ACCELERATED FUNDING AND SIZE OF THE VARIABLE PART OF THE ESPIG: REPORT FROM THE GRANTS AND PERFORMANCE COMMITTEE

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. It is understood that constituencies will circulate Board documents among their members prior to the Board meeting for consultation purposes.

1. STRATEGIC PURPOSE

The purpose of this paper is to request the Board to approve the recommendation from the Grants and Performance Committee (GPC) that for countries who have partly accessed their Maximum Country Allocation for an Education Sector Program Implementation Grant (ESPIG) through the accelerated funding mechanism, the size of the variable part is 30% of the remaining MCA, not 30% of the original MCA.

Summary of Committee Deliberations

- Committee members unanimously supported the recommendation.

2. RECOMMENDED DECISION

2.1 The Grants and Performance Committee recommends that the Board approve the following decision:

BOD/2017/12-XX- Accelerated Funding and the Size of the Variable Part of the ESPIG:

- The Board of Directors in reference to BOD/2012/11-12-Guidelines for Accelerated Support in Emergency and Early Recovery Situations (Accelerated Funding) and BOD/2014/06-02-Operational Framework for Requirements and Incentives in the Global Partnership for Education Funding Model for the 2015–2018 Replenishment Period:
  1. Notes that when a country receives funding under the Accelerated Funding mechanism, the Maximum Country Allocation (MCA) for an Education Sector Program Implementation Grant (ESPIG) is reduced by the amount of the accelerated funding, up to 20 percent of the MCA.
2. Agrees that in this scenario, the size of the fixed part (70%) and the variable part (30%) of the ESPIG will be based on the remaining MCA.

3. **BACKGROUND**

3.1 The results-based Operational Framework for Requirements and Incentives in the GPE Funding Model (Funding Model) divides the maximum country allocation (MCA) for an education sector program implementation grant (ESPIG) in a fixed part (70%) and a variable part (30%).

3.2 In 2012, the Board approved an “accelerated funding” mechanism.¹ The mechanism enables countries in defined emergency situations who have not yet accessed their MCA for an ESPIG to apply for a one-year grant² of up to 20 percent of the MCA to address the emergency and early recovery with the goal to receive the emergency funds within two month of initiating the process. The assessment of the accelerated grant proposal is based on criteria specific to the emergency funding mechanism; the requirements of the funding model in terms of the fixed and variable part requirements are not applied to these situations. It is expected that by the end of the implementation period of the accelerated funding grant, an ESPIG application for the remainder of the country’s MCA will have been submitted in full compliance with the funding model requirements.

3.3 The Funding Model is silent about how accelerated funding impacts the fixed-variable part distribution of the subsequent ESPIG proposal. There are two possibilities. Either the 70% fixed – 30% variable distribution is based on the original MCA or the remaining MCA (MCA minus accelerated funding received).

3.4 **Original MCA scenario:** in this scenario, the accelerated funding received is counted towards the 70% fixed-30% variable distribution. With the accelerated funding received in full upon Board approval of the accelerated grant, it could logically be counted towards the 70% fixed part of the original MCA. As a result, the ESPIG application for the fixed part would be for 70% of the original MCA minus the accelerated funding received. The ESPIG application for the variable part would include the full 30% of the original MCA. This would then result in an ESPIG with a 62.5% fixed – 37.5% variable distribution. For example: an MCA of US$100 million with an accelerated grant of US$20 million would result in the subsequent ESPIG proposal having a fixed part in the amount of US$50 (70% of US$100 million is US$70 million minus the US$20 million received as a “fixed” accelerated funding grant) and a variable part of US$30 million, or a 62.5%fixed – 37.5% variable ESPIG distribution.

¹ BOD/2012/11-12: Guidelines for Accelerated Support in Emergency and Early Recovery Situations (Accelerated Funding)
² The standard implementation period of accelerated grants is one year with the possibility of an extension as appropriate
3.5 **Remaining MCA scenario:** in this scenario, the accelerated funding received is not counted towards the 70% fixed-30% variable distribution. Instead, the fixed-variable calculation is based on the actual amount of the ESPIG. For example, an MCA of US$100 million with an accelerated grant of US$20 million results in a subsequent ESPIG of US$80 million. The fixed part is then 70% of US$80 million or US$ 56 million and the variable part is 30% of US$80 million or 24 million.

3.6 The Secretariat proposes that the fixed-variable distribution be based on the *remaining* MCA. Reasons include that a fixed-variable part distribution based on the original MCA would increase the size of the variable part from the standard 30% to 37.5% which is not in line with the intention of the Board decision of a standard 70% fixed – 30% variable distribution. In addition, the need for immediate funds in countries in emergency and early recovery situations that have applied for accelerated funding – often fragile countries - is typically higher and a larger variable part means more funds will be delayed.

4. **IMPLICATIONS FOR SECRETARIAT RESOURCES AND RISK ANALYSIS**

The proposed recommendation would have no significant implications for GPE resources.

5. **NEXT STEPS**

Pending Board approval of the requested decision at its December 5-7, 2017 meeting, the Secretariat will communicate the decision with affected countries.

6. **PLEASE CONTACT** Margarita Focas Licht ([mlicht@globalpartnership.org](mailto:mlicht@globalpartnership.org)) for further information.