BOD/2020/09 DOC 06
Meeting of the Board of Directors
September 2-4, 2020
Via Videoconference
For Information

DEVELOPMENT OF THE GPE 2025 FINANCING AND FUNDING FRAMEWORK, OPERATING MODEL, AND MONITORING EVALUATION AND LEARNING FRAMEWORK

Please note: Board documents are deliberative in nature and, in accordance with the GPE Transparency Policy, are considered public documents only after their appraisal by the Board. It is understood that constituencies will circulate Board documents among their members prior to Board consideration for consultation purposes.

1. Objective

1.1 This document briefly describes: the consultative process undertaken thus far to develop the GPE 2025 operating model, financing and funding (FF) framework, and monitoring, evaluation, and learning (MEL) framework; the planned committee and consultation processes between September and December 2020; and the key decisions that will be put before the Board in December 2020.

2. Background

2.1 In December 2019, the Board requested the Secretariat to develop options to implement strategic shifts in GPE's ways of working (BOD/2019/12-12). These options were to be considered by the Board in a retreat in March 2020, which was cancelled due to COVID-19. Due to this cancellation, a staged process for Board consultation on the strategic plan was adopted. The staged process was conducted between March and June 2020 and consisted of webinars and surveys on GPE's strategic aspiration and ways of working.

2.2 In its meeting in June 2020, the Board approved the GPE 2025 strategic framework consisting of a vision, mission, goal, three country-level objectives, and an enabling objective (BOD/2020/06-07). The Secretariat is now building on the staged consultations and discussions in the June 2020 Board meeting to develop the GPE 2025 operating model and FF and MEL frameworks, to put strategic intent into effect. Since the June Board meeting, the Secretariat has consulted on initial proposals with developing country partner focal points; donor representatives; grant agents; civil society organization partners; and the Strategy and Impact

(SIC), Grants and Performance (GPC), and Finance and Risk (FRC) committees of the Board. Feedback from these consultations is summarized in Annex I. An aide memoire from consultations with developing country partners is in Annex II.

3. Committee and consultation process between September and December 2020

3.1 The operating model and the FF and MEL frameworks will continue to be developed through a consultative process with all constituencies, with an emphasis on developing country partners' input guiding the proposals to be put before the Board in December. The GPC will be the primary committee interfacing with the Secretariat on the development of the operating model, with input from the FRC and SIC where there are intersections between operating model proposals and the FF and MEL framework respectively.

3.2 The Finance and Risk Committee will be the primary committee working with the Secretariat on the design of the FF framework for the new strategy, with input sought from relevant Committees where required.

3.3 Similarly, the Strategy and Impact Committee will be the primary committee working with the Secretariat on the design of the MEL framework and its components.

4. Decisions on GPE 2025 ways of working in December 2020

4.1 To put the GPE 2025 into effect, the Board will need to make decisions on the following in December 2020:

i. Approval of the GPE 2025 final strategy document
ii. The approach to funding requirements and allocation-linked incentives
iii. Proposed grant instruments and corresponding eligibility and allocation parameters, along with:
    a. Whether to proceed with any of the innovative financing approaches under development
    b. Possible changes to the Contributions and Safeguards Policy
iv. Decision framework for requirements, incentives, and grants
v. Approach to new operating model pilots and rollout

ANNEX I: SUMMARY OF CONSULTATIONS ON THE OPERATING MODEL; FINANCING AND FUNDING; AND MONITORING, EVALUATION AND LEARNING

Introduction

At the time of finalizing this paper, 13 August 2020, 14 separate consultations have been undertaken with: DCP focal points (2), grant agents, donor constituencies (4), a joint meeting of the GPC and FRC, the SIC, the foundations constituency, the private sector constituency, the three CSO constituencies and also with two separate multilateral partners. Further conversations continue on the operating model as requested by constituencies.

General Perspectives

Overall, partners are comfortable with the direction, though recognize there is an immense amount of co-design work to be completed by December. There is universal agreement that the current operating model is too complex and transaction heavy. Partners are seeking a simplified model with flexibility to better adapt to country context. Using the EPR principles to guide and stress test the design and finalization of the operating model was welcomed. Transaction costs are worrying everyone, though DCP's in particular wish to see the model address excessive transaction costs caused by the multiplicity of development partner approaches and lack of alignment. Domestic finance is considered central to any GPE model and all partners recognize there is significantly more work to do, especially given the economic challenges caused by COVID. All partners appear committed to creating a robust, multidimensional, context specific approach to drive more and better domestic finance. DCPs and donors have strongly underlined the importance that any operational and funding model must focus on system transformation. There is considerable interest in how strategic partnerships and capabilities can strengthen the model, with foundations and the business community seeing this as a pivotal aspect of the new plan. There is widespread support for the new model incentivizing deeper and wider partnership engagement. Some concerns have been raised about Secretariat capacity and resourcing, with any consequential impacts being signaled early to the Board.

Operating Model: System Capacity Grant

The DCