



## **THE PACE PROGRAM**

### **Policy and Capacity for Education (PACE)**

The evolution of the  
Education Program Development Fund (EPDF)

Final Conceptual Design Document for submission to the FTI Board of Directors  
and EPDF Committee Meetings in Rome, November 2009

## PACE in a Page: a Snapshot of the Program

A core program of the FTI, **PACE** aims to strengthen the capability and co-ordination of partner country education systems. Its vision is that all countries have the knowledge and capacity to design, manage and monitor policies and interventions to achieve their education goals.

### **PACE objectives:**

1. ***Strengthen country capacity to develop and effectively implement good education policies leading to robust results oriented programs with realistic budgets.***
2. ***Support initiatives that help countries address thematic challenges and increase the impact of investment in education, drawing on innovations, evidence and learning.***
3. ***Reinforce the role of the Local Education Group (LEG) in coordinating support to the education sector, engaging and aligning a broad constituency, and advancing country leadership and accountability.***

**PACE** will be recognised for enabling country led capacity enhancement programs and for its strength of engagement with country partners. **PACE** engagement will vary in response to country context, and provide assistance and partnership including but not limited to:

- **Direct and regular engagement between **PACE** staff and the existing form of LEG in country** to enable the LEG to readily access and understand **PACE** (and FTI) services, and for **PACE** to appreciate country context and capacity issues and explore options for collaboration.
- **A Notional Funding Allocation** of (say) US\$300,000 per annum, able to be drawn down simply, and managed by a designated Grant Manager (GM) within the LEG. These grants will enable LEGs to respond quickly to capacity development (CD) challenges, and to ensure coordination of effort based on education sector CD strategies or frameworks. Principles of **PACE**, such as advancing country ownership, will guide the use of these grants, enabling spending decisions to rest with the LEG. **Additional sizeable grants** may be available, and **PACE** will ensure a rapid, uncomplicated and transparent allocation process.
- **A knowledge hub** of evidence and contacts to connect LEGs directly to relevant experience, practice and expertise. **PACE** will facilitate links and networks and initiate activities to support knowledge development in response to country demand.
- **Support to countries to test scalable activities that address thematic challenges.** **PACE** will work with experts, international organisations and country representatives to extract knowledge from international practice and support willing countries to test and integrate appropriate interventions into their Education Sector Plans.
- **Catalytic Fund (CF) preparation** through support to Supervising Entities and LEGs.

**PACE** will ensure effectiveness at country level through proactive engagement with and practical support to LEGs, comprehensive information and regionally based training opportunities for country partners, and a results-oriented reporting framework. Dedicated **PACE** staff within the FTI Secretariat will facilitate the program, and assist country partners to implement it. The **PACE** Strategy Committee, designated by the FTI Board of Directors, will set the program policy, strategy and budget, oversee **PACE** and provide guidance to maximise effectiveness and impact.

## Background

At the Fast Track Initiative (FTI) meetings in Copenhagen in April 2009 the EPDF Task Team presented a Concept Note to evolve the EPDF into a new program. The Note presented a vision, guiding principles, purpose and objectives, and broadly outlined the management structure for the new program. This was approved, and the Task Team was asked to develop a design document for consideration by the Board of Directors in November 2009. This is that document.

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## Acronyms:

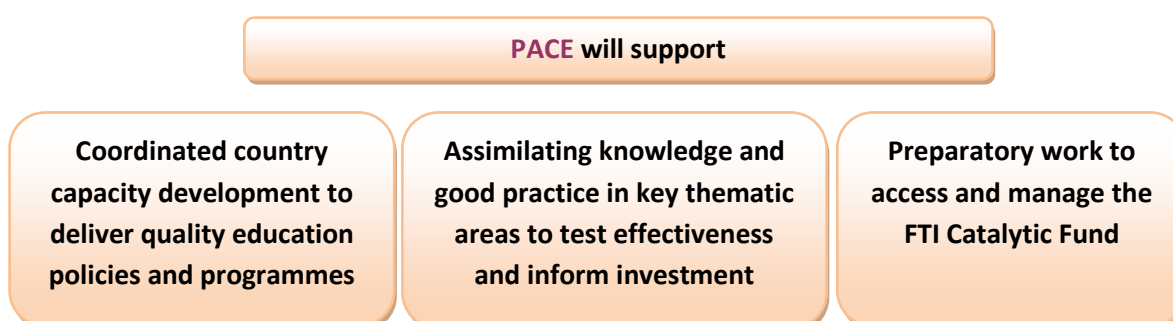
CA	Coordinating Agency
CD	Capacity Development
CF	Catalytic Fund
EFA	Education for All
EPDF	Education Program Development Fund
BHS	Bob’s Hippo Scar
FTI	Fast Track Initiative
RUB	Robin’s Ubiquitous Blackberry
GM	Grant Manager
LEG	Local Education Group
PACE	Policy and Capacity for Education

