**TERMS OF REFERENCE FOR MANAGING ENTITIES**

**August 2012**

**Objective**

The Global Partnership for Education (GPE) provides financial and technical support to developing-country partners to facilitate the development and implementation of education sector plans.

The GPE Program Implementation Grant provides funding for a program that contributes to implementing the education sector plan. In most cases, activities financed by the grant are implemented by the developing-country partner with the support of a supervising entity (SE). However, the Global Partnership for Education allows eligible nongovernment partners to manage GPE Program Implementation Grants in cases where a government-led approach is not feasible.

The purpose of these terms of reference is to provide the following:

- Guidance on when it may be appropriate to select a managing entity (ME) instead of a supervising entity;
- Criteria for selecting an agency to serve as the ME; and
- ME tasks and responsibilities for Program Implementation Grants.

These terms of reference do not address the role of managing entity for other GPE grants (the Education Plan Development Grant and the Program Development Grant).

These terms of reference draw on other GPE documents to provide a comprehensive overview of the expected responsibilities of a managing entity. They include (a) the [Global Partnership for Education Charter](#), (b) the [GPE Fund Governance document](#), (c) the [Policy and Communications Protocol on Misuse of GPE trust Funds](#), (d) the GPE [Policy on Time Frames for Grant Agreement Signing and Implementation and Procedures for Proposed Revisions to Implementation Grant Programs](#) and (e) the [Country Level Process Guide](#) (CLPG). These documents can be found on the [GPE website](#).

**Definition of Managing Entity**

A *managing entity* is any GPE multilateral agency partner or GPE donor country partner approved by the GPE Board of Directors, in consultation with the Trustee, to receive
transferred funds and implement activities in support of the government’s education plan.

The ME takes the lead in preparing a program in close collaboration with other members of the local education group (LEG). Once the GPE Board of Directors approves the program, the ME manages the implementation of the approved activities, keeping other members of the LEG informed of progress.

**When it is Appropriate to Select a Managing Entity rather than a Supervising Entity**

An eligible agency, nominated by the LEG or Development Partner Group (DPG) and approved by the Board of Directors in consultation with the Trustee, can act as the ME for the Program Implementation Grant in the following cases:

- In cases where the government is not recognized by the international community or where other conditions prohibit or limit the transfer of GPE funds to the government;
- In cases where the government lacks the capacity to implement the proposed activities.

In such cases, an eligible partner can manage a Program Implementation Grant, with a strong focus on building national capacity to implement education programs.

In cases where the government is committed to implementing an education sector plan but capacity is limited, a hybrid approach may be taken where the ME manages part of the funds directly and transfers part of the funds to the government (functioning as the SE for the funds being transferred to the government). Strong focus should be on developing government capacity to take on full implementation in the future.

**Selection of the Managing Entity**

The ME is designated by the LEG or DPG\(^1\)—when possible under the leadership of the developing-country partner government—and is subject to approval by the Board of Directors in consultation with the Trustee. The government or coordinating agency (CA) should initiate discussion within the LEG or DPG regarding the most appropriate ME to meet the country needs. Eligible partners interested in being ME may express their interest to the LEG or DPG through the CA. The LEG or DPG should conduct an open

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\(^1\) In most cases the ME should work with the complete LEG, including the developing-country partner government. However, in some cases direct collaboration may not be possible due to political circumstances, and the DPG may take on the role normally played by the LEG. In such cases, consultation with national partners at the technical level should be optimized.
discussion to select the most appropriate agency, taking into account the criteria listed below. The nomination of an ME should be endorsed by the LEG or DPG and communicated to the GPE Secretariat at the start of the grant application process.

