REPORT FROM THE GRANTS AND PERFORMANCE COMMITTEE PART 1: ESPIG ALLOCATIONS AND DOMESTIC RESOURCE COMMITMENTS

Board of Directors Meeting
June 12-14, 2018
Brussels, Belgium
Update on GPC Work and Decisions Since December Board Meeting
GPC Work Since December Board Meeting

- 2 Face-to-Face Meetings
- 3 Audio Calls
- 11 Non-Objection Decisions:
  - Cambodia fixed part condition
  - Three ex-ante requests
  - Seven ESPIG revisions
Alignment Work Plan

1. Clarify and institutionalize GPE approach

2. Strengthen country operations

3. Develop evidence platform

4. Dialogue with Grant Agents
Reducing Transaction Costs and Improving Efficiency of ESPIG Approval Processes
RESULT: Significant increase in transaction costs related to grant application and approval processes
Proposal 1: Processing Top-Ups

**Modality**

All top-ups can be accessed by requesting a costed restructuring of an existing ESPIG.

**Assessment of Requirements**

A. If ESPIG approved < 12 months: no assessment

B. If ESPIG approved 12-12 months ago: verification domestic financing commitments are on track

C. If ESPIG approved > 24 months: verification ESP still valid and domestic financing commitments on track

**Quality Assurance**

A. Top-Up up to 10 mil and same GA: QAR I, II, III merged into FRR at end of QAR III

B. Top-Up over 10 mil: full QAR
Proposal 2: Approval of Allocations

- **GPC Approval**: ESPIGs and Costed Restructurings up to 10 million
- **Board Approval**: ESPIGs and Costed Restructurings over 10 million
Proposal 3: Variable Part

**Current**: Countries can apply with GPC for an ex-ante approach (no variable part). Small MCAs routinely receive approval.

**Proposed**: Countries with MCAs or top-ups ≤ 5 million do not need to apply and can choose whether they want a variable part. (Does not apply to multiplier grants)
Recommended Decision

BOD/2018/06-XX—Reducing Transaction Costs and Improving Efficiency of Applications for ESPIGs: The Board:

1. Notes the importance of efficient processes and lowering transaction costs, particularly in the context of an anticipated significant increase in the number of grant applications.

2. Approves the approach proposed by the GPC for processing applications and approving allocations as set out in DOC 06, including:
   a. Allowing countries with a revised maximum country allocation resulting in an increase in grant funding to apply for the additional funds by submitting a proposal for a costed restructuring of the existing ESPIG.
   b. Delegating authority to the Grants and Performance Committee to approve new ESPIGs and Costed Restructurings of up to US$10 million
   c. Allowing countries with applications for ESPIGs or Costed Restructurings of US$5 million or less to choose whether to include a Variable Part.
Effective Partnership Review: GPC Recommendations and Chair Reflections
GPC Inputs

- January: reviewed initial draft inception report
- February: reviewed draft inception report; finalized mid March
- Late March: written feedback on Secretariat mapping
- May 14 audio call: reviewed draft report
GPC Conclusions

- Endorsed report. Model is fit for purpose but specific actions are needed to improve effectiveness and efficiency
- Roles, responsibilities CA, GA, CL need clarity
- Mutual accountability needs attention and prioritization
- Capacity development of DCPs is key and needs action
- Any adjustments to model should adhere to aid effectiveness principles
- Insufficient time for full consultation
- **Recommendation**: next steps, timelines to be directed by June Board discussion. GPC stands ready to oversee specific priority actions for example enhanced, coordinated, distinguishable TORs for country lead, grant agent, coordinating agency
GPC Recommended Decision

BOD/2018/06-XX–Effective Partnership Review: The Board of Directors:
1. Appreciates the report from Oxford Policy Management set out in DOC 07A.
2. Agrees the GPE operational model overall is fit for purpose and no major adjustments are required at this time but endorses the GPC view that further actions are needed to improve efficiency and effectiveness at country level.
3. Notes the GPC conclusions on the draft report set out in DOC 07B, including recognition that some of the recommendations are addressed in ongoing work streams led by the GPC, the FRC and the SIC.
4. Requests [specific actions/next steps to be informed by the deliberations of the Board during the June 12-14, 2018 Board meeting, for example, on whether a Phase 2 of the review is needed and/or a costed action plan, or any specific action that warrants prioritization such as the development of enhanced TORs for the grant agent, coordinating agency, and Secretariat country lead].
GPC Chair Reflections

- Constrained timeline of study
- Partnership challenge of different perspectives
- Communications strategy at country level
- Accountability is key to improve results
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