivity analysis and comparisons, as well as the Secretariat's interpretation of good practice, including good practice in fiscal decentralization within countries as a model for fiscal allocation between countries.

A. Needs Index

- (a.) The size of the country, measured by the number of children of school age (CSA). The IDA PBA (IDA's performance-based allocation system) provides the same per capita level of assistance in countries as population increases. Past Catalytic Fund allocations have shown an elasticity of 0.75, a significant "small country bias"; for

¹² The PPI is not able to take account of differences among country proposals on improvements in educational quality; this is because at this stage, a reliably measurable and transparent cross-country index of improvements in quality does not exist. The same point would apply to taking account of quality in the needs index as well. This issue points to an area for possible future evolution of both the performance and needs indices.

¹³ One advantage of the exponential (or logarithmic) equation used to measure elasticities is that the impact of each country's score on a given variable automatically takes account of its score on all other variables. Thus, for example, a country's PCR gap is considered relative to what would be expected for its per capita income (as well as, e.g., its population). Another more important advantage is illustrated by the following example: if population and performance were additive, then good performance or distance from the education MDG would add the same number of dollars to a country's allocation whether the number of children of school age was 1 million or 50 million.

example, a country with twice as many children as another would receive an allocation per child 16% smaller. The suggested coefficient of 0.9 would reduce this differential per child to 7%. This coefficient has not been revised from the original NPF.

- (b.) The distance from the goal, measured by how far the country is from a 100% Primary Completion Rate (PCR). There is no ex-ante basis for setting the elasticity (coefficient) of this variable. Given the lack of past precedent, and given the fact that this variable is highly correlated with the gender gap in completion (GPIC) and the latter is also taken into account, the suggested elasticity is set at a modest level of 0.15.
- (c.) The gender gap in the completion rate (GPIC). Given the inclusion of gender among the three prioritization criteria (BOD/2011/05-09), this is set at -0.35 (negative because the greater the need, the more funding provided).¹⁴
- (d.) Fragility (FRAG). Fragility is given a weight of 0.15, as a reflection of the greater difficulty of working in fragile situations. This weight reflects both a prioritization of the needs of these countries as well as a relatively higher operational cost of doing business.
- (e.) The poverty of the country, measured by its per capita income (PCI). The IDA PBA has a moderate poverty elasticity of -0.125. Given that this elasticity has been agreed by IDA donors and does not seem contentious, it is also suggested for use here.
- (f.) The extent to which country needs for external financing for primary education are already being met by other donors, measured by external financing (EXT) for primary education. Although some donors have tried to take account of other-donor

¹⁴ Gaps above 0.97 are not taken into consideration, as a parity index of 0.97 or above is taken to be within measurement error and/or within the internationally-agreed upon benchmark for measured success on gender parity.

assistance in setting their own allocation levels, there is no precedent to rely on here. Furthermore, there is a need to balance a drive towards the Global Partnership being a stop-gap donor versus the need to maintain additionality to other donors. Thus, a moderate elasticity of -0.1 is proposed, reflecting the balancing role of the Global Partnership. A very high negative elasticity would serve as a disincentive to support from other donors.

B. Performance Index

- (a.) The **Policy and Institutional Indicator (PII)**: The IDA PBA for IDA XIV uses an elasticity of 2. The elasticity suggested here is 1 so as not to overwhelm the need factors.
- (b.) **The PCR Progress Indicator (PPI)**: This weight has been set at 0.3, so as to better balance the total of the performance factors with the need factors.
- (c.) **Public education expenditure as a share of GDP (E/GDP)**: A weight of 0.3 is provided for this factor.