## PACE in Profile: the Program in Detail

The Task Team proposes to name this program **PACE** - Policy and Capacity for Education. It has been designed to strongly reinforce FTI principles and processes, and developed in line with FTI Governance documentation, Capacity Development (CD) Guidelines and current FTI financing modalities. Board discussion relating to the consolidation of FTI financing into one virtual fund has been taken into account, and will give shape to the mobilisation of **PACE**.

### 1. Overview

**PACE** is a program within the EFA FTI with financial and technical resources to support low income countries to build their capacities in the development and implementation of education sector policy, plans and programs.



Low income countries that are partners of FTI or have formally expressed an interest in FTI partnership will be eligible for support through **PACE**. **PACE** will work closely with Local Education Groups (LEGs)<sup>1</sup> in whatever form they exist in countries, to enable the delivery of activities at country level. The program will be facilitated by a technically strong and dedicated staff group within the FTI Secretariat, reporting to the FTI Board through the **PACE** Strategy Committee.

At country level, LEGs will lead the process and decision making on the use of **PACE** funds. Funds may be used to support a country’s own education Capacity Development (CD) Strategy if it exists, or to develop a simple CD Framework to facilitate rapid support to priority areas. Activities supported by **PACE** will be specific to the context, but may include strengthening a country’s ability to achieve and monitor results through effective policies and budgets, and accessing evidence and knowledge from the experience of other countries and assimilating good practice. **PACE** will also support the LEG to enhance country leadership, accountability and effectiveness. Where needed, it can provide funding to Supervising Entities and LEGs to prepare for an FTI Catalytic Fund grant.

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<sup>1</sup> LEG is an important term used throughout this document and the EFA-FTI literature to describe an in-country partnership for education LEG is described in the context of the FTI as a structure where representatives of the government discuss education strategies, plans, programs, funding and policies with representatives of international organisations (including bilateral and multilateral donors and NGOs) and civil society (e.g. local NGO coalitions, trade unions, advocacy and user groups as well as private sector service providers). This group may already exist in many countries, or it may be formed in response to the wish to improve effectiveness in the education sector. The specific composition, terms of reference and working arrangements of the LEG will vary from country to country. Where structures and processes already work well, there may be no reason to change; where relationships are just beginning or working unsatisfactorily, FTI engagement may provide the opportunity to agree to changes or formalize what exists.

## 2. Description of the Program

### 2.1 Vision

The vision of **PACE** is that all countries have the knowledge and capacity to design, manage and monitor policies and interventions to achieve their education goals.

### 2.2 Purpose

**PACE** will strengthen the capacity of low income countries, including fragile states, to shape and deliver the achievement of their education goals. It will facilitate better coordinated support, knowledge development and sharing and stakeholder engagement. **PACE** recognises that capacity building goes beyond the simple preparation of an education plan to strengthening the implementation of policy, including how it is actioned and financed, and identifying the results achieved.

### 2.3 Objectives

1. ***Strengthen country capacity to develop and effectively implement good education policies leading to robust results oriented programs with realistic budgets.***
2. ***Support initiatives that help countries address thematic challenges and increase the impact of investment in education, drawing on innovations, evidence and learning.***
3. ***Reinforce the role of the LEG in coordinating support to the education sector, engaging and aligning a broad constituency, and advancing country leadership and accountability.***

### 2.4 What “Capacity” Means to **PACE**

The basic definition of capacity used by the FTI is taken from the OECD DAC: ‘the ability of people, organisations and society to manage their affairs successfully’. The FTI recognises that EFA implementation is best supported by a comprehensive CD strategy that addresses all levels from the classroom to central administration, including civil society and the private sector. The FTI Partnership has developed “Guidelines for CD in the Education Sector within the EFA FTI Framework,” to support a participatory approach to CD based on these principles:

- **Strategic:** a strategy that supports country processes to identify capacity needs and responses, founded in systemic, comprehensive, coherent and strategic analysis.
- **Country focussed:** a CD strategy will be an integral part of, or complement to, education sector policies, strategies and plans.
- **Holistic:** A strategy that works vertically and horizontally to build knowledge and skills and develop the institutional architecture to achieving education outcomes.
- **Results focused:** CD programs will make explicit the links between input, outputs and outcomes, and explicitly monitor and evaluate progress.

