

 DECEMBER 5-6, 2023

MEETING OF THE BOARD OF DIRECTORS

ZANZIBAR, TANZANIA

BOD/2023/12 DOC 06

FOR DECISION

REVISIONS TO THE ACCREDITATION PROCESS

Please note: In accordance with the GPE Transparency Policy, documents are public only after their appraisal by the relevant governance instance. Governance officials may circulate documents to their constituency for consultation purposes, except for documents of a confidential nature.

Key issues for consideration:

- The current grant agent eligibility criteria exclude some organizations that may have the capacity to support partner countries' needs, namely those who are experienced in managing large amounts of philanthropic funding. Therefore, the Finance and Risk Committee (FRC) recommends updating the initial screening criteria to include philanthropic funds as an acceptable source of funding.
- The FRC notes the importance of leveling the playing field for grant agent selection and acknowledges the additional burden grant-level assessments represent to not-for-profit organizations, along with financial costs to GPE, and recommends the discontinuation of such assessments. It noted the Secretariat's explanation that a combination of updates to the quality assurance review framework combined with the continuation of the institutional capacity assessment can substantively manage the risks covered by the grant level assessment.

Objective

1. Upon recommendation of the Finance and Risk Committee (FRC), the Board is requested to consider revisions to the accreditation process on initial screening criteria for not-for-profit organizations and grant level assessments, for its decision.

Recommended Decision

BOD/2023/12-XX – Revision to the accreditation process: The Board of Directors:

1. Recalls decision [BOD/2013/11-09](#) to expand eligibility criteria for grant agents and decision [BOD/2023/01-01](#) calling on GPE to engage with the World Bank around options for achieving greater operational flexibility.
2. Emphasizes the importance of diversifying the range of organizations that can act as grant agent to best support partner country needs.
3. Approves the revision of the initial screening criteria for not-for-profit organizations to include philanthropic funds as an acceptable source of

funding when assessing the organization's experience in managing donor funded projects.

4. Noting the importance of a level playing field with respect to grant agent selection, the robustness of the GPE quality assurance processes, and the desire to reduce unnecessary transaction costs, removes the requirement to conduct an additional grant level assessment for not-for-profit organizations.

Background and overview

1. GPE's accreditation framework sets out the types of organizations that are eligible to become grant agents and outlines the process to accredit these organizations. There are three types of eligible organizations, namely: multilateral, bilateral and not-for-profit organizations (NFPOs)¹. All grant agents must pass an institutional capacity assessment², be approved by the Finance and Risk Committee³, and sign a Financial Procedures Agreement with the GPE Trustee. For NFPOs only, in line with [BOD/2013/11-09](#), there are two additional requirements, namely: initial screening and grant level assessment.
2. The Secretariat has observed that the current grant agent eligibility criteria exclude some organizations that may have the capacity to support partner country needs, namely those who are predominantly experienced in managing large amounts of philanthropic funding (See Annex A). Arising from the hosting review, the Board mandated the Secretariat to explore alternative approaches for achieving operational flexibility and while this work will continue, there is an opportunity to make tangible progress by revising the criteria for organizations to become GPE grant agents by updating the initial screening criteria for NFPOs to include philanthropic funds as an acceptable source of funding when assessing the organization's experience in managing donor funded projects.
3. The Secretariat notes that NFPOs have been GPE grant agents for 10 years and have a very successful track record. The additional grant level assessment results in significant additional transaction costs for the grant agent and Secretariat (see Annex B), and the time involved and perceived risk by partner countries that a NFPO grant agent may be rejected or delayed has created an unfair playing field for grant agent selection, particularly in cases of accelerated funding applications. Given this, and the fact that the grant level assessment was waived for the COVID

¹ [BOD/2013/11-09](#) – Supervising and Managing Entity Eligibility Expansion Plan and [BOD/2013/11 DOC 06A](#) (Annexes 9 and 10). The term “grant agent” replaced “supervising and managing entity” based on the Boards approval of recommendations and actions to strengthen the GPE Operating Model ([BOD/2015/10-02](#) – GPE Operational Model and [BOD/2015/10 DOC 06](#)).

² [BOD/2013/05-06](#) – Review and Assessment of Supervising and Managing Entities and [BOD/2013/05 DOC 07](#), the “FAC Report”. The institutional capacity assessment is based on [minimum standards](#) approved by the Board (Appendix 2).