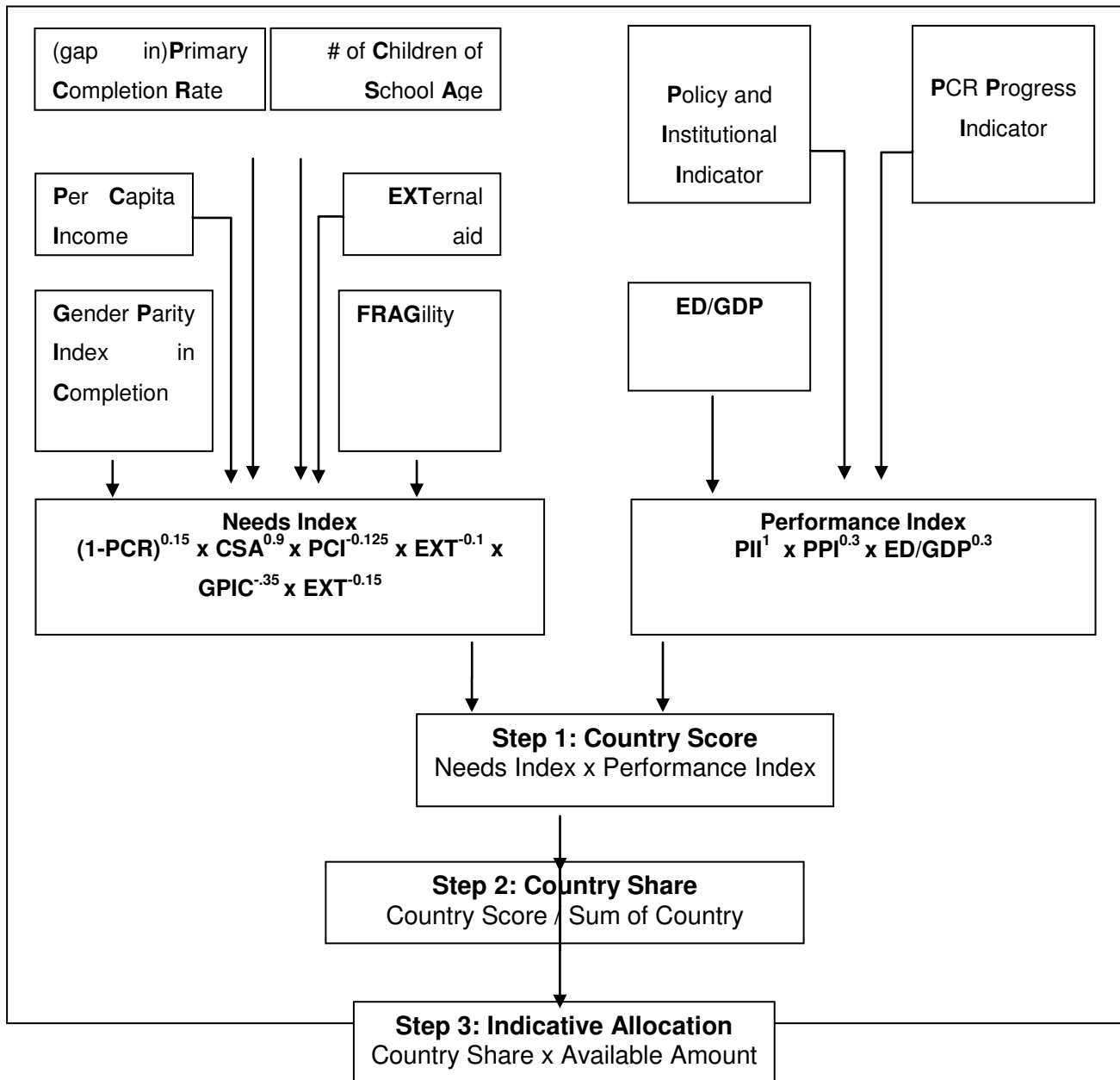
C. Total weights

3.4 The NPF empirically set the weights in a way that the total impact of performance is around 1/3, population is around 1/3, and other need is around 1/3. Changes in weights far from those levels would result in: a) high variations in the allocation per child, which would raise concerns of an equity nature; b) ignoring need factors other than raw numbers; or c) ignoring the need to send policy messages around performance.

4. Summary of the Methodology

Figure 1 summarizes the steps in deriving indicative allocations under the NPF methodology.

Figure 1: Method for Determining Allocations



5. Factors Affecting each Country's Allocation

Table 1 below shows how each country's allocation compares to that of a hypothetical country that is at the average of all the indicators, and the influence of each country's characteristics in driving how much higher or lower their allocation is than the average country's allocation. Thus, for instance, for Country A, the table presents how much higher or lower Country A's allocation is than the allocation for the "average country," and it shows the influence of the size of Country A's population, GDP per capita, etc., relative to that of the average country, in driving Country A's allocation. Note that the final result (Country A's relative allocation) is not the average of all the individual factors driving Country A's allocation, but the *product* of those factors, since the allocation formula is multiplicative. This table is not affected by the total allocation amount; it is driven only by the shares.

Table 1. Factors Affecting Each Country's Allocation (this table pertains to the uncapped scenario and to all eligible countries)

	Ratio of each country's score to average country's score, weighted by importance of factor									Ratio of country's share to average country's share ¹⁵
	Fragility	Gender parity gap	Gap to completion	Population of school age	GDP per capita	Other donor funding	Own fiscal effort	Institutional performance	Progress on completion	
Weight or coefficient of factors in the formula	0.150	-0.350	0.150	0.900	-0.125	-0.100	0.300	1.000	0.300	NA
Countries										
Afghanistan	1.05	1.35	1.11	1.41	0.96	0.91	1.00	0.87	0.75	1.25
Angola	1.05	1.01	1.02	0.89	0.89	1.13	0.85	0.87	0.75	0.53
Bangladesh	0.95	0.94	1.04	5.13	1.01	0.93	0.83	1.13	0.88	3.79
Benin	0.95	1.07	1.03	0.49	1.05	1.03	0.94	1.08	1.10	0.61
Burkina Faso	0.95	1.01	1.09	0.79	1.09	0.94	1.00	1.24	1.08	1.12

¹⁵ Note that it is the product of the factors to the left of this column, not their sum or their average, that yields the total ratio.

