



POLICY AND COMMUNICATIONS PROTOCOL ON MISUSE OF GPE TRUST FUNDS
For Decision

1. PURPOSE

The purpose of this document is to seek approval of the Board of Directors of the Policy and Communications Protocol on Misuse of GPE Trust Funds, attached as **Annex 1** to this document.

2. RECOMMENDED DECISION

The Secretariat requests that the Board of Directors approves the following decision:

BOD/2012/06-XX – Policy and Communications Protocol on Misuse of Global Partnership for Education Trust Funds: The Board of Directors:

(i) approves the Policy and Communications Protocol on Misuse of Global Partnership for Education Trust Funds, as attached as Annex 1 to BOD/2012/06 DOC 06 **Version 2**¹; and

(ii) requests the Financial Advisory Committee to develop criteria for imposing temporary or permanent ineligibility for access to GPE Trust Funds of a Supervising Entity, Managing Entity, developing country partner, civil society organization, private sector organization or any other organization found to have engaged in Misuse (as defined in the Policy).

3. EXECUTIVE SUMMARY

3.1 The Policy and Communications Protocol on Misuse of GPE Trust Funds (the “Misuse Policy”) defines the accountabilities for each of the GPE partners with respect to care of GPE Trust Fund resources. Those accountabilities reflect the fact that the Global Partnership is not a separate legal entity, and does not by itself enter into agreements or contracts with entities to deliver activities supported by the GPE Trust Fund resources. It does so through its Supervising Entities or Managing

¹ This document has been revised as version 2, reflecting amendments made during the meeting of the Board of Directors on 7-8 June 2012.

Entities.² The Misuse Policy highlights the role of the Board of Directors as the body that approves all GPE Trust Fund allocations and eligible Supervising Entities and Implementers – agencies eligible to receive funds directly from the GPE Trust Funds. The Board of Directors approves only agencies that have demonstrated strength with respect to policies and procedures for addressing misuse of funds should it occur and for protecting whistleblowers. By selecting an agency to serve in that role, the Board of Directors accepts the agency’s fiduciary and supervision policies and procedures, as well as its policies on disclosure of information.

3.2 The Global Partnership operates on the principle of transparency. Information should be shared with the Board of Directors as soon as possible regarding credible allegations of Misuse (as defined in the Misuse Policy). Early disclosure enables the Board of Directors to act swiftly in response to information on Misuse and be prepared for further enquiries from stakeholders. In order to support the Board of Directors’ decision making and to promote timely dissemination of communications on credible allegations of misuse, the Misuse Policy introduces: i) a review of Supervising Entity and Implementer fiduciary and supervision policies and procedures; ii) a requirement that Board Members, Alternate Board Members and, potentially, representatives contributing to GPE trust funds that are not on the Board of Directors sign a written confirmation that they will respect the confidentiality of the information provided; and iii) a new provision regarding suspensions and/or cancellation of funding in cases of misuse.

4. BACKGROUND

4.1 This paper is a revised version of the paper distributed to the Board of Directors in advance of its November 2011 meeting in Copenhagen, Denmark (BOD/2011/11 DOC 08), which in turn was a revision of a paper presented to the Board of Directors at its May 2011 meeting in Kigali, Rwanda (BOD/2011/05/ DOC 13). The Secretariat carried out consultations among members of the Financial Advisory Committee and others on both of the previous versions of the document. Neither version was approved by the Board of Directors. At its November 2011 meeting, the Board of Directors requested the Secretariat to consult further and prepare a revised version for consideration by the Board of Directors.

4.2 This version of the document benefits from additional consultation with members of constituencies of the Board of Directors who expressed interest in further review of this document.

² A Managing Entity is a new term being used to replace the concept of “Implementer” as defined in the GPE Fund Governance Document.

5. REASONS FOR RECOMMENDATION

The efficient and effective use of GPE trust fund resources is of great importance to the Board of Directors and the rest of the GPE partners. This is particularly so with the increase in the number of countries that is engaging with the Global Partnership and its funding processes, many of whom have weak fiduciary systems. There have been examples in the past of some misuse of GPE funds and a policy on handling instances of misuse is of vital importance to the whole partnership. Further details about the justification of the Misuse Policy are provided in the Introduction section of Annex 1.