**PACE** will facilitate a systemic, strategic and results focused approach to Capacity Development in line with these principles. The program will help countries to address capacity needs that go beyond the experience, knowledge and skills of individuals to the capacity of the organisations in

which they work. **PACE** will seek to engage with the enabling environment that influences organisational and individual behaviour, including issues of incentives and governance.

While **PACE** supports a strategic and co-ordinated approach to CD, it is fundamentally an action oriented program. As such, in the absence of a Capacity Development Strategy, **PACE** supports using a simple CD framework to enable coordination of early investment and stimulate momentum focusing on rapid results. Such a framework will outline practical priorities to achieve results in critical areas and assist country Governments in the task of co-ordinating technical assistance and institutional development in the education sector in country. A CD Framework should not replace a CD Strategy or the principles reflected in the guidelines, but provide a platform on which these can be built.

## 2.5 What will **PACE** support?

**PACE** support will depend on country context. Assistance and engagement may include but not be limited to:

- **Direct and regular engagement between **PACE** staff and the existing form of LEG in country.** This will enable the LEG to understand how **PACE** works, along with broader FTI principles and practice. It will allow **PACE** staff to appreciate individual country context and capacity issues (both within the education system and LEG) and to discuss and tailor options for support to each country as well as to learn what can be shared across countries.
- **Direct country support including through a Notional Funding Allocation** (recommended initially as \$300,000 per annum) available to partner countries each year to encourage LEG commitment to longer term capacity development. The amount and eligibility will be regularly reviewed by the **PACE** Strategy Committee. These grants will enable LEGs to respond quickly to challenges, enhance education sector planning, and address other barriers and opportunities to EFA achievement. Principles of **PACE**, including advancing country ownership, will guide the use of these grants with actual spending decisions resting with the LEG. **Additional sizeable grants** may be available, and **PACE** will ensure a rapid, uncomplicated and transparent allocation process. **PACE** can also support LEGs to **prepare for a Catalytic Fund grant** through a direct contribution to a Supervising Entity or other agency responsible for preparation.
- **A knowledge hub** of evidence and contacts to connect LEGs directly to relevant experience, practice and expertise. **PACE will** facilitating links and networks and initiating activities to support knowledge development in response to country demand.
- **Support to countries to test scalable activities that address thematic challenges.** **PACE** will work with experts, international organisations and country representatives to extract knowledge from international practice and support willing countries to test and integrate appropriate interventions into their Education Sector Plans. **PACE** will assist the Strategy Committee to develop thematic priorities and seek out evidence based programs for investment. Examples could include activities to address learning outcomes, teacher absenteeism, disability, child labour, time on task etc.

## Operation for Notional PACE Funding: National and International Processes

### Country Level

Existing LEG or Government, development partners and civil society representatives reach consensus and **appoint a Coordinating Agency and Grant Manager**

When required the Coordinating Agency prepares **reporting focused on results**. Reporting will also including a brief outline of funds expensed and activities completed.

LEG develops a **CD framework or strategy** if one does not exist already.

The Coordinating Agency facilitates input from the LEG to complete a simple **application** outlining activities, budget, and intended results. The Coordinating Agency sends this to the **PACE** team.

**Funds are transferred to the Grant Manager**. The LEG implements agreed activities, seeking further support from **PACE** staff if and as required. The Coordinating Agency many also bid for additional funds.

### PACE

**PACE staff provide initial information** and advice on the **PACE** program and the broader FTI.

**PACE** staff deliver a **training program** outlining roles, responsibilities, accountabilities and reporting systems to LEG Coordinating Agencies, Grant Managers other members, preferably including the Government.

**PACE** Staff provides **follow up support** as necessary to assist LEG to develop an appropriate **PACE** program.

**PACE** staff review the application rapidly and follow up with the Coordinating Agency to ensure that FTI principles are covered (gender, inclusion etc). Once the application is finalised, the Trustee releases funds to the Grant Manager.