	Ratio of each country's score to average country's score, weighted by importance of factor									Ratio of country's share to average country's share ¹⁵
	Fragility	Gender parity gap	Gap to completion	Population of school age	GDP per capita	Other donor funding	Own fiscal effort	Institutional performance	Progress on completion	
Burundi	1.05	0.99	1.07	0.46	1.21	1.09	1.00	0.99	1.14	0.76
Cambodia	0.95	0.97	0.94	0.59	1.01	1.09	0.75	1.06	1.25	0.55
Cameroon	0.95	1.03	0.98	0.88	0.96	0.98	0.89	1.00	1.10	0.77
Central African Republic	1.05	1.17	1.11	0.24	1.11	1.18	0.71	0.84	1.07	0.28
Chad	1.05	1.17	1.12	0.60	1.09	1.18	0.83	0.76	1.01	0.68
Comoros	1.05	1.06	0.93	0.06	1.04	1.24	1.00	0.80	1.08	0.06
Congo, Republic	1.05	0.99	0.98	0.22	0.89	1.18	0.84	0.90	0.88	0.15
Côte d'Ivoire	1.05	1.09	1.09	0.89	1.00	1.01	0.99	0.85	1.00	0.93
Congo, Democratic Republic	1.05	1.10	1.06	2.98	1.23	0.94	1.00	0.91	1.22	4.71

	Ratio of each country's score to average country's score, weighted by importance of factor									Ratio of country's share to average country's share ¹⁵
	Fragility	Gender parity gap	Gap to completion	Population of school age	GDP per capita	Other donor funding	Own fiscal effort	Institutional performance	Progress on completion	
Djibouti	0.95	1.00	1.12	0.05	0.93	1.18	1.00	0.96	0.99	0.05
Eritrea	1.05	1.03	1.08	0.28	1.19	1.18	0.93	0.81	1.06	0.36
Ethiopia	0.95	0.99	1.06	3.57	1.13	0.84	1.00	1.12	1.17	4.42
Gambia, The	0.95	0.96	0.99	0.10	1.04	1.27	0.83	1.04	0.92	0.10
Ghana	0.95	0.98	0.92	1.01	1.05	0.95	1.00	1.19	1.06	1.09
Guinea	1.05	1.07	1.03	0.49	1.03	1.10	0.82	0.86	1.18	0.54
Guinea-Bissau	1.05	1.08	1.13	0.12	1.18	1.21	1.00	0.80	0.75	0.13
Haiti	1.05	1.00	1.01	0.44	1.04	1.01	1.00	0.95	0.75	0.35
Kenya	0.95	0.97	0.85	1.73	1.02	0.97	1.00	1.16	0.82	1.27
Kiribati	0.95	0.96	0.66	0.01	0.95	1.41	1.00	0.92	0.88	0.00

	Ratio of each country's score to average country's score, weighted by importance of factor									Ratio of country's share to average country's share ¹⁵
	Fragility	Gender parity gap	Gap to completion	Population of school age	GDP per capita	Other donor funding	Own fiscal effort	Institutional performance	Progress on completion	
Kyrgyzstan	0.95	0.96	0.78	0.20	1.04	1.14	1.00	1.16	0.92	0.18
Lao PDR	0.95	1.00	0.97	0.28	1.01	1.08	0.83	1.07	0.98	0.24
Lesotho	0.95	0.87	1.00	0.11	1.01	1.21	1.00	1.13	1.03	0.15
Liberia	1.05	1.03	1.05	0.25	1.17	1.14	0.87	0.94	0.82	0.25
Madagascar	0.95	0.96	0.95	0.98	1.09	1.07	0.90	1.09	1.24	1.23
Malawi	0.95	0.95	1.04	0.78	1.15	1.02	1.00	1.07	0.80	0.76
Mali	0.95	1.05	1.03	0.69	1.07	0.96	0.96	1.17	1.16	0.94
Mauritania	0.95	0.95	1.02	0.17	1.01	1.14	0.90	1.00	1.05	0.18
Moldova	0.95	0.98	0.80	0.09	0.99	1.19	1.00	1.14	0.92	0.09
Mongolia	0.95	0.97	0.80	0.10	0.96	1.14	1.00	1.08	0.92	0.08

	Ratio of each country's score to average country's score, weighted by importance of factor									Ratio of country's share to average country's share ¹⁵
	Fragility	Gender parity gap	Gap to completion	Population of school age	GDP per capita	Other donor funding	Own fiscal effort	Institutional performance	Progress on completion	
Mozambique	0.95	1.03	1.04	1.09	1.04	0.90	1.00	1.18	1.24	1.51
Myanmar	1.05	0.96	0.61	1.35	0.92	1.15	0.62	0.76	1.12	0.46
Nepal	1.05	0.99	0.96	1.18	1.09	0.95	0.94	1.08	1.02	1.26
Nicaragua	0.95	0.93	0.97	0.26	0.94	1.03	0.92	1.14	1.02	0.24
Niger	0.95	1.06	1.10	0.81	1.15	1.09	0.92	1.05	1.12	1.21
Nigeria	0.95	1.01	0.94	5.99	1.00	0.97	1.00	1.09	0.88	5.03
Pakistan	0.95	1.05	1.04	5.24	0.97	0.84	0.83	0.93	0.88	2.99
Papua New Guinea	0.95	1.01	1.02	0.33	0.96	1.06	1.00	0.99	0.75	0.25
Rwanda	0.95	0.94	1.06	0.50	1.06	0.98	1.00	1.21	1.18	0.72

