GPE Financing and Funding Framework

Assessment of draft FFF

November 30, 2016

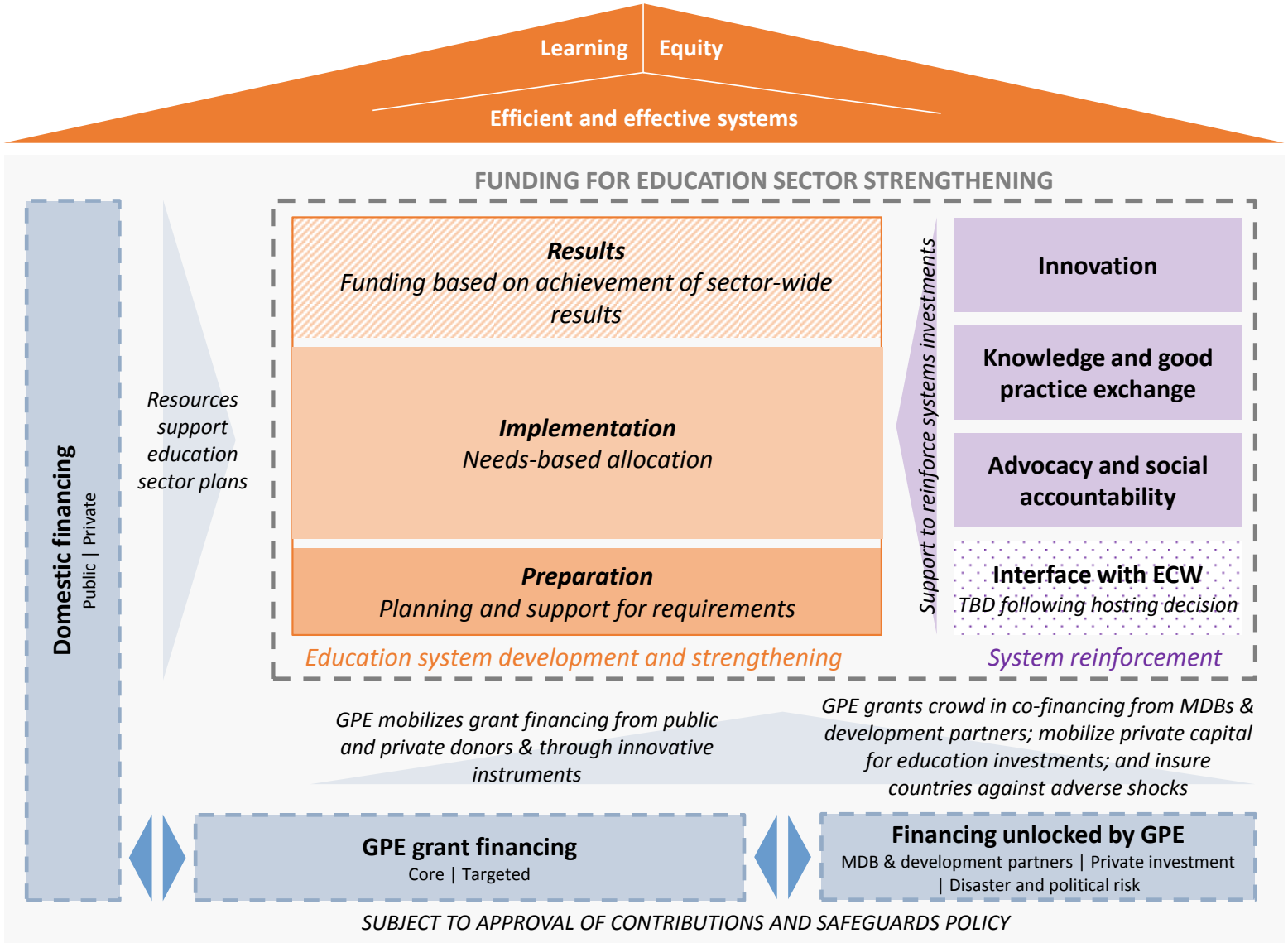


Approach: The assessment reviewed funding and financing components and how they come together