To be eligible to become an ME, an entity must be either a multilateral or donor country partner represented in one of the constituencies of the GPE Board of Directors. In addition, a number of criteria should be considered when selecting the ME. Some criteria are the same as those for selecting a supervising entity:

- Readiness to work with members of the LEG to prepare the program;
- The ability to discharge fiduciary and administrative responsibilities in relation to the GPE fund;
- The ability to implement and/or support the implementation of the education sector plan cost-effectively;
- The ability to offer technical resources;
- Availability of sectoral knowledge and experienced personnel;
- The nature and performance of the agency’s education portfolio in the country, including the ability to adjust implementation to the contextual constraints while managing risks;
- Previous experience in working collaboratively with the government and other development partners;
- In cases of non-recognition of the government or other conditions limiting collaboration with the government, the ability to collaborate with national institutions at technical levels in order to minimize substitution and to optimize capacity building and the use of national structures, strategies, and programs; and
- Agreement within the ME agency at the highest appropriate level to take on the role as ME in the given context.

**Tasks and Responsibilities of the Managing Entity**

Details of the country-level process are outlined in the Country-level Process Guide (GLPG). The ME should be aware of relevant sections of the CLPG, directing any questions to the assigned Country Lead from the GPE Secretariat.
Grant application preparation (see CLPG, section 3.4)

In consultation with the LEG or DPG, the ME is responsible for developing a program proposal according to the ME's internal policies and procedures, working closely with the developing-country partner if possible. The program proposal should be aligned with the developing-country partner’s education sector plan, taking into account country and sector circumstances and capacity concerns.

To cover expenses related to the development of a program, the ME may apply for a Program Development Grant (see CLPG, section 3.4.4).

The ME discusses with the LEG or DPG under the facilitation of the CA how the steps of the grant application process can be best aligned with the ME’s internal program preparation and approval process. This activity should involve setting milestones and agreeing on timelines for program preparation.

The ME prepares the program for a Program Implementation Grant under the leadership of the government if possible, aligning the program with the quality assurance review (QAR) process of the Secretariat (see CLPG, section 3.4.6):

- The ME aligns its own program identification process with QAR Phase I.
- The ME ensures that the content of the draft program document is in line with the scope and focus agreed during QAR Phase I.
- In accordance with its own procedures, the ME prepares other documents that demonstrate implementation readiness, such as conflict or risk assessments or both, capacity assessments, adapted implementation strategies or operational guidelines for the context, and so forth.
- The ME submits a draft program document and supporting documents to the GPE Secretariat for the QAR Phase II review according to the timeline communicated by the Secretariat.
- The ME adjusts the program document according to recommendations resulting from QAR Phase II, as relevant and in consultation with the LEG or DPG.
- Following its own program approval process, the ME finalizes the program document.
- The program document is discussed with and endorsed by the LEG or DPG before sign-off and inclusion in the application package, which is submitted to the Secretariat by the CA on behalf of the government or the DPG, depending on the political situation.
Depending on the context, the following may warrant specific consideration during preparation of a grant application where a managing entity modality is warranted:

- In cases where the ME is chosen because of non-recognition of government or other conditions that prevent the transfer of funds to government partners, the ME’s collaboration with government partners may be difficult. However, collaboration with national partners must be maximized to ensure legitimacy and sustainability of the program.

- The program should be aligned with the education sector plan or transitional education sector plan.

- In situations of conflict or where parts of the country are not under the control of the government, the CA, ME, and other development partners should pay particular attention to political economy, conflict, and equity issues, thus ensuring that beneficiaries, targets, and activities are selected in a transparent, equitable manner with due consideration to potential negative consequences. This task may require consultation with a broader range of experts and partners, including civil society and education clusters, where they exist.

Implementation arrangements should be agreed with the LEG or DPG and detailed in the program document. The ME can contract, inter alia, non-state actors, United Nations agencies, or both to support implementation of activities approved under the grant. However, the ME should optimize the use of national structures while managing risks and building capacity.

A reasonable budget for direct administrative costs can be integrated in the program budget in agreement with the LEG or DPG.

Supporting documentation of the grant modality should be provided as relevant. For example, if the grant will contribute to a transitional fund or other multi-donor mechanism, its founding documents and agreements, including financial management, procurement arrangements, and so forth should be annexed to the program document.

**Transfer arrangements (see CLPG, section 3.4.7)**

The World Bank acts as Trustee for the GPE Fund. An agency selected as the ME must therefore enter into a transfer agreement (TA) with the Trustee. A model TA is available on the Global Partnership website. The legal representative(s) of the ME will negotiate the details of the TA with the Trustee.