6. IMPLICATIONS FOR SECRETARIAT RESOURCES

The Misuse Policy relies on existing policies and procedures of Supervising Entities and Managing Entities which currently are being applied to GPE trust fund resources. While it is not anticipated that implementation of the Policy will require the appointment of additional staff in the Secretariat, it is expected that the review and documentation of eligible Supervising Entity and Managing Entity fiduciary practices, and the implementation of an accreditation process, if approved by the Board of Directors, will have resource implications. An initial projection of that cost is US\$150,000.

7. NEXT STEPS

Once the Policy is approved by the Board of Directors, it will be posted on the GPE web site and will be implemented in accordance with its terms. The Secretariat will also send a copy to the entire Global Partnership to ensure that it is widely disseminated and will include it in the Country-Level Process Guide, Global and Regional Activities Operations Manual and the Global Governance Manual.

ANNEX 1: POLICY AND COMMUNICATIONS PROTOCOL ON MISUSE OF GLOBAL PARTNERSHIP FOR EDUCATION TRUST FUNDS

DEFINITIONS

In this Policy and Communications Protocol:

- a. “**Board**” means the Board of Directors of the Global Partnership for Education, as described in the Charter.
- b. “**Charter**” means the Charter of the Global Partnership for Education adopted by the Board, as amended from time to time in accordance with its terms.
- c. “**Contribution Agreement**” has the same definition as in the Trust Fund Governance Document.
- d. “**GPE Trust Funds**” means all of the current and future trust funds established as funding vehicles for the Global Partnership for Education.
- e. “**GPE Partner**” means the entities that are partners in the Global Partnership for Education, as described in the Charter.
- f. “**Grant Agreement**” has the same definition as in the Trust Fund Governance Document.
- g. “**Local Education Group**” (LEG) has the same definition as in the Trust Fund Governance Document.
- h. “**Managing Entity**” has the same definition as “Implementer” in the Trust Fund Governance Document.
- i. “**Misuse**” is defined to include using funds for the purpose other than for which they were approved and any or all of the following practices in respect of GPE Trust Funds:

- i. **Corruption:** offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.
 - ii. **Fraud:** any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.
 - iii. **Coercion:** impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.
 - iv. **Collusion:** an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.
 - v. **Obstruction:** deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede an investigation.
- j. **“Proposal”** has the same definition as in the Trust Fund Governance Document.
 - k. **“Secretariat”** has the same definition as in the Charter.
 - l. **“Supervising Entity”** has the same definition as in the Trust Fund Governance Document.
 - m. **“Transfer Agreement”** and **“Transfer Memorandum”** have the same definition as in the Trust Fund Governance Document.
 - n. **“Trustee”** has the same definition as in the Trust Fund Governance Document.
 - o. **“Trust Fund Governance Document”** means the Global Partnership for Education Trust Fund Governance Document adopted by the Board as amended from time to time in accordance with its terms.

Introduction

GPE partners seek to ensure the most effective use of all resources supporting developing country partners' education goals. Due to the need for support, GPE trust fund resources will sometimes be allocated for use in environments where there is high risk of misuse of funds, through fraud, corruption and other practices. This could lead to GPE trust funds being used for a purpose other than that for which they were approved by the Board of Directors.

Implementation by all GPE partners of effective good governance and anti-corruption strategies in education programming helps to foster an environment intolerant of practices leading to misuse. The decisions on how to engage in difficult governance environments must be informed by an understanding of the nature of the risks and the potential impact on development effectiveness and poverty reduction. The effects of these risks take many forms: from relatively minor problems in resource use – sometimes caused by a lack of capacity – to financial mismanagement and corrupt procurement practices, to major corruption and large-scale diversion of funds. In supporting implementation of developing country partner programs, especially those for which GPE trust fund resources have been allocated, GPE partners seek to understand the nature of the challenge, and to identify the most appropriate entry points for strengthening governance systems and preventing misuse.

This Policy and Communications Protocol is framed in the context of the above. While it encourages open communication among all GPE partners on all resources supporting implementation of endorsed education plans, it specifically addresses the roles and responsibilities related to misuse of GPE trust funds. It recognizes that the Board of Directors approves only Supervising Entities and Managing Entities that have policies and procedures to mitigate risk of misuse of funds and to address misuse should it occur. It does not attempt to duplicate or substitute for those agencies' policies and procedures.