	Ratio of each country's score to average country's score, weighted by importance of factor									Ratio of country's share to average country's share ¹⁵
	Fragility	Gender parity gap	Gap to completion	Population of school age	GDP per capita	Other donor funding	Own fiscal effort	Institutional performance	Progress on completion	
Sao Tome and Principe	1.05	0.94	0.90	0.01	1.01	1.28	1.00	0.94	1.12	0.02
Senegal	0.95	0.96	1.05	0.62	1.00	0.95	0.98	1.13	1.06	0.67
Sierra Leone	1.05	0.97	0.87	0.31	1.09	1.11	0.98	1.04	0.75	0.26
Solomon Islands	1.05	1.01	1.02	0.03	0.91	1.21	1.00	0.88	0.75	0.03
Somalia	1.05	1.01	1.02	0.48	0.98	1.14	1.00	0.47	0.75	0.21
Sudan (pro-rate by population)	1.05	1.01	1.05	1.66	1.00	1.02	1.00	0.82	1.05	1.62
Tajikistan	1.05	0.98	0.68	0.32	1.10	1.14	0.88	1.02	0.92	0.23
Tanzania	0.95	0.97	0.66	1.94	1.02	0.88	1.00	1.23	1.25	1.66
Timor-Leste	1.05	0.97	0.94	0.08	1.06	1.12	1.00	0.93	0.75	0.06

	Ratio of each country's score to average country's score, weighted by importance of factor									Ratio of country's share to average country's share ¹⁵
	Fragility	Gender parity gap	Gap to completion	Population of school age	GDP per capita	Other donor funding	Own fiscal effort	Institutional performance	Progress on completion	
Togo	1.05	1.08	1.04	0.36	1.10	1.13	0.96	0.86	0.92	0.40
Tonga	0.95	0.95	0.66	0.01	0.84	1.34	1.00	1.06	0.88	0.00
Uganda	0.95	0.97	0.98	1.64	1.04	0.98	0.94	1.21	0.88	1.51
Uzbekistan	0.95	0.97	0.82	0.93	0.93	1.13	1.00	1.11	0.86	0.72
Vanuatu	0.95	0.97	0.92	0.02	0.87	1.24	1.00	1.04	0.60	0.01
Viet Nam	0.95	0.95	0.66	2.41	0.97	0.86	0.94	1.28	0.82	1.22
Yemen	1.05	1.10	1.04	1.12	0.99	1.00	1.00	0.95	0.94	1.19
Zambia	0.95	1.00	0.88	0.65	1.03	0.94	0.78	1.07	1.16	0.51
Zimbabwe	1.05	0.98	0.93	0.59	1.08	1.17	1.00	0.58	0.82	0.34

ANNEX 3, ATTACHMENT 2: TOP-UPS

1. This Attachment outlines preliminary ideas proposed by the Secretariat for the application of top-ups to education plan implementation grant allocations. These ideas should not be considered as the final proposal and are presented here only to initiate discussion. The Secretariat will consult on, develop, and share a methodology for top-ups within a timeframe to be agreed with the FAC.

2. Why Top-Ups?

2.1 A process for allocating additional Global Partnership for Education Fund resources (top-ups) in addition to allocations derived from application of the revised NPF is under consideration for two main reasons. First, given the lack of consistent, comparable data on learning outcomes in developing country partners, it is not possible to incorporate an indicator in the revised NPF algorithm. Top-ups are a way to reflect this priority in the resource envelope provided to a country in support of its education plan implementation. Second, top-ups can be used to promote or incentivize achievement of performance goals set out in a country's education plan. Potential access to additional funds could bring into sharper focus policy goals that are already present in the country's education plan, generate further interest in discussing specific targets, and create more mutual accountability for achievement of the targets. Such an approach would enable the country to establish stretch targets for itself without the concern that it would not have the funds available to cover additional costs associated with achievement of the targets.

3. How could Top-Ups work?

3.1 In its application for an education plan implementation grant, a country, with the support of the Local Education Group, could choose from a set of policy targets or policy triggers that are fully consistent with, or driven by, its education plan. A performance top-up would provide an extra incentive for the achievement of policy aims that have already been articulated in the education plan.

3.2 The performance top-ups would specifically not pay for inputs. Instead, they should act as extra inducement to sharpen attention on actions which the government and LEG have stated are needed in any case.

3.3 Performance top-ups typically would be made available in the third year of a grant, so as to give time for the country to demonstrate performance, and for the additional funds to be used.

4. Targets vs Triggers

4.1 To further allay fears regarding a country's risk involved in attempting an action and failing, one approach would be to consider policy triggers, rather than achievement of actual outcome targets as the measure of performance. Even if the country had the appetite for the risk involved in actual outcomes, the most prudent way to proceed would be to only encourage such risk-taking if the policy, systems, and institutional framework can sustain actual outcomes. If such systems do not exist, the LEG should instead consider top-ups related to policy triggers.

4.2 For example, if a country fundamentally lacks the systems needed to measure learning outcomes, and to use that measurement to drive learning improvements, it would seem unrealistic to encourage the country to commit to specific targets for an increase in learning outcomes. Instead the country would be encouraged to move one or two steps along a policy spectrum related to learning outcomes, which could be stated along the lines of:

- a) no reliable systems exist for measurement of learning;
- b) more-or-less reliable systems exist, but the data are not analyzed for their specific implications for teaching and learning;
- c) the data are analyzed for specific implications, but the dissemination of feedback to teachers, and the use of the data by supervisors, is weak or inexistent;
- d) data are actually used in strong programs of teacher improvement;
- e) data are used over time (and the systems are robust enough to allow for this) to actually track improvement both by individual teachers and the system, not just in a one-off manner to produce dissemination information.

4.3 Unless a country was already at e), it would be risky to commit to targets in actual learning outcomes, and would be wiser, instead, to first try to reach e). If a country was at a), it may be risky to try to reach e) in just two years, and in one single leap, at full scale. In the latter case, the policy trigger would work to encourage the country to move one or two steps along the spectrum. Naturally, variants are possible. For instance, it may be possible to not only go from a) to e), but also to take a risk on quickly improving learning outcomes, perhaps on a pilot basis, and the successful completion of a pilot,

and a plan for scale-up, could easily be a policy trigger that could be tied to the assistance program of a bilateral or multilateral agency in the LEG, in close collaboration with the government, and in pursuit of education plan goals.

5. Some Considerations

5.1 *Top-up set aside:* For planning purposes, the Secretariat proposes a US\$50 million total budget set aside for top-ups for countries coming forward for funding in 2011-2014, given a replenishment of US\$1.75 billion. This budget would accommodate top-ups of 20% of NPF allocation value to about 40% of the 18 countries coming forward in 2011 and 2012 based on the most recent pipeline projections. Assumptions also include an average NPF allocation of about US\$35 million and that countries receive top-ups in the third year of grant implementation. It should be noted that the NPF indicative allocations are planned to be recalibrated on an annual basis based on significant changes, if any, in total resources available for allocation and that the top-up "pot" could be adjusted at the same time. The Secretariat recommends top-ups of up to 20% of initial NPF allocation in order to promote desired performance.

5.2 *Transfer Mechanisms and Program Design:* Performance top-ups would likely require Supervising Entity-specific mechanisms for the transfer of funds. From a design perspective, some Supervising Entities might need to build in performance-top-ups into grants and programs at the outset, so that the mechanisms and triggers for transferring additional funds are defined from the beginning.

5.3 *Eligibility:* Since performance top-ups may have to be built into the design of a program at the outset, only countries applying for funding starting in 2012 would benefit from the top-ups mechanism. However, retro-fitting existing programs should be considered.

5.4 *Verification:* A transparent methodology for verifying achievement of targets or triggers would have to be developed, agreed and implemented.

ANNEX 3, ATTACHMENT 3

TABLE 1¹⁶ - ILLUSTRATIVE INDICATIVE ALLOCATIONS, BASED ON US\$1.53 BILLION TO BE ALLOCATED (ALPHABETICAL ORDER)¹⁷

Country	US\$, in millions, no cap	US\$, in millions, capped at \$80 million	Per child with no cap	Per child with cap
Afghanistan	0.0	0.0	0.0	0.0
Angola	18.9	27.1	6.1	8.7
Bangladesh	133.9	80.0	6.1	3.7
Benin	21.5	30.9	13.4	19.2
Burkina Faso	39.8	57.2	14.6	20.9
Burundi	26.9	38.7	18.1	26.0
Cambodia	19.6	28.1	9.9	14.3
Cameroon	27.1	39.0	8.8	12.6
Central African Republic	9.7	14.0	13.3	19.1
Chad	24.0	34.5	11.9	17.1
Comoros	2.3	3.3	15.9	22.8
Congo, Democratic Republic	166.5	80.0	13.9	6.7
Congo, Republic	5.4	7.8	8.4	12.1
Côte d'Ivoire	0.0	0.0	0.0	0.0
Djibouti	1.9	2.7	15.3	22.1
Eritrea	12.9	18.5	15.0	21.5

¹⁶ Table 1 includes 17 countries in which the indicative allocations show a “0.0” figure. Out of those 17 countries, 12 countries were not considered for the NPF exercise over the period 2011-2014 for the reasons stated in paragraph 4.1 (A, B & C) in the main paper and five countries were not considered for the reasons stated in footnote 17 below.

¹⁷ Note that, with FAC approval, the Secretariat notified certain countries of their indicative allocations in July 2011, so that those countries could meet the 23 September 2011 deadline for submission of their applications to the Secretariat. These countries were Afghanistan, Cote d'Ivoire, Guinea-Bissau, Mali, and Timor-Leste. As a result, the allocations indicated to these five countries have been taken out of the total allocation of US\$1.68 billion (US\$ 1.68 billion – US\$147.2 million = US\$1.53 billion), and the countries have been removed from the list (indicative allocations showing “0.0”).

Country	US\$, in millions, no cap	US\$, in millions, capped at \$80 million	Per child with no cap	Per child with cap
Ethiopia	156.4	80.0	10.7	5.5
Gambia, The	3.6	5.1	12.4	17.8
Ghana	38.4	55.2	10.6	15.3
Guinea	0.0	0.0	0.0	0.0
Guinea-Bissau	0.0	0.0	0.0	0.0
Haiti	12.2	17.6	8.6	12.4
Kenya	45.0	64.6	6.9	9.9
Kiribati	0.2	0.2	11.5	16.5
Kyrgyzstan	6.5	9.3	10.8	15.6
Lao PDR	0.0	0.0	0.0	0.0
Lesotho	0.0	0.0	0.0	0.0
Liberia	0.0	0.0	0.0	0.0
Madagascar	43.4	62.4	12.5	17.9
Malawi	0.0	0.0	0.0	0.0
Mali	0.0	0.0	0.0	0.0
Mauritania	6.3	9.1	12.4	17.8
Moldova	0.0	0.0	0.0	0.0
Mongolia	0.0	0.0	0.0	0.0
Mozambique	0.0	0.0	0.0	0.0
Myanmar	16.4	23.6	3.3	4.8
Nepal	0.0	0.0	0.0	0.0
Nicaragua	8.5	12.2	10.7	15.3
Niger	42.8	61.5	15.3	22.0
Nigeria	177.8	80.0	6.8	3.1

Country	US\$, in millions, no cap	US\$, in millions, capped at \$80 million	Per child with no cap	Per child with cap
Pakistan	105.6	80.0	4.7	3.6
Papua New Guinea	0.0	0.0	0.0	0.0
Rwanda	0.0	0.0	0.0	0.0
Sao Tome and Principe	0.5	0.8	20.3	29.2
Senegal	23.8	34.2	11.3	16.3
Sierra Leone	9.1	13.1	9.3	13.4
Solomon Islands	0.9	1.3	11.4	16.4
Somalia	7.4	10.6	4.6	6.6
Sudan (pro-rate by population)	57.4	80.0	9.2	12.8
Tajikistan	8.2	11.8	8.2	11.7
Tanzania	58.7	80.0	7.9	10.8
Timor-Leste	0.0	0.0	0.0	0.0
Togo	0.0	0.0	0.0	0.0
Tonga	0.2	0.2	11.2	16.1
Uganda	53.5	76.9	8.7	12.5
Uzbekistan	25.3	36.4	7.7	11.0
Vanuatu	0.3	0.5	9.0	13.0
Viet Nam	43.1	61.9	4.6	6.5
Yemen	42.0	60.3	10.4	14.9
Zambia	17.9	25.8	8.1	11.7
Zimbabwe	12.0	17.3	6.0	8.7

**TABLE 2 - ILLUSTRATIVE INDICATIVE ALLOCATIONS, BASED ON \$1.53 BILLION TO BE ALLOCATED
 (ORDERED BY TOTAL AND PER CHILD ALLOCATIONS, BOTH CAPPED)**

Country	US\$, in millions, no cap	US\$, in millions, capped at \$80 million	Country	Per child with no cap	Per child with cap
Nigeria	177.8	80.0	Sao Tome and Principe	20.3	29.2
Congo, Democratic Republic	166.5	80.0	Burundi	18.1	26.0
Ethiopia	156.4	80.0	Comoros	15.9	22.8
Bangladesh	133.9	80.0	Djibouti	15.3	22.1
Pakistan	105.6	80.0	Niger	15.3	22.0
Tanzania	58.7	80.0	Eritrea	15.0	21.5
Sudan (pro-rate by population)	57.4	80.0	Burkina Faso	14.6	20.9
Uganda	53.5	76.9	Benin	13.4	19.2
Kenya	45.0	64.6	Central African Republic	13.3	19.1
Madagascar	43.4	62.4	Madagascar	12.5	17.9
Viet Nam	43.1	61.9	Gambia, The	12.4	17.8
Niger	42.8	61.5	Mauritania	12.4	17.8
Yemen	42.0	60.3	Chad	11.9	17.1
Burkina Faso	39.8	57.2	Kiribati	11.5	16.5
Ghana	38.4	55.2	Solomon Islands	11.4	16.4
Cameroon	27.1	39.0	Senegal	11.3	16.3
Burundi	26.9	38.7	Tonga	11.2	16.1
Uzbekistan	25.3	36.4	Kyrgyzstan	10.8	15.6
Chad	24.0	34.5	Nicaragua	10.7	15.3

Country	US\$, in millions, no cap	US\$, in millions, capped at \$80 million	Country	Per child with no cap	Per child with cap
Senegal	23.8	34.2	Ghana	10.6	15.3
Benin	21.5	30.9	Yemen	10.4	14.9
Cambodia	19.6	28.1	Cambodia	9.9	14.3
Angola	18.9	27.1	Sierra Leone	9.3	13.4
Zambia	17.9	25.8	Vanuatu	9.0	13.0
Myanmar	16.4	23.6	Sudan (pro-rate by population)	9.2	12.8
Eritrea	12.9	18.5	Cameroon	8.8	12.6
Haiti	12.2	17.6	Uganda	8.7	12.5
Zimbabwe	12.0	17.3	Haiti	8.6	12.4
Central African Republic	9.7	14.0	Congo, Republic	8.4	12.1
Sierra Leone	9.1	13.1	Tajikistan	8.2	11.7
Nicaragua	8.5	12.2	Zambia	8.1	11.7
Tajikistan	8.2	11.8	Uzbekistan	7.7	11.0
Somalia	7.4	10.6	Tanzania	7.9	10.8
Kyrgyzstan	6.5	9.3	Kenya	6.9	9.9
Mauritania	6.3	9.1	Angola	6.1	8.7
Congo, Republic	5.4	7.8	Zimbabwe	6.0	8.7
Gambia, The	3.6	5.1	Congo, Democratic Republic	13.9	6.7
Comoros	2.3	3.3	Somalia	4.6	6.6
Djibouti	1.9	2.7	Viet Nam	4.6	6.5
Solomon Islands	0.9	1.3	Ethiopia	10.7	5.5

