

Guidance Questions for Assessing the Variable Part

The variable part of the grant program is comprised of specific strategies, indicators and targets that are designed using a results-based financing approach, with the funding being disbursed only after a pre-agreed set of indicator targets have been achieved and verified. Where applicable, at least 30 percent of the combined GPE grant (STG, GEA, and/or multiplier) should be designed as “Variable Part” with strategies and indicators fully aligned to the system transformation focus area of the grant program and an integral part of the program theory of change and results chain.

Criteria	Description of criteria	Assessment Questions	Observations
1. Adequacy of Proposed Strategies	<p>Proposed strategies for the variable part of the grant program should be fully aligned to the focus area of the program and an integral part of the program theory of change and results chain.</p> <p>Strategies, and linked indicators, should adequately contribute to the overarching ambition of the program.</p>	<p><i>a. Are proposed strategies fully aligned to the focus of the grant program and an integral part of the program theory of change and results chain?</i></p> <p><i>b. Do proposed strategies (i) contribute to the system transformation ambition (i.e., outcomes at scale, greater system coherence) of the program and (ii) adequately take into account country context and capacity?</i></p> <p><i>c. If the program includes a Girls Education Accelerator, is at least one strategy proposed that is focused on addressing barriers to girl’s education?ⁱ</i></p>	

<p>2. Adequacy of Indicators and Targets</p>	<p>Implementation of proposed strategies should be measured by corresponding indicators and targets, which can be at the process, output, intermediate outcome or outcome level.</p> <p>Proposed indicators should act as good measures of strategy implementation and progress towards the system transformation objective of the program.</p> <p>Indicators and targets proposed should demonstrate ambition and realism and be a good fit for utilizing a results-based financing approach.</p>	<p>a. Does the “package of indicators” / specific indicators incentivize / advance strategy implementation and delivery (at process / output level)? Or, by having an outcome focus / target, demonstrate ambition in the given contextⁱⁱ? Indicators may:</p> <ul style="list-style-type: none"> - Unlock process bottlenecks (i.e., consultation, intra-governmental process), - Evidence / incentivize key policy, institutional, or capacity changes, - Incentivize delivery of key outputs / service delivery within a strategy, and/or - Incentivize a focus toward achievement of intermediate outcome or outcome-level targets. <p>b. <i>Are baselines and targets (including intermediate targets, where relevant) provided?</i> Is it feasible for targets to be met and verified no later than six months before the program closes (normally within 3-4 years)?ⁱⁱⁱ</p> <p>c. <i>If the program includes a Girls Education Accelerator, does it include at least one indicator and target focused on addressing barriers to girls’ education?</i></p>	
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<p>3. Reliability of Means of Verification</p>	<p>Process and means of verification for the attainment of results are fully described, and they are both appropriate and reliable.</p>	<p>a. <i>Is the results verification process well-detailed, clear and reliable? Where appropriate, is independent, or third party, verification built in and clearly described?</i></p> <p>b. <i>Are the roles and responsibilities clear in terms of verification and validation of results? Is the LEG involved in the validation? ^{iv}</i></p> <p>c. <i>Is there an adequate budget for verification?</i></p>	
<p>4. Pricing and Disbursement</p>	<p>Indicator pricing is clear and reasonable and disbursement rules are clear.</p> <p>Disbursement mechanisms are clearly described and appear adequate.</p>	<p>a. <i>Is the amount of financing linked to each indicator and specific target (or milestone) clear?</i></p> <p>b. <i>For each indicator and specific target are disbursement rules clear? E.g., whether partial, or scalable, disbursement is allowed? Are they reasonable?</i></p> <p>c. <i>Are the respective amounts (i.e., pricing) allocated to indicators and targets reasonable^v?</i></p> <p>d. <i>Is the mechanism into which the Variable Part^{vi} is disbursed, and, where relevant, the implementation arrangements, clearly</i></p>	

		<i>described? (i.e., once disbursement conditions are satisfied, how will the funds be channeled and used?)</i>	
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ⁱ **Girls Education Accelerator:** Countries can decide if they want to pull the resources associated to the variable part from the GEA into a “general” variable part or keep it separate. If it is kept separate, then it should be exclusively associated to disbursement linked indicators (DLI) and results in the GEA’s focus area (girls’ education). The country can also opt for an integrated variable part. In this at least one DLI or result linked to girls’ education. In an integrated variable part this translates to one of the strategies included with the variable part being focused on barriers to girls’ education.

ⁱⁱ **Guidance on results-based financing to program level.** Consider ‘who’ / which actors are being incentivized. Please refer to GPE System Transformation Grant guidelines as well as the below listed resources for more information on good practice in results-base financing, in the context of the GPE model. As an example, using an RBF approach to support school construction may be inappropriate in a context where no capital is available. Alternatively, RBF has been shown to incentivize efforts to improve service delivery (implementation of strategies to reduce OOSC, improve girls’ retention) and policy dialogue / change (e.g., approval / initial implementation of teacher deployment and management strategies). Other references include: Lee, L. J. D., and O. Medina. *Results-Based Financing in Education: Learning from What Works*. Washington, DC: World Bank Group (2019). See also, *An Early Stage Review of Country Program Designs and Implementation Experiences with GPE’s Variable Part Financing Mechanism (2015 - 2019)*, GPE (2020). Catherine Dom, Alasdair Fraser, John Patch, Joseph Holden (2021), *Results-Based Financing in the Education Sector: Country-Level Analysis*. Final Synthesis Report Submitted to the REACH Program at the World Bank by Mokoro Ltd.

ⁱⁱⁱ If the VP is disbursed into budget support, pooled fund, or eligible expenditure program, some flexibility is warranted.

^{iv} **Verification** is here considered to be a *technical assessment* to determine whether results have been achieved, whereas **Validation** is the *process* to accept the verification of achievement of results.

^v Indicator pricing can be influenced by several factors: (i) consideration of the costs of activities / inputs needed to attain the result, (ii) importance of the result / leverage, i.e., if the indicator represents meeting a critically important result in the country context, for which the amount of financing is considered adequate incentive, (iii) spreading risk, i.e., to allocation of financing across several milestones to support regular progress / reduce disbursement risk. Other factors may also influence how indicators are priced, including the perceived value of milestone targets in creating a path to meeting indicators further down a results chain.

^{vi} The variable part of the grant may be disbursed into sector budget support, a pooled fund, or the STG program.