Meeting of the Board of Directors
Brussels, Belgium, 21-22 May 2013
Recommendations for Decision:

1. Allocations for Program Implementation Grants and observations on general trends

2. Guidelines for review and assessment of Supervising and Managing Entities

3. Comprehensive Funding Guidelines

4. Guidance on division of indicative allocations in federal states
FAC Face-to-Face Meeting

• April 16-19 (3.5 Days) in Washington, DC

• Participation by all members except Africa 1 + Asia & Pacific

• Heavy agenda

• Next meeting – September/October in Washington, DC
Recommendation 1: Approve Allocations for Program Implementation Grants

• Approve the recommended allocations for Program Implementation Grants

• Include the Financial Advisory Committee’s comments in the notification to the Local Education Groups
<table>
<thead>
<tr>
<th>Country</th>
<th>SE/ME</th>
<th>Allocation USD Million</th>
<th>Supervision USD Million</th>
<th>Agency Fee % - USD Million</th>
<th>Period</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benin</td>
<td>World Bank (SE)</td>
<td>24.0</td>
<td>from amount below</td>
<td>n/a</td>
<td>3 Years</td>
<td>Catalytic Fund II</td>
</tr>
<tr>
<td></td>
<td></td>
<td>18.3</td>
<td>0.4</td>
<td>1.75% - 0.3</td>
<td>3 years</td>
<td>GPE Fund</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>AFD (SE)</td>
<td>78.2</td>
<td>0.3</td>
<td>2.097% - 1.6</td>
<td>3 Years</td>
<td>GPE Fund</td>
</tr>
<tr>
<td>Comoros</td>
<td>UNICEF (ME)</td>
<td>4.6</td>
<td>n/a</td>
<td>7% - 0.3</td>
<td>3 Years</td>
<td>GPE Fund</td>
</tr>
<tr>
<td>Madagascar</td>
<td>World Bank (SE)</td>
<td>85.4</td>
<td>0.4</td>
<td>1.75% - 1.5</td>
<td>3 Years</td>
<td>GPE Fund</td>
</tr>
<tr>
<td>Mauritania</td>
<td>World Bank (SE)</td>
<td>12.4</td>
<td>0.4</td>
<td>1.75% - 0.2</td>
<td>3 Years</td>
<td>GPE Fund</td>
</tr>
<tr>
<td>Senegal</td>
<td>World Bank (SE)</td>
<td>40.0</td>
<td>from amount below</td>
<td>n/a</td>
<td>3 Years</td>
<td>Catalytic Fund I</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6.9</td>
<td>0.4</td>
<td>1.75% - 0.1</td>
<td>3 Years</td>
<td>GPE Fund</td>
</tr>
<tr>
<td>Somalia: Puntland</td>
<td>UNICEF (ME)</td>
<td>2.1</td>
<td>n/a</td>
<td>7% - 0.1</td>
<td>3 Years</td>
<td>GPE Fund</td>
</tr>
<tr>
<td>Somalia: Somaliland</td>
<td>UNICEF (ME)</td>
<td>4.2</td>
<td>n/a</td>
<td>7% - 0.3</td>
<td>3 Years</td>
<td>GPE Fund</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>World Bank (SE)</td>
<td>16.2</td>
<td>0.4</td>
<td>1.75% - 0.3</td>
<td>3 Years</td>
<td>GPE Fund</td>
</tr>
<tr>
<td>Yemen</td>
<td>UNICEF (ME)</td>
<td>10.0</td>
<td>n/a</td>
<td>7% - 0.7</td>
<td>4 Years</td>
<td>GPE Fund</td>
</tr>
<tr>
<td></td>
<td>UNICEF (SE)</td>
<td>72.6</td>
<td>1.0</td>
<td>1% - 0.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zambia</td>
<td>DfID (SE)</td>
<td>35.2</td>
<td>0.4</td>
<td>0</td>
<td>3 Years</td>
<td>GPE Fund</td>
</tr>
<tr>
<td>Zanzibar</td>
<td>SIDA (SE)</td>
<td>5.2</td>
<td>0.4</td>
<td>0</td>
<td>3 Years</td>
<td>GPE Fund</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>UNICEF (ME)</td>
<td>23.6</td>
<td>n/a</td>
<td>7% - 1.7</td>
<td>3 Years</td>
<td>GPE Fund</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>438.9</strong></td>
<td><strong>4.1</strong></td>
<td></td>
<td><strong>7.9</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Recommendation 2: – Guidelines for review and assessment of Supervising and Managing Entities