Country	US\$, in millions, no cap	US\$, in millions, capped at \$80 million	Country	Per child with no cap	Per child with cap
Sao Tome and Principe	0.5	0.8	Myanmar	3.3	4.8
Vanuatu	0.3	0.5	Bangladesh	6.1	3.7
Kiribati	0.2	0.2	Pakistan	4.7	3.6
Tonga	0.2	0.2	Nigeria	6.8	3.1
Afghanistan	0.0	0.0	Afghanistan	0.0	0.0
Côte d'Ivoire	0.0	0.0	Côte d'Ivoire	0.0	0.0
Guinea	0.0	0.0	Guinea	0.0	0.0
Guinea-Bissau	0.0	0.0	Guinea-Bissau	0.0	0.0
Lao PDR	0.0	0.0	Lao PDR	0.0	0.0
Lesotho	0.0	0.0	Lesotho	0.0	0.0
Liberia	0.0	0.0	Liberia	0.0	0.0
Malawi	0.0	0.0	Malawi	0.0	0.0
Mali	0.0	0.0	Mali	0.0	0.0
Moldova	0.0	0.0	Moldova	0.0	0.0
Mongolia	0.0	0.0	Mongolia	0.0	0.0
Mozambique	0.0	0.0	Mozambique	0.0	0.0
Nepal	0.0	0.0	Nepal	0.0	0.0
Papua New Guinea	0.0	0.0	Papua New Guinea	0.0	0.0
Rwanda	0.0	0.0	Rwanda	0.0	0.0
Timor-Leste	0.0	0.0	Timor-Leste	0.0	0.0
Togo	0.0	0.0	Togo	0.0	0.0

ANNEX 4: QUALITY ASSURANCE REVIEW PROCESS: AMENDMENTS TO THE TERMS OF REFERENCE OF THE FINANCIAL ADVISORY COMMITTEE

1. This Annex outlines the recommendation of the FAC to the Board of Directors regarding amendments to the FAC Terms of Reference (TOR) to accommodate the recently approved Quality Assurance Process (QAR). The QAR is the replacement for the External Quality Review process for proposals for education program implementation grants from the Global Partnership for Education Fund, which will be implemented starting in 2012.

2. Background

2.1 This recommendation responds to the following decision, made by the Board (following a recommendation from the FAC) by non-objection on 13 July 2011:

BOD/2011/06-01 – Quality Assurance Review Process: The EFA FTI Board of Directors approves the EFA FTI Secretariat’s proposal for a redesigned two-stage External Quality Review (EQR) process as described in FAC/2011/06 DOC 01, which will be called the Quality Assurance Review (QAR) process.

The existing EQR model will be applied to all allocations made during 2011 and the new QAR process will be applied to all applications for education plan implementation grants from the Education for All Fund starting in 2012.

The EFA FTI Board of Directors requests the EFA FTI Financial Advisory Committee to present to the EFA FTI Board of Directors at its next in-person meeting revised FAC terms of reference consistent with the new QAR process.

2.2 The QAR process, as recommended by the FAC and approved by the Board, has two stages, including an initial review and a final review. The purpose—and outcome—of the final review is described as follows in document FAC/2011/06 — DOC 01:

5.10 The purpose of the final review is to evaluate the completeness of the application and compliance with the agreed recommendations of the initial review. The final review report would serve the purpose of the final readiness evaluation. It would not provide further technical evaluations of the application since this process would

have been fully completed during the initial review. There would be two potential outcomes of the review – a recommendation for full funding in line with the indicative grant allocation that countries would have been advised of earlier; or a recommendation for delayed funding until issues raised in the initial and final reviews are fully addressed. If the proposed redesign of the EQR is approved by the EFA FTI Board of Directors, the FAC terms of reference will need to be amended to reflect this new approach. The proposed decision in section 3 above requests the FAC to present amendments to the terms of reference at the next in-person meeting of the EFA FTI Board of Directors. (emphasis added)

2.3 The paper also specifies that the audience for the review is the FAC.

2.4 The FAC TOR describes the procedures for an education plan implementation grant proposal review meeting. This procedure includes requiring the Secretariat to provide to the FAC its recommendation on each proposal using one of the following five categories:

- i. allocate full amount as requested;
- ii. allocate reduced amount from the amount requested, with the reasons for the reduction;
- iii. do not allocate at this time, but encourage the applicant to revise and resubmit the proposal, indicating which areas requiring revision;
- iv. do not allocate at this time and advise the applicant that the proposal requires major revisions, indicating the areas requiring revision; or
- v. do not allocate at this time.

2.5 The TOR provides that following the review of proposals, the FAC shall provide its recommendations to the Board using the same categories as above.

2.6 It appears that the new QAR process is therefore contradictory with the FAC TOR because under the QAR, the Secretariat does not make a recommendation, but an assessment of readiness for full funding, as provided in the indicative allocations, or delayed funding.

2.7 In addition, the discussions by the FAC on the Needs and Performance Framework have proceeded, which have an effect on this issue, as further discussed in section 4 below.

3. Recommended Decision

The recommended decision from the FAC is contained in the cover note to this Annex. The content of the recommended amendments to the FAC TOR is in Attachment 1 to this Annex and is discussed below.