**PACE** staff follow up with **regular contact and support**, and review short country reports. They identify successes and opportunities for scaling up across countries, and facilitate shared learning across LEGs.

### 3. Roles and Responsibilities

**PACE** aims to reinforce the key FTI principle that a country (Government and education stakeholders) is at, or becomes, the centre of decision making and support for their education sector. This principle underlines the role of **LEGs** as key decision makers and implementers of **PACE**.

**PACE** will be facilitated by a well resourced staff group located in the **FTI Secretariat**. PACE staff will be available to assist LEGs to shape and implement the **PACE** program at country level, to facilitate cross country links, and to manage the global and thematic elements of the program.

Strategic direction and accountability for **PACE** will be provided by a **PACE Strategy Committee**, appointed by and reporting to the FTI **Board of Directors**.

#### 3.1 The Local Education Group

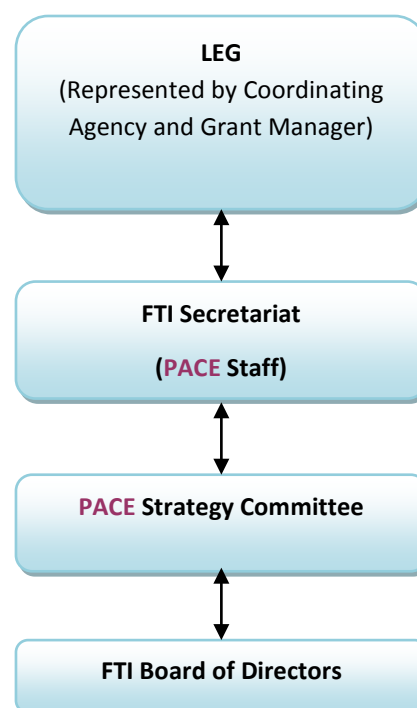
The constitution of a LEG is described in the FTI Governance document. This recognises that the role and nature of the LEG will be country specific and vary depending on context. A LEG may function anywhere on a continuum from:

- Nascent: *where clarity on roles is required, sector programming and monitoring is being developed, government is not in the lead, and the LEG needs support and strengthening, to;*
- Mature: *where all constituencies are represented in a process led by the government, which is able to manage the education sector, and where there is good communication and fora for policy and technical debate.*

Building on the country processes, and assisted by **PACE**, LEGs will support the preparation, monitoring, management and implementation of an education sector CD Strategy or Framework as an integral part of the country sector strategic planning response to EFA. In fragile environments the program may be used to address immediate capacity constraints prior to integrating overall capacity building needs into sector planning and programming.

LEGs may also work with a Supervising Entity to prepare for FTI endorsement, and a Catalytic Fund grant.

The **Coordinating Agency (CA)**, as defined in the FTI Governance document, is responsible for coordination within the LEG including oversight of the **PACE**-supported program. The CA may liaise with the **PACE** staff in the FTI Secretariat for advice, funding and support. The CA will prepare the required terms of reference and brief final reports on the results and lessons learned for discussion with **PACE** Staff.



The LEG will select a **Grant Manager**, responsible to procure and account (fiduciary responsibility) on behalf of the LEG for implementation of the activities funded under the **PACE** program. This may

or may not be the same organisation as the CA. Any organisation may be nominated as long as it is acceptable to the **PACE** Strategy Committee and FTI Trustee (World Bank).

### **3.2 The **PACE** group within the FTI Secretariat**

**PACE** will be managed and facilitated by an additional group of staff within the FTI Secretariat. While this design overview refers to '**PACE** staff' it is recognised this staff group may be best integrated fully with the FTI Secretariat staff to reduce overlap and enhance the whole operation of the FTI Secretariat including **PACE**. This is an operational issue and it is suggested that during mobilisation, the Head of the Secretariat propose a structure that will work effectively. This should clearly demonstrate how the proposed structure will enhance **PACE** operation and prevent potential compromise through leakage of **PACE** resources to cover general FTI Secretariat overheads. For ease of reference in this document, the term '**PACE** staff' will be used to refer to those staff in the FTI Secretariat responsible for facilitating **PACE**.

