

**DELEGATION OF AUTHORITY OF REQUESTS FOR ADDITIONAL SUPERVISION
ALLOCATIONS: REPORT FROM THE COUNTRY GRANTS AND PERFORMANCE
COMMITTEE (CGPC)**

For Decision

Please note: Board papers are deliberative in nature and, in accordance with the GPE Transparency Policy, are not public documents until the Board has considered them at the Board meeting.

1. STRATEGIC PURPOSE

1.1 The purpose of this paper is to request that the Board approve a proposal to delegate to the CGPC the authority to approve requests for additional supervision allocations in excess of US\$200,000 for grants approved before the second funding round of 2016.

1.2 The proposal reduces the time and cost associated with processing requests, ensures grant implementation is not unnecessarily disrupted, provides for efficient decision making and supports the Board's decision to have the CGPC make decisions on material changes to grants.

Summary of CGPC Deliberations

The CGPC met on October 25-27, 2016 in Washington, D.C. and discussed the proposal.

- Committee members expressed support for the proposal and asked a few clarifying questions.
- There being no further comments, the **Chair of the CGPC concluded there was consensus to recommend the proposal to the Board for approval.**

2. REQUESTED RECOMMENDATION

2.1 The CGPC recommends that the Board approve the following decision:

BOD/2016/12-XX—Delegation of Authority of Requests for Additional Supervision Allocations: The Board of Directors:

1. Refers to its decision on supervision cost in BOD/2013/11-08—Supervision, Agency, and Management and Administration Costs in which it has delegated authority to the Secretariat to consider requests for additional supervision allocations up to US\$200,000 from the GPE Fund.

2. Delegates authority to the Country Grants and Performance Committee to consider requests for additional supervision allocations in excess of US\$200,000 for Education Sector Program Implementation Grants (ESPIG) approved before the second funding round of 2016 or to refer them to the Board for decision.

3. BACKGROUND AND REASONS FOR RECOMMENDATION

3.1 The approval of an ESPIG has historically included three financial allocations by the Board: 1. an allocation to implement the grant proposal; 2. a fee to the grant agent's headquarters (agency fee); and 3. a supervision allocation to the grant agent (Supervising Entity only) to cover the actual cost of serving as a grant agent (proposal to refer to this as a grant agent allocation). The third allocation includes such expenses as travel costs for site visits to look at progress made on the grant or meetings with government officials to discuss the grant. It may also include staff time and the costs of consultants involved in providing implementation support and oversight. The Board separately approved all three allocations at the time of approval of the grant proposal.

3.2 In October 2015, the Board made a decision to change the terms "Supervising Entity" and "Managing Entity" to "Grant Agent", which resulted in a change to the way these three allocations are approved. The Board decided that for grants approved *in and after* the second funding round of 2016, the agency fee would continue to be a separate allocation, but the grant agent allocation must be included in the grant proposal budget and funded from the maximum country allocation to implement the proposal.¹ This means that any changes to the cost of the grant agent would be considered revisions to the approved grant proposal. As such, these changes fall under the *Policy on Education Sector Program Implementation Grants*, which states that decisions on revisions can be made by the same entity that reviews proposed revisions, whether the Secretariat or the CGPC, depending on the extent of the revisions. This results in increased efficiency in decision making.

3.3 However, grants approved by the Board under what was previously a Supervising Entity arrangement *before* the second funding round of 2016 are not covered in the Board decision. For these grants, any additional funds that the grant agent needs to work on the grant require a new allocation. The Secretariat can review and approve such new allocations if they are for US\$200,000 or less per an earlier Board decision.² Larger amounts, however, need Board approval following CGPC review and recommendation of the additional amount requested. This process is inefficient and adds weeks to the approval process, which can slow down implementation of the grant. It also means extra work for the Secretariat in preparing a Board paper and facilitating Board consideration of the paper. In addition, it weakens the delegated authority of the CGPC to make decisions on

¹ Board Decision BOD/2015/10-02–GPE Operational Model

² Board Decision BOD/2013/11-08—Supervision, Agency, and Management and Administration Costs

material revisions to grants as usually, a request from the grant agent for additional funds is tied to a proposed extension or programmatic change to the grant, both of which the CGPC can already approve.³

3.4 To resolve this problem, the Secretariat recommends that the Board give the CGPC the authority to make decisions on requests for additional allocations to cover the cost of the grant agent. Since the Secretariat can already make decisions on requests of US\$200,000 and less, the proposal would only be for amounts higher than US\$200,000.

3.5 As mentioned above, the proposal only affects grants approved *before* the second funding round of 2016. For grants approved *in or after* round 2 of 2016, the cost of the grant agent is funded entirely from the maximum country allocation, and requests of the grant agent for additional funds are considered revisions of the ESPIGs, which the CGPC and Secretariat can approve.

4. IMPACT ON SECRETARIAT RESOURCES

4.1 The recommendation itself is not expected to materially impact the GPE financial forecast as there are few requests for increased supervision allocations and so far, there has been only one request above US\$200,000, which was later withdrawn. This proposed amendment will reduce the transaction cost of requests for additional supervision allocations. Any requests for additional supervision allocations are carefully reviewed by the Secretariat or CGPC, as applicable, prior to decision making.

5. NEXT STEPS

5.1 Following the CGPC deliberations, the proposal was shared with the Governance, Ethics, Risk and Finance (GERF) committee for information at its November meeting.

6. PLEASE CONTACT Margarita Focas Licht at mlicht@globalpartnership.org for more detailed information.

7. FURTHER INFORMATION

7.1 Additional information includes the following documents, available on the GPE website.

- [November 2013 Report of the Financial Advisory Committee](#), including approved recommendation on supervision allocations and Secretariat authority.
- [October 2015 Board paper on Proposal for a More Effective Operational Platform](#), including approved delegation of requests for additional supervision fees, effective from Round 2 of 2016.

³ Board Decision BOD/2015/05-06–Streamlined Grants Decision Making