4. The Quality Assurance Review Process and FAC Discretion

4.1 The discussion of this issue must be seen in the context of the discussions of the FAC on the Needs and Performance Framework (NPF). Following several comments from FAC members on the purpose of the NPF and its place in the recommendation-making process of the FAC and the decision-making process of the Board, the final version of the NPF paper that will be the basis for the (non-consensus) recommendation by the FAC to the Board at its November 2011 meeting in Copenhagen, Denmark, states as follows:

FAC and Board Discretion. It is emphasized that the revised NPF variables and indicators are designed to serve as a consistent indicative cross-country reference point for considering allocations to developing country partners for education plan implementation grants, along with other factors. The indicative amount is neither an entitlement nor a ceiling. Allocations could go above or below the NPF indicative amount, subject to the decision of the Board after receiving a FAC recommendation. This approach reflects the strong country-driven basis of the Global Partnership for Education and enables the Board to make country-specific adjustments. Criteria for making adjustments may include, among others:

- the quality of programs submitted for financing (including their focus on educational quality, capacity, results and data);
- concerns about public finance, procurement or other systemic issues that may not be adequately reflected in the performance index of the revised NPF;
- progress on past allocations;
- turnarounds in performance (policy and capacity to use aid effectively) not adequately captured in the performance index; and/or

- outside shocks – positive or negative.

4.2 It could be argued that there is a “disconnect” between the new QAR process and the discretion which the FAC would like to have to make its recommendations. That is because the FAC’s discretion to recommend an amount that is different than the indicative allocation is influenced by the QAR final review process which, as described in the quotation in paragraph 2.2 above, is limited to a recommendation for full funding according to the indicative allocation or for delayed funding (again, presumably, for the full amount).

4.3 There needs to be a balance between discretionary decision-making by the FAC and predictability and transparency for developing country partners in the process. Adequate predictability is required for the Secretariat to give the Local Education Groups (LEGs) good guidance on how and when to proceed. However, it must be recognized that the NPF is only one of many tools the FAC can draw on to accomplish its advisory role regarding funding allocations. It is always dependent on a successful application and QAR process and some adjustments to the indicative allocation amounts may be necessary in some cases, as listed in paragraph 4.1 above.

4.4 Therefore, the Secretariat should have the flexibility to discourage the LEG from applying for the full NPF amount in some cases. This should be done early on in the process (i.e., at the initial review). If this is the case, the final review in the QAR process will be based on the adjusted amount. Therefore the language describing the final review in the QAR paper in paragraph 2.2 above needs to be read in a way to accommodate this flexibility, rather than limiting the QAR process to the full NPF indicative allocation only. The FAC’s discretion to adjust the amount further at the stage of its review and recommendation will not be fettered by this process. It should be noted, however, while the FAC can recommend funding that differs from the indicative NPF amount, it cannot recommend more than is actually requested in the application.

4.5 In addition, the Secretariat also recommends that the language in the FAC TOR not refer to a *recommendation* by the Secretariat, but an assessment of readiness, as described in the paper describing the QAR. As the QAR process heavily involves the Secretariat in the application process, such a recommendation by the Secretariat would result in a conflict of interest since it is partially a judgment of the Secretariat’s own work in assisting the LEG in the process. In addition, the opportunity is taken to simplify the categories of recommendation from the FAC to the Board to four rather than five, as two of

the categories are very similar. The suggested amendments to the FAC TORs are presented in Attachment 1 to this Annex.

5. Next Steps

5.1 Once approved, the amendments will take effect in 2012, in time for the first round of funding of education plan implementation grants for that year.

ANNEX 4, ATTACHMENT 1: AMENDMENTS TO THE TERMS OF REFERENCE OF THE FAC

Section I is amended as follows:

I. Modes of Operation for Proposal Review Meetings

1. Prior to a Proposal Review Meeting, the Secretariat shall provide to the FAC, at a minimum, the following documents:

- a. The education plan of the relevant country;
- b. The appraisal by the Local Donor Group of the education plan;
- c. The project documentation from the proposed Supervising Entity;
- d. The proposal requesting an allocation from the Local Education Group; **and**
- e. ~~The External Quality Review Report~~ **Quality Assurance Review Report, which includes an assessment of whether the proposal is ready for review.**; ~~and~~
- f. ~~The GPE Secretariat's recommendation on the proposal, using the following categories:~~
 - i. ~~allocate full amount as requested.~~
 - ii. ~~allocate reduced amount from the amount requested, with the reasons for the reduction.~~
 - iii. ~~do not allocate at this time, but encourage the applicant to revise and resubmit the proposal, indicating which areas requiring revision.~~
 - iv. ~~do not allocate at this time and advise the applicant that the proposal requires major revisions, indicating the areas requiring revision.~~
 - v. ~~do not allocate at this time.~~

FAC members may request the Secretariat to provide additional information on a proposal during their review.

2. Following review of proposals, the FAC shall provide its recommendations to the Board of Directors, using ~~the same categories as in paragraph 1.f. above~~ **the following categories:**

- i. **allocate full amount as requested;**
- ii. **allocate reduced amount from the amount requested, with the reasons for the reduction;**
- iii. **do not allocate at this time, but encourage the applicant to revise and resubmit the proposal, indicating which areas require revision; or**

iv. **do not allocate at this time, indicating reasons.**

The FAC may and request the approval of the Board of Directors by e-mail on a non-objection or using other methods basis as determined by the FAC.