**PACE** staff will be the point of contact for LEGs to engage with the **PACE** program. To properly support the program and ensure a country led focus, there is expected to be considerable in-country engagement between **PACE** staff and LEGs. As part of launching **PACE**, staff may initiate and manage regional workshops to explain the program and broader FTI mandate, inviting government with LEGs representatives to attend. It will then work with client countries to tailor **PACE** engagement. As needed, **PACE** staff may provide appropriate assistance to enable LEGs to map demand and access support for sector planning, programming and budget management, or to prepare an education sector Capacity Development Strategy or Framework.

**PACE** staff will manage the thematic work under the guidance of the **PACE** Strategy Committee. They will assist the **PACE** Strategy Committee to prioritise themes, identify significant innovations at country level and manage a "call" for further interventions, evidence and good practice. They will shortlist and propose options for the **PACE** Strategy Committee to invest in at country and regional level and manage evaluation.

Driven by demand from the LEGs, **PACE** staff will aggregate requests for learning, development and exchange across countries and facilitate tactical and comprehensive programs to address these. The principle will be to draw on existing learning, expertise and initiatives, with **PACE** staff facilitating the links and processes with a clear aim to achieve maximum long term benefit.

**PACE** staff will report to the **PACE** Strategy Committee through the head of the Secretariat, and will report on performance of the program against an agreed results framework.

### **3.3 The role of the FTI Board of Directors**

The FTI Board of Directors is ultimately responsible for all of the FTI, including **PACE**. This design recommends that the Board delegate responsibility for **PACE** to an appointed **PACE** Strategy Committee which will provide strategic oversight and accountability, make decisions, and report back to the Board.

### 3.4 The **PACE** Strategy Committee

This design recommends that the **PACE** Strategy Committee consist of a small group, broadly representative of the FTI partnership with the capacity and expertise to proactively guide **PACE** to achieve its objectives. The **PACE** Strategy Committee may convene face-to-face twice a year at FTI meetings and convene virtually at other times where appropriate. Overall, the Committee will:

- Provide policy and strategic guidance on **PACE** processes and activities
- Monitor progress of **PACE** supported programs against the results framework
- Be responsible for reporting results to the Board of Directors and broader stakeholders
- Make financing decisions as needed including provision of grant authority levels to the **PACE** staff within the FTI Secretariat, as deemed appropriate
- Guided by the Board, ensure that **PACE** contributes effectively to and proactively supports the broader FTI mandate.

The **PACE** Strategy Committee may appoint an auxiliary technical review panel as appropriate to assist with monitoring and evaluation of **PACE** and to advise on specific technical issues such as thematic priorities and assessments of proposals.

## 4. Operational Arrangements

### 4.1 Funding Principles

The allocation of **PACE** funds at country level will be governed by these principles.

- I. **Eligibility:** All low income partner countries of FTI or those who have formally expressed an interest in partnership with FTI are eligible to access the **PACE** program at any time.
- II. **Use:** **PACE** funds are to finance a wide range of activities aiming at building capacities needed to support the development and implementation of education sector policy, plans and programs. Decisions on use will be determined by the LEG.
- III. **Access:** Funds for a country, including notional allocations, will be easily accessible from **PACE** at the FTI Secretariat through the LEG.
- IV. **Reporting:** will be simple and useful to LEGs, focusing on learning, results and utility at country level.

### 4.2 Funding Modalities

There are two modalities for the transfer of **PACE** funds:

1. A **Transfer Agreement** may be used for organisations recognised by the FTI partnership as suitable candidates to receive FTI funds without Trustee supervision. It is recommended that the Board of Directors determine which organisations are suitable to receive **PACE** funds through a Transfer Agreement, with advice from other partners as necessary. Many multilateral organisations and development partners will fall into this category.
2. A **Grant Agreement**, entailing supervision by the Trustee, can be used for organisations that are not approved to receive funds through a Transfer Agreement.

### 4.3 Indicative Budget

The figures used have been discussed by the Task Team and are indicative only, to illustrate what the global **PACE** budget may look like and should not be seen as locking the program into any particular budget framework. The actual budget will need to be tested and refined and may vary from year to year.