This Policy and Communications Protocol will be supplemented by a review and assessment of the fiduciary standards and practice of all Supervising Entities and Managing Entities as a tool to support the Board of Directors' decision-making processes.

A. POLICY ON MISUSE OF GPE TRUST FUNDS

1. **Zero Tolerance of Misuse of GPE Trust Fund resources.** GPE Partners have zero tolerance for Misuse and will use their own policies to always take action to address the Misuse and secure recovery of GPE Trust Fund resources lost to Misuse.

2. **Principle of Accountability; Prevention and Protection from Misuse.** The Global Partnership operates on the principle of accountability. While GPE Partners cannot prevent all potential Misuse, GPE Partners involved in the supervision, management or implementation of activities funded through GPE Trust Fund resources must provide reasonable assurance that those resources will be used as approved by the Board. GPE Partners who are involved with GPE processes, in particular processes related to the funding of country-level activities through the GPE Trust Funds, are expected to be alert to Misuse. Accountability and transparency with regard to Misuse, and its early detection:

- a. help prevent and deter future incidents of Misuse;
- b. contribute to knowledge and understanding of the nature of fraudulent, corrupt or other practices that lead to Misuse, and improve institutional capacity of stakeholders to strengthen internal systems for detection and accountability for all public funds;
- c. build donor confidence in the Global Partnership and contribute to resource mobilization for the education sector; and
- d. increase the efficiency and effectiveness in the use of the GPE Trust Funds in order to deliver maximum results in the work of the Global Partnership to reach the Education for All goals as set out in the Charter.

3. Roles and Responsibilities with respect to GPE Trust Funds:

a. The Board:

- i. approves or delegates the approval of all allocations from the GPE Trust Funds;

- ii. approves the eligibility of entities that may act as a Supervising Entity or Managing Entity;
- iii. approves only Supervising Entities and Managing Entities that have policies and procedures for addressing Misuse and for protecting whistleblowers;
- iv. exercises its responsibilities in compliance with the Policy on Conflicts of Interest (as may be approved by the Board, from time to time) and in a way that minimizes the risk of Misuse; and
- v. approves criteria for imposing temporary or permanent ineligibility for access to GPE Trust Funds of a Supervising Entity, Managing Entity, developing country partner, civil society organization, private sector organization or any other organization found by the Board to have engaged in Misuse in relation to GPE Trust Fund resources.

b. **Developing country partner governments, civil society organizations, and private organizations** implementing programs supported by GPE Trust Funds maintain financial management and procurement systems with strong internal controls that seek to prevent, detect and respond to Misuse, including procedures to recover funds which have been misused. They also communicate any findings of Misuse to the Secretariat and report, through the Supervising Entity, on measures taken or planned to prevent recurrence of Misuse.

c. **Multilateral and bilateral agencies acting as Supervising Entities or Managing Entities** have special fiduciary responsibilities with respect to GPE Trust Funds, as set out in the relevant Transfer Agreements or Transfer Memorandum. Only Supervising Entities and Managing Entities approved by the Board may receive funds directly from GPE Trust Funds.

When acting as Supervising Entities or Managing Entities, they:

- i. embed a governance and anti-corruption focus in activities funded through GPE Trust fund resources;

ii. maintain regular, open, and immediate communication with the LEG and the Secretariat regarding credible allegations of Misuse, taking into account the provisions of paragraph 9 below;

iii. familiarize themselves with the nature of governance challenges that could lead to Misuse, remain alert to indications of such challenges, maintain financial management and procurement processes that seek to prevent and detect Misuse, and promptly take actions applicable to the role of either Supervising Entity or Managing Entity, to address Misuse if it occurs.

In addition, when acting as Supervising Entities, they:

i. conduct appropriate due diligence of the financial and procurement systems of a developing country partner government or other entity receiving funds under a Grant Agreement as per the Proposal approved by the Board, and advise the Board of their assessment of those systems;

ii. promptly return to the relevant GPE Trust Fund any funds that it recovers from a developing country partner due to Misuse; and

iii. comply with the instructions of the Board to promptly return funds to the Trustee when it has been confirmed that the GPE Trust Fund resources transferred to the Supervising Entity have been used by the Supervising Entity in a manner inconsistent with the terms of a corresponding Transfer Agreement or Transfer Memorandum or the applicable decisions of the Board.

iv. ensure that their Grant Agreements with the developing country partner or other organization conform with their standard agreements for transfer of funds to implementing partners.