• Secretariat to review currently eligible entities acting or interested in acting as supervising or managing entity
  – using Annex 5
  – No later than 31 December 2013

• Secretariat deliver “ME Eligibility Expansion Plan” for recommendation by the FAC and approval by the Board at next face to face meeting

• Endorse the approach used for the guidelines for capacity and grant level assessments for NGOs
Recommendation 2: Background

**Strategic Plan 2012 – 2015:** Potential expansion of eligibility to NGOs

**Diversification of Supervising and Managing Entities:** DFID, SIDA, AFD, Belgium Development Cooperation, UNICEF, UNESCO, World Bank

**Risk Management:** Diversification beneficial, but creates new risks

**Board Approved:** 3-tiered approach to manage risk
**Tier 1 – Review of Policies and Procedures**

**Applies to:** Entities currently eligible and acting or interested in acting to be SE/MEs

**Performed by:** Same consultant who will perform analysis of supervision, agency, and direct management costs (TORs developed)

**Focus on:** critical information relevant to the role of SE or ME

**Completed by:** 31 December 2013
Tier 2 – Institutional Capacity Assessment

Applies to: NGOs if/when eligibility is expanded

Purpose: Assess capacity to manage grants other than implementation grants

Performed by: Consultants: US$15,000 - US$25,000 per assessment

Focuses on:
- Legal status
- Effectiveness of organizational leadership, management, decision making and accountability systems
- Adequacy of infrastructure and information systems
- Adequacy of technical expertise
- Strength of financial management and systems
- Sub-recipient management
Tier 3 – Grant Level Assessment

Applies to: NGOS if/when eligibility is expanded

Purpose: Assess capacity to manage Program Implementation Grants

Performed By: Consultants: US$25,000 - US$50,000 per assessment

Detailed Assessment – Scope of work in conjunction with Secretariat based on characteristics of program and associated risks

Timing - During the QAR process – special arrangements for accelerated funding requests

Assessment Tools used to ensure consistency of assessment and quality control of consultants’ work.
ME Eligibility Expansion Plan - Issues

Key Questions

• Who should eligibility be expanded to?
• For what type of activities?
• How will the selection be done?

Other Issues

• Amendment of the Fund Governance Document
• Amendments to Financial Procedures Agreement
• Amendments to Donor Contribution Agreements
• Contracting of Individual Consultants or Firm for Assessment Work
Next Steps - Guidelines for Review and Assessment of Supervising and Managing Entities

- Secretariat continue work on analysis of supervision, agency and direct management costs for next face-to-face FAC meeting

- Secretariat begin review of currently eligible Supervising/Managing Entities to be completed by 31 December

- Secretariat develop the “ME Eligibility Expansion Plan” for FAC review and recommendation to Board at second face-to-face meeting in 2013
BOD/2013/05-XX – Review and Assessment of Supervising and Managing Entities: The Board of Directors

a. requests that the Secretariat conduct a review of currently eligible entities acting or interested in acting as supervising or managing entity in the future, in line with the approach outlined in Annex 5 of the Report of the Financial Advisory Committee (BOD/2013/05 DOC 07, the “FAC Report”) and deliver a report on the results to the FAC no later than 31 December 2013;
b. requests that the Secretariat deliver to the FAC by its next face-to-face meeting the “ME Eligibility Expansion Plan” described in paragraphs 3.6 to 3.8 of the FAC Report, for recommendation by the FAC and approval by the Board at its next face to face meeting; and

c. endorses the approach used for the guidelines for capacity and grant level assessments as described in paragraphs 3.11 to 3.19 of the FAC Report.
Recommendation 3: Comprehensive Funding Guidelines

Approval of Guidelines (Annex 6)
Recommendation 3: Background

**Issue 1** – Reasonable assurance that when Board approves an allocation, funds will be available when needed to make the commitment

**Issue 2** – If the funds are not available, how to prioritize approvals

**Issue 3** – If temporary shortfall in funds available for commitment, how to prioritize commitments
Criteria for Board Approvals

Approving a proposal creates a moral obligation and a reputational risk if it can’t be funded.

Currently **No documented criteria** to determine how much Board can approve or on what basis.

Trustee can only make a commitment if assets are available.