Activity	Indicative Annual Resources \$US
50 countries receive a notional \$300,000 funding allocation (Note: unlikely that 50 countries will apply in year 1, or any given year)	\$15 million
Additional country funding allocations	\$ 3 million
CF preparation activity (SE cost estimated initially at \$100,000 per country)	\$ 2 million
Scaling up and thematic work	\$ 7 million
<b>PACE</b> team operations and administration (Includes <b>PACE</b> staffing costs, travel and support to LEGs, workshops, etc.)	\$ 3 million
<b>TOTAL</b>	<b>\$30 million</b>

### 4.4 Notional Funding Allocation

All eligible countries will be able to draw down funds (suggested as an initial allocation of up to US\$300,000) each year from a **PACE** Notional Funding Allocation. Multi-year planning for the use of the **PACE** Notional Funding Allocation will be encouraged. The **PACE** Strategy Committee will regularly review the amount and any limit to continued funding based on demand, resources available and drawing on advice from **PACE** staff. The LEG will decide how the funds may be best used, how much to draw down and coordinate associated activities and procurement. The LEG designated Grant Manager will be responsible for procurement and will be accountable for the funds in country.

The Notional Funding Allocation is annual. To encourage use and facilitate accountability, there will be no carry forward of uncommitted amounts from one year to the next. The Grant Manager will provide financial reporting inline with its own procedures. The LEG (CA) will collaborate with **PACE** staff to prepare a short report of activity results and lessons learnt.

The Notional Funding Allocation can be used to fund the following categories of activities:

- I. **Formulation, monitoring and review of an Education Sector Plan or Interim Plan.** Countries are encouraged to use the FTI tools developed to guide activities at country level, including the Capacity Development Guidelines; Appraisal Guidelines; and Equity and Inclusion Toolkit<sup>2</sup>.
- II. **Strengthening a comprehensive results-based Capacity Development (CD) Strategy or Framework.** Where the country does not have CD Strategy, the LEG could use the notional allocation to develop one in line with the principles described in the FTI CD guidelines.

<sup>2</sup> The full suite of current tools can be found on the FTI Website.

Alternatively, the LEG may want to commence or simplify coordination of activity through a shorter term CD Framework. The Strategy or Framework should be related to or integrated into an Education Sector Plan where this exists and be responsive to changing needs and priorities.

If a country has already developed such a CD Strategy or Framework, the LEG may use the Notional Funding Allocation for strengthening and improving it. This may include assisting the LEG to support transparent and harmonised coordination of Technical Assistance (TA) and other capacity building inputs. The notional allocation may also be used to implement activities within the Strategy or Framework which are focused on policy and knowledge development or innovation. **PACE** staff will discourage LEGS from using the Notional Allocation to support recurrent CD activities that can be supported through the broader sector program.

**III. Policy Development and Analytical Work.** The LEG may use the Notional Funding Allocation to assist in analysing problems and identifying adjustments in policies and implementation to better achieve intended results. This may include strengthening capacity for the development and integration of policy, budgets and their implementation, and to monitor and evaluate results. It may also include knowledge sharing activities between countries, for example, a study tour with the costs shared between countries and with support from a regional institution.

**IV. Strengthening the LEG:** The program purpose is not to build the capacity of individuals or organisations within the LEG per se. However, the LEG needs to function efficiently and effectively and may require specific inputs to achieve this. **PACE** staff will provide advice and support on what interventions might be effective including bringing experiences of good practice from other LEGs.

#### 4.5 Additional Country Funding Allocations

Additional funding allocations will follow the same principles and be used for the same purposes as the Notional Funding Allocation. These will be approved by **PACE** staff or the **PACE** Strategy Committee, depending on the amount requested, and will require a short application. **PACE** staff will manage the process including advising the **PACE** Strategy Committee on proposals and making recommendations regarding overall allocation amounts.<sup>3</sup>

#### 4.6 Catalytic Fund preparation

The preparation of a request from a country for FTI Catalytic Fund support is coordinated by the LEG. A Supervising Entity assists with preparation and oversees the technical assessment. The Supervising Entity will often be the World Bank, but bilateral and multilateral agencies may occasionally perform this role. Preparation can include an assessment of the technical and fiduciary soundness of the proposal and the suggested implementation arrangements.

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<sup>3</sup> Deciding on amounts available to countries for Additional Funding Allocations will require an understanding of likely demand. It is suggested that LEGS intentions to draw down Notional Funding Allocations or apply for Additional Funding Allocations will need to be lodged with **PACE** by June each year to assess impact on remaining funds up until December. For example, the indicative budget gives US\$3 million for Additional Funding Allocations. If LEGs had been granted US\$2 million of this budget by June and a LEG was requesting a further US\$500,000, knowledge of other likely requests would inform whether this may be grantable.