d. Members of Local Education Groups (LEG), comprising of developing country partner governments, local donors, civil society organizations, multilateral agencies, and the private sector and private foundations have a role to play in monitoring the implementation of the endorsed education plan of developing country partners. LEG members are encouraged to communicate with each other regarding any

information they may have on possible or suspected misuse of funds in the education sector. The LEG is expected to be in regular and open communication with the Secretariat and other stakeholders regarding credible allegations and/or evidence of any misuse in the education sector, and with regard to GPE Trust Funds in particular, including steps taken to address the issue. In dealings with the Secretariat, the LEG acts through the Coordinating Agency.

The Secretariat is the focal point for communications on credible allegations or evidence of Misuse of GPE Trust Fund resources and shall communicate information to the Board in accordance with the Communications Protocol set out in Part B below. The Secretariat shall be in regular communication with the LEG and with the Supervising Entities to help mitigate the risk of and detect Misuse and to assist, if appropriate, in addressing Misuse when it occurs, including taking actions to support recovery and reimbursement of funds to the GPE Trust Funds. At all times, the Secretariat shall take all necessary measures to support the Supervising Entity or Managing Entity in fulfilling its fiduciary responsibilities as described in paragraph c. above. The Secretariat shall develop and share guidance and approaches to assist in selection, design and implementation of good practice for the education sector as a means to contribute to risk mitigation.

4. **Requirements in GPE Trust Fund documents and on Whistle-blowing**

a. **Transfer Agreements.** Transfer Agreements, the Transfer Memorandum or other documents transferring funds to Supervising Entities or Managing Entities shall include the following obligations of the Supervising Entity or Managing Entity:

- i. to exercise the same degree of care and diligence in the discharge of its functions with respect to GPE Trust Funds as it exercises with respect to the administration and management of its own resources, and do any and all such acts as may be necessary or appropriate for the proper administration of the accounts in which the GPE Trust fund resources are received;
- ii. to be accountable to the Board for its GPE Trust Fund financed activities; and
- iii. to be responsible for the use of the GPE Trust Fund resources and the activities carried out therewith in accordance with (i) its own policies and procedures

including, where applicable, those related to 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 the Board, including the purpose for which the specific allocation has been approved by the Board.

b. **Grant Agreements.** Grant Agreements between Supervising Entities and developing country partner governments, civil society organizations, or other organizations shall:

- i. include all appropriate measures to handle financial management of the funds in accordance with the Supervising Entity's policies and procedures for grant agreements,
- ii. provide that if the Board or the Supervising Entity determines that the GPE Trust Funds are used in a manner inconsistent with the Grant Agreement, the developing country partner government or other organization receiving funds shall promptly refund the GPE Trust Fund resources to the Supervising Entity and the Supervising Entity will promptly return those resources to the Trustee, and
- iii. include triggers for suspension of GPE Trust Fund resources in accordance with the Supervising Entity's policies and procedures.

c. **Whistle-blowing.** Supervising Entities and Managing Entities approved by the Board shall maintain policies to protect employees from retaliation due to providing information in relation to Misuse.

5. **Communication of Policy.** The Secretariat shall disseminate this policy to all GPE Partners, post it on the Global Partnership web site and include it in the Global Governance Manual and Country-Level Process Guide. In addition, a copy of this Policy shall be sent to all LEGs upon notification of an allocation from the GPE Trust Funds.

B. COMMUNICATIONS PROTOCOL

Disclosure of information by a Supervising Entity or Managing Entity shall be subject to that Supervising Entity's or Managing Entity's regulations, rules, policies and procedures on disclosure.

6. **Principle of Transparency.** The Global Partnership, a partnership of developing countries, donors, civil society organizations, the private sector and private foundations and multilateral agencies, operates in an open and transparent manner. As set out in the Charter, "Relationships and communications among developing country partners, donors, multilateral agencies, civil society organizations and the private sector and private foundations are built on clarity and transparency."

7. **Communication to Secretariat.** As set out in the Policy in Part A above, GPE Partners have zero tolerance for Misuse once it has occurred and take action, according to their own regulations, rules, policies and procedures, to address the Misuse, including taking steps to secure recovery of GPE Trust Fund resources lost to Misuse. Subject to the considerations referenced in paragraph 9 below, all GPE Partners are expected to communicate promptly information regarding credible allegations of Misuse to the relevant Supervising Entity or Managing Entity and to the Secretariat.