³ [BOD/2017/06-08](#) – Decision Framework and [BOD/2017/06 DOC 11](#).

accelerated funding window in 2020, the FRC proposes that grant level assessments should be discontinued, and that the quality assurance review process which already considers a number of risks, be updated to include an assessment of risks associated with the legal status of the grant agent in country, and the proposed use of sub-recipients (see Annex C). This risk assessment will apply to review of all grant applications for all implementation grants. These two dimensions of risk assessment are considered important because the Secretariat has observed that (a) incidents of misuse of funds and sexual exploitation, abuse, and harassment, occur more frequently at the level of sub-recipients, and (b) there are issues with legal status of grant agent country offices in some countries, especially those affected by conflict and fragility.

Annex A – Illustration of the need to revise initial screening criteria

Annex B – Challenges with grant level assessments

Annex C – Criteria for risk assessments

Annex A – Illustration of the need to revise initial screening criteria

In line with [BOD/2013/11-09](#), only three types of organizations are eligible to become GPE grant agents. These are multilateral, bilateral, and not-for-profit organizations (NFPOs). All prospective grant agents must pass an institutional capacity assessment, be approved by the Finance and Risk Committee, and sign a Financial Procedures Agreement with the GPE Trustee. The accreditation process for NFPOs includes two additional requirements relating to initial screening and grant level assessment. The initial screening requires the organization to meet a predetermined criteria including “demonstrated experience managing bilateral or multilateral donor funded projects in excess of US\$10 million in a country and across more than one country”. The organization must pass the initial screening prior to undergoing an institutional capacity assessment. The grant level assessment is required whenever a NFPO is selected as grant agent for a GPE grant of more than US\$5 million. This involves the additional external assessment of grant specific elements, typically including an assessment of the NFPO’s country office which is part of the implementation of the grant. The grant level assessment is confirmed as acceptable by the GPE Secretariat as part of the quality assurance review process of the program.

Illustration of need to include philanthropic funding

One of our partner countries wants a NFPO to be considered as a grant agent for its multiplier grant. The Ministry of Education wants this organization as the grant agent because it is already implementing a large scale program aligned with the country’s sector plan. Moreover, this organization has the ability to crowd in philanthropic funding to unlock the multiplier grant.

The Secretariat is unable to commence an institutional capacity assessment of this organization to check their capacity vis- à-vis the minimum standards for grant agents because the organization does not fully meet all of the initial screening criteria, listed below, as its funding has been exclusively from philanthropic sources.

- Demonstrated experience operating in a fragile country context where applicable
- Demonstrated experience in the education sector
- Demonstrated experience managing **bilateral or multilateral donor-funded** projects in excess of US\$10 million in a country and across more than one country
- Demonstrated experience working with national authorities to strengthen local capacity to implement basic social services

Annex B – Challenges with grant level assessments

The Secretariat has observed the following opportunities for streamlining the process around grant level assessments:

- a) There are significant duplications between the grant level assessment and the Quality Assurance Review (QAR) process. For instance, both assess program budget, results framework, implementation arrangements and risks. The QAR process originated from the Board's approval of recommendations and actions to strengthen the GPE Operational Model ([BOD/2015/10-02](#) – GPE Operational Model and [BOD/2015/10 DOC 06](#)) and applies to all implementation grants. At the time of the Board's decision to have grant level assessments in 2013, GPE did not have a comprehensive QAR process in place.
- b) Grant level assessments have become an impediment to the timely approval and implementation of grants, especially accelerated funding grants and can be a barrier to organizations being considered for grant agent selection.
- c) It takes up significant time of grant agent country offices, which could be spent on developing robust programs. It also takes up Secretariat time and is costly as it is conducted by an external firm.
- d) The grant agent (which has met all GPE's minimum standards) remains responsible to GPE for the delivery of the program through its country office.

Annex C – Criteria for risk assessments

The table below provides a description of the two assessment criteria that are proposed to be incorporated into the QAR process.

Criteria	Description of criteria
Legal status	<ul style="list-style-type: none">• Confirmation from the grant agent that there are no legal issues with its country office that could pose a risk to the implementation of the program and/or the grant funds.
Sub-Recipient Management	<ul style="list-style-type: none">• Risks associated with the use of sub-recipients have been assessed, and where relevant, appropriate mitigation measures are in place.