The cost of the Supervising Entity or other relevant bodies to undertake Catalytic Fund preparatory work may be met by a fixed allocation from **PACE**. The **PACE** Strategic Committee will determine and adjust this allocation as required<sup>4</sup>. On request from the LEG, the **PACE** team can play a role in supporting the process at the country level.

#### 4.7 Thematic activities

The **PACE** Strategy Committee will determine priorities for thematic activities. In consultations leading to this design many FTI members sought clarification on how this area would be relevant and unique to FTI rather than a duplicating other education trust funds. Task Team deliberations brought consensus on the following:

- Many countries struggle to achieve significant impact on thematic areas such as learning outcomes, teacher absenteeism, disability, gender, child labour and many others even though these are often included in Education Sector Plans.
- Small scale successes are difficult to scale up and are often marginalised by competing Government priorities, or by the limited reach or capacity of non-state providers of education services.
- Much research and piloting of initiatives has already been funded to develop evidence. **PACE** has the opportunity to move beyond this to help willing countries to assimilate existing knowledge and experience.
- **PACE** can assist LEGs to decide on practice relevant to their context, and invest in the development of realistic programs to test and commence scale-up.

Under the guidance of the Strategy Committee, which will identify priority themes based on global trends, and country demand, **PACE** staff could send out a “call” for interventions, innovations and good practice. This would be an inclusive call, and any LEG, or organisation may put forward tested experiences or proposals. The work could be at country, regional or global levels.

A panel of experts and country representatives designated by the **PACE** Strategy Committee may consider and prioritise the proposals, and **PACE** staff will present the strongest options to the **PACE** Strategy Committee for evaluation and investment. Following a decision by the **PACE** Strategy Committee, **PACE** staff will liaise with partner organisations and LEGs to oversee the implementation of activities.

#### 4.8 Operational Costs

This category of funding covers all operational costs, including **PACE** staffing, travel, country support, management of thematic work, and administration. The indicative budget allows for US\$3 million per year to cover the additional costs estimated to properly resource **PACE**. This represents 10% of the proposed **PACE** budget. Although the proposed increase of 8-10 staff will be sizeable for the FTI Secretariat, the total administration cost will still be significantly less than equivalent costs for many other global funds. **PACE** will also play a critical role in supporting broader FTI processes.

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<sup>4</sup> The estimate for the initial fixed allocation for the Supervising Entity for CF preparation is US\$100,000 per application per year. This was the amount agreed at the EPDF meeting in Oslo in December 2008.

## 5. Connections with FTI Architecture

### 5.1 Legacy Activities of the EPDF

On-going work of the EPDF will continue through to December 2011 under existing arrangements as set out in the EPDF Administration Agreement. **PACE** will not continue the current EPDF support to institutions through core funding. The Task Team proposes that the FTI Board of Directors decide whether core funding to key partner organisations should be included as a separate FTI window, or passed to bilateral and other donors to fund independently.

### 5.2 Support in Fragile Environments

Many states face major challenges resulting from conflict, environmental impacts and humanitarian disasters. Others face special circumstances such as small scale populations and remoteness. These states will have access to the same kinds of support from **PACE** as other countries. Nevertheless, it is recognised that such states may need to have access to significantly more upfront funding for a mix of additional support to the LEG, CD, and introducing or scaling up activities. Depending on the evolution of other FTI mechanisms to support such states, the role of **PACE** may be adapted to accommodate needs.

1. **PACE** capacity building activities would cover as necessary: supporting the LEG in identifying key capacity gaps, developing a rapid response action plan for capacity and institutional development, critical service provision, and implementing priority CD activities.
2. **PACE** resources could be used in these countries to prepare the Interim Plans to be endorsed by the FTI Partnership through the LEG.
3. **PACE** could potentially provide funds to procure goods that are directly linked to improving capacity, access and quality through an in-country Grant Manager.

**PACE** staff would be expected to play a strong supporting role and would aid the LEG in identifying if there were a need for additional budget for CD and a budget for the provision of goods.

### 5.3 Mobilisation of **PACE**

This design will be presented to the FTI Board of Directors and EPDF Committee in Rome in November 2009 for approval. At that point an indicative timeline of next steps towards mobilisation will be available.