8. **Communication to the Board.** It is essential that information be shared with the Board as soon as possible regarding potential or actual Misuse. Early disclosure enables the Board to act swiftly in response to information on Misuse and be prepared for further enquiries from stakeholders.

9. Procedures for Communication to the Board; Confidentiality

a. Board Members, Alternate Board Members and one representative of each donor to the GPE Trust Funds are eligible to receive official communications from the Secretariat regarding Misuse. All persons eligible to receive such information are required to provide written confirmation in the form attached as Attachment 1 that they will respect the confidentiality of the information provided in this way. Persons having provided this written confirmation shall be placed on a restricted email list for the purpose of communicating on issues of Misuse. Further sharing of this information shall be limited to that which is required by the policies of the respective organizations. All persons eligible to receive such information

shall make efforts to ensure that anyone with whom the information is shared is aware of the need to maintain the confidentiality of the information.

b. Upon receipt of information relating to credible allegations or evidence of Misuse of GPE Trust Funds, the Head of the Secretariat³ shall advise the Chair of the Board of the content of the information. The Chair of the Board and Head of the Secretariat shall immediately send a joint communication to the restricted email list, disclosing the information unless the amount of money at stake is immaterial or unless, under exceptional circumstances, they decide it is necessary to maintain the confidentiality of such information in order to:

- i. protect an ongoing investigation of those involved in the potential Misuse;
- ii. avoid compromising any legal or other action taken by the national authorities of the country involved;
- iii. protect the personal safety of those undertaking the investigation;
- iv. protect persons making reports of Misuse (“whistleblowers”); and/or
- v. avoid legal and other action (defamation, etc.) due to the release of detailed and possibly unsubstantiated allegations against those potentially involved in the Misuse.

10. **Public Disclosure.** The Head of the Secretariat, or the Chief Executive Officer, once appointed, and the Chair of the Board will issue a public statement about Misuse, including through a press release and/or a posting on the Global Partnership website, except in circumstances described in paragraph 9.b. above. Any public disclosure will be made in coordination with the relevant Supervising Entity and/or Managing Entity.

11. **Report at Board Meetings.** The Head of the Secretariat or Chief Executive Officer, once appointed shall provide a written report for, and verbal report at, every face-to-face Board meeting, in executive session if necessary, regarding information known at the time regarding Misuse, subject to

³ The reference to the Head of the Secretariat will mean the Chief Executive Officer, once s/he is appointed.

paragraph 9 above.

12. **Lessons Learned.** On an annual basis, starting with the second meeting of the Board in 2013, the Secretariat shall prepare a paper for consideration by the Board of the lessons learned for in-country and global management of GPE Trust Fund resources from the findings of Misuse, if any, over the previous year. Such reports shall include recommendations based on the lessons learned for the Board's consideration.

13. **Policy and Sources.** The policies and procedures outlined in this document are an elaboration of the principles set out in the Charter and the Trust Fund Governance Document. All Partners are encouraged to support the full implementation of this policy. This Policy and Protocol shall not be interpreted or applied in any way that violates the regulations, rules, policies and procedures of any GPE Partner including their respective control, oversight, and accountability frameworks.

Attachment 1 to Annex 1

Whereas, pursuant to the Global Partnership for Education Policy and Communication Protocol on the Misuse of Trust Funds (the “Policy”), approved by the Board of Directors of the Global Partnership in Decision BOD/2012/06-09, paragraph B. 9, Board Members, Alternate Board Members and one representative of each donor to the GPE Trust Funds are eligible to receive official communications from the Secretariat regarding Misuse (as defined in the Policy) by being placed on a restricted email list; and

I am the

(Board Member/Alternate Board Member) for the (name) constituency of the Board of Directors

OR

a representative of (agency name), a donor to the GPE Trust Funds,

THEREFORE, I understand that the messages I will receive from the restricted email list are not public documents, are of a confidential nature and are in most cases allegations that are not proven in a court of law. I will not share the messages or the content of the information contained in the messages with persons not on the restricted email list, other than persons within my organization that are required to be informed under the policies of my organization . I will also make efforts to ensure that anyone with whom I share information from the restricted email list is aware of the need to maintain the confidentiality of the information.

(Signature)

(Name)

(Title)

(Organization)