From 2013 – Commitments for Program Implementation. Grants are made in Annual Installments.
Criteria for Board Approvals – Recommended Approach

Review Longer Term Forecast -
  – Ensure no future shortfall in uncommitted assets
  – If Yes – deal with shortfall in short term forecast by delaying or reducing funding approvals

Review Short Term Forecast
  – Covers the grant signing timeframe (target of 6 months from Board approval)
  – Excludes Secretariat projections to provide greater certainty on funds availability
  – Deduct funds for second and subsequent commitments falling due in the period and other costs

Approve– If available assets exceeds expected first commitment amounts
### Short Term Forecast For Current Round

<table>
<thead>
<tr>
<th>FORECAST 1 JULY 2013 – 31 DECEMBER 2013</th>
<th>USD millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Available Assets on Hand 1 July 2013 (excluding projected contributions to 30 June 2013)</td>
<td>256</td>
</tr>
<tr>
<td>Pledged and Signed Contributions 1 July 2013 – 31 Dec 2013</td>
<td>216</td>
</tr>
<tr>
<td><strong>Total Projected Assets</strong></td>
<td><strong>472</strong></td>
</tr>
<tr>
<td>Other Costs (Secretariat, and Trustee budgets, expected commitments for GRA, Plan and Program Development Grants, CSEF)</td>
<td>(48)</td>
</tr>
<tr>
<td><strong>Total Projected Liabilities</strong></td>
<td><strong>(48)</strong></td>
</tr>
<tr>
<td>Available Assets for First Grant Commitment of Round 1 2014 Applications</td>
<td>424</td>
</tr>
<tr>
<td>1st Commitment of Round 1 2013 proposals required by 31 December 2013 (including related Supervision and Agency Fees)</td>
<td>(200)</td>
</tr>
<tr>
<td><strong>Projected Surplus/(Shortfall)</strong></td>
<td><strong>224</strong></td>
</tr>
</tbody>
</table>
Prioritization in the event of a Shortfall

Primary Criteria

– Prior to 30th September/31st March
– Post 30th September/31st March

Secondary Criteria

– Accelerated Funding Requests
– Fragile States and IDA I
– All Others
**UNFUNDED PROGRAM IMPLEMENTATION: GRANT APPLICATIONS**

**Unfunded Applications** – Board approval effective through Secretariat notification when forecasted position shows funds are available.

**Time Limit** – If application cannot be funded within 12 months of initial Board review – would need to return to FAC and Board for consideration.
1. Secretariat will attempt to defer commitments where no negative impact

2. If insufficient, commit in the following order

- Secretariat budget and Trustee budget
- Commitments arising from approved accelerated funding requests
- Civil Society Education Fund, Education Plan and Program Development Grants, and any other special initiatives or funding amounts approved by the Board other than Program Implementation Grants
- Second and subsequent commitments for Program Implementation Grants
- First commitments for Program Implementation Grants
- Commitments for Global and Regional Activities

If prioritization within a category is required – will be determined by CEO and reported in annual portfolio review
Recommendation 3: Decision Requested

BOD/2013/05-XX — Comprehensive Funding Guidelines: The Board of Directors approves the Comprehensive Funding Guidelines attached as Annex 6 of BOD/2013/05 DOC 07.
Recommendation 4: Guidance on Division of Indicative Allocations in Federal States

Approval of Guidance Note (Annex 3)
Recommendation 4: Background

• Need for guidance recognized by Board in June 2012

• Paper reviewed by FAC in January 2013 audio conference and finalized by email
Guidance Note - Approach

- Country ownership is emphasized
- Needs and Performance Framework used to the maximum extent possible

**FAC Conclusion**: Pragmatic approach that is in keeping with current Secretariat practice (Somalia, Tanzania) and expected to be applied in a limited number of cases.
Recommendation 4: Decision Requested

BOD/2013/05-XX—Guidance Note on Dividing Indicative Allocations: The Board of Directors approves the Guidance Note on Dividing Indicative Allocations for Program Implementation Grants in Federal States as outlined in Annex 3 of BOD/2013/05 DOC 07.
Proposal Review – General Trends and Issues

- Household burden of paying for education
- Positive support for inclusive education
- Supervising/Managing Entity priorities and country-led processes
- Budget support modality
- Overlapping funding: when to apply
- Overview of funding to sector needed
- Civil society participation in LEGs
- Secretariat engagement with LEGs
- Monitoring FAC comments to LEGs
- Results Framework
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