Unless a TA is already in place for a given agency, TA negotiations should begin as soon as the ME has been selected. Potential MEs are expected to consult with their headquarters regarding the existence of a TA or, alternatively, the amount of time necessary to negotiate a TA.
Once the allocation is approved, an announcement letter is sent from the GPE to the developing-country partner authorities (if recognized)—otherwise to the ME—with copies to the CA for dissemination to members of the LEG or DPG. The ME follows up on the notification letter with the following actions:

- The ME at headquarter level ensures that the TA with the Trustee is signed.

The country-level ME informs the GPE Secretariat in a letter regarding the program implementation start date, which should be no later than six months from the GPE Board of Directors’ approval of the allocation. No supervision allocation is provided to MEs; these costs are included in program costs financed by the grant.

Agency fees required by the ME to manage the funds are determined by the ME’s internal regulations and financed by the GPE Fund. The agency fees are in addition to the total grant allocation and need to be approved by the GPE Board of Directors.

Periodically, the ME submits a cash transfer request to the Trustee for approved program activities and for the supervision allocation and agency fees. The frequency and content of transfer requests will be specified in the TA.

**Fiduciary responsibilities**

According to the *GPE Fund Governance* document, ME responsibilities include the maintenance of books, records, documents and other evidence in accordance with its usual accounting procedures to sufficiently substantiate the use of the transferred funds. The *GPE Fund Governance* document further stipulates that the ME ensure the use of the funds transferred by the Trustee and the activities carried out therewith in accordance with:

(i) Its own policies and procedures including those related to audit, eligible expenditures, employment and supervision of consultants and the procurement of goods and works and its framework to combat fraud and corruption; and

(ii) The applicable decisions of Board of Directors, including the purpose for which the specific allocations have been approved by the Board of Directors.

More specific tasks and responsibilities in this regard are agreed in the TA (see model TA).

In the event of suspected misuse of funds, the ME follows its internal procedures on misuse of funds, as well as the GPE *Protocol Regarding Misuse of GPE Funds*.

**Program implementation and monitoring (see CLPG, section 3.5.1)**

The ME ensures that the implementation of activities is in line with the endorsed education sector plan (if applicable) and the approved program document. The LEG or DPG should agree on mechanisms and frequency of information sharing with the rest of
the LEG on progress, delays, and changes in the implementation of the activities. The ME should consult with the government (if possible) and other partners to identify appropriate measures and actions to resolve issues that may prevent achieving the grant objectives.

In all activities and monitoring thereof, particular attention should be given to capacity building of national institutions and civil society with a view toward gradually preparing the transition from an ME to SE modality. MEs should actively work to help countries take greater implementation responsibility; this should be part of all ME-managed programs.

The ME should support the CA in promoting and organizing annual joint education reviews—by supporting the government partner to take a leading role where possible or, alternatively, by working with the CA and other partners to organize an alternative joint review. The participation of civil society should be actively promoted.

**Reporting (CLPG, section 3.5.2)**

The ME will provide information on grant implementation for joint sector reviews. The ME will keep the Secretariat informed on implementation progress of the grant. The information will include submission of an annual implementation progress report, as well as copies of all supervision reports prepared as part of the internal work of the ME. The ME will review the overall progress of the grant with the GPE Secretariat at least once every six months.

Financial reporting requirements are agreed in the TA (see model TA).

**Grant revisions (CLPG section 3.5.3)**

The Global Partnership for Education expects grants to be implemented within three years of the signing of the grant agreement. A one-year extension is possible where appropriate. Grant revisions may provide the necessary flexibility to adjust the program when unforeseen circumstances, capacity gaps, or other situations that affect implementation arise.

The ME may have its own processes to undertake revisions to programs, including required approvals within its agency. These internal processes should be adhered to, but with the additional provision that (a) the LEG is consulted and endorses the proposed revision and (b) the revision aims at promoting the results of the program as outlined in the approved program documentation. Further details are found in the **Policy on Time Frames for Grant Agreement Signing and Implementation and Procedures for Proposal Revisions to Implementation Grant Programs**.