



**Board of Directors
Decision Via Affirmative Vote
August 19, 2020**

Final Decision

BOD/2020/08-02–Allocation for the Costed Restructuring of the Education Sector Program Implementation Grant (ESPIG) to Madagascar (Additional Financing):

The Board of Directors, in reference to BOD/2018/02-06-Allocation for an ESPIG to Madagascar, and with respect to the application for a costed restructuring submitted in the second round of 2020:

1. Notes compliance with the requirements on overall domestic financing for education, data, and the education sector plan for accessing the fixed part of the maximum country allocation (MCA) as described in the application and summarized and assessed in Annex B to BOD/2020/07 DOC 02. Notes that Madagascar is off track in meeting its commitment to increase the share of primary in education financing under the ESPIG but that Madagascar has made renewed commitment to reach the 45 percent threshold.
2. Notes compliance with the incentives for accessing the variable part of the MCA and approves the indicators on Equity, Efficiency, and Learning and their means of verification, as described in the application and assessed in Annex 2 to BOD/2020/07 DOC 02.
3. Approves an allocation from GPE trust funds for the costed restructuring of the ESPIG, as described in the application submitted and summarized in Table 1 in decision BOD/2020/08-02 3 (c), subject to:
 - a. Availability of funds.
 - b. Board decision BOD/2012/11-04 on commitment of trust funds for ESPIGs in annual installments.
 - c. GPC recommendations for funding, including (all amounts in US\$):

Table 1 – Madagascar		
a.	Additional Maximum Country Allocation	19,600,000
b.	Allocation Requested (100%)	19,600,000 ¹
c.	Fixed Part Requested	13,720,000
d.	Variable Part Requested	5,880,000
e.	Allocation Recommended by GPC	19,600,000
f.	Grant Agent	World Bank
g.	Agency Fee % - Amount	1.75 % - 343,000

h.	Period	3 years
i.	Expected Start Date	January 15, 2021
j.	Variable Part Disbursement Modality	Ex-Post
k.	Funding Source	GPE Fund

4. Requests the Trustee to withhold the commitment and transfer of funds under the additional financing allocation beyond Year 1 (US\$9,600,000) until the conditions set out in Annex A are met.
5. Requests the Secretariat to:
 - a. Include in its notification of grant approval to Madagascar the observations, requests for report-back and conditions as recommended by the Grants and Performance Committee and set out in Annex A to BOD/2020/07 DOC 02.
 - b. Include an update on the issues listed as report-back and conditions in the annual Grant Performance Report in accordance with the specified timeline.

ANNEX A – GPC OBSERVATIONS AND REQUESTS FOR REPORT-BACK

Madagascar	
Observations	<p>The Committee appreciates the continuous and inclusive dialogue among the local education group and the government on the key reforms promoted by the education sector plan and notes the new government’s commitment to continue to implement the sector plan, in particular with respect to the establishment of nine years of basic education and the implementation of the school calendar reform.</p> <p>The Committee notes the impact of the pandemic on education systems. The Committee invites the government and the grant agent, in consultation with the local education group, to consider adapting the proposed program to emerging issues, notably impact on children learning as a result of school closures, as needed. Other adaptations to consider could relate to mitigation measures on potential delays or other constraints that the pandemic may have on program implementation including, if necessary, a modification of indicator targets.</p>
Report-Backs	<p><i>For the grant agent:</i></p> <p>The Committee notes that the contingency fund of the program accounts for more than US\$10 million. While the Committee recognizes the need to compensate for any unexpected variation in price and/or quantities, the grant agent is requested to discuss with the government and local education group (LEG) allocating part of the contingency fund resources to unfunded activities from the COVID 19 response plan. The Committee requests bi-annual updates on the use of the contingency fund through the implementation status report.</p> <p>With regard to fiduciary management, the Committee is pleased that corrective measures are being taken to address the issues caused by weaknesses in the fiduciary management of the program that were identified through the internal audit. The grant agent is requested to include updates on these corrective measures in its regular progress report.</p> <p><i>For the government:</i></p> <p>In addition to the report back on domestic financing requested as a condition for the transfer of grant funds, the Committee requests that the government reports annually, via the joint sector review (JSR) report, on how it has executed the revised budget law, as part of the additional financing, to provide subsidies to 38,000 community teachers and to increase the school grants.</p> <p>The Committee also asks the government to continue to report back annually, via the JSR report, on its effort to meet the objective of the education sector plan to enroll 15 percent of children with special needs.</p>
Conditions	<p>The Committee notes that Madagascar did not fulfil the financing commitments made under the initial ESPIG. While recognizing the government’s commitment to reverse the regressive trends from the past on financing for primary education, the Committee requests the government to provide an annual report-back via the JSR report on the primary education</p>

budget allocation as approved by parliament as a condition for the commitment and transfer of grant funds beyond Year 1 by the Trustee.

Each year, the Secretariat will request the coordinating agency on behalf of the LEG to advise on information thus provided and present it to the Committee before authorizing the Trustee to commit and transfer funds linked to activities for Years 2, 3, and 4 respectively.

The Committee may revise the verification process after consultation with country-level partners.

In the event that annual commitments are not fulfilled without sufficient justification, as assessed by the Grants and Performance Committee, the Committee may recommend further action to the Board, including suspension of the grant.