- Funding: The assessment reviewed:
  - Enhancements to GPE's current funding model
  - New reinforcing funding mechanisms proposed by the FFF

- Financing: The assessment considered what financing instruments and approaches are best placed to mobilize and deploy additional financing for education
  - Prioritization of financing instruments
  - Identification of broader opportunities for GPE to mobilize additional financing

The FFF proposes an appropriate set of funding mechanisms that allow for a more differentiated approach to meet the needs of GPE 2020



Proposed enhancements to the current funding model are intended to strengthen GPE's ability to deliver on GPE 2020

Challenge areas highlighted by SFWG	Addressed by draft FFF?
Data and EMIS	Yes
Domestic resource mobilization	Yes
Alignment of international financing	Yes, but specific ideas not yet finalized
Continuity during emergencies	Pending further decisions on ECW
Support to refugees and displaced people	Pending further decisions on ECW
Accountability mechanisms	Yes
Results-based funding (RBF)	Partially
Support for national capacity building	Partially
Regional funding approaches	No

Proposed reinforcing funding features bring a more differentiated set of funding tools to better realize GPE's Strategic Plan

Dimension	Criteria	Innovation	KGPE	Advocacy and Social Accountability
Potential to deliver against GPE 2020	• Potential impact against goals of 2020 • Potential to fund at scale • Demand	**MODERATE**	**HIGH**	**HIGH**
Complementary additionality	• Complementarity with existing GPE model • Potential financing from a diverse range of new and existing donors • Potential to promote additional financing for education	**HIGH**	**MODERATE**	**MODERATE**
Operational feasibility	• Comparative advantage of GPE • Transaction costs are not disproportionately high • Potential to prioritize in case of low replenishment	**MODERATE**	**MODERATE**	**MODERATE**

Proposed financing approaches in the FFF have potential to generate significant levels of external financing for GPE-aligned sector activities



Prioritized for further consideration within overall FFF

- **Loan buy-downs**
- **Leveraging concessional loans**
- **Disaster and political risk financing**

Additional analysis to be completed with support from The Rockefeller Foundation



Has potential, but requires additional exploration

- **Guarantees**
- **Bonds**
- **Levies**



Recommended to deprioritize

- **Development impact bonds (DIBs)**

Critical conclusions emerged from the technical consultation workshop

- The primary objective of the FFF is to deliver increased impact across GPE's learning, equity, and efficient and effective systems outcomes: **more and better financing is the key lever required to do this**
- **The funding approaches need to be part of one cohesive narrative**; innovation and other reinforcing mechanisms should not be seen as something "on the side"
- **The FFF must promote an integrated program at the country level**; how to do this requires further stress testing, and will be the subject of further analysis and consideration by the SFWG and Secretariat in early 2017
- **The GPE model must contribute to promoting and increasing domestic financing**; this is a key priority for many donors, and is also a key desire of DCP partners
- Given the FFF's deepening of GPE's role in coordinating and anchoring education sector plans and investments, **further consideration must be given to what GPE is uniquely positioned to do within the architecture of the FFF**, particularly in relation to other actors working in the education sector at the country level

Other cross-cutting findings & initial implications

- The FFF has transformative potential for GPE because the architecture that underpins it will allow GPE to **continue to evolve its funding and financing offerings in a dynamic and flexible manner in response to country needs**
- The FFF is a holistic approach to education sector planning and investment, but given the different aspects of funding and financing engaged in the FFF, further consideration is required for **how these components come together into one operational framework**
- Operationalizing the FFF will have **institutional and capacity implications across GPE:**
  - The Board must ensure it has the appropriate channels to engage key partners – such as diverse actors across the private sector – and strengthen its finance expertise
  - Successful implementation of the FFF will require strengthening and supplementing the Secretariat's operational capacity – as detailed in the accompanying GPE Secretariat Capacity Assessment report *(additional capacity implications will be shared with the Board in advance of the February 2017 Board meeting)*
  - The Secretariat should further consider the capacity needs of GPE countries implied by the FFF, and how to provide adequate support through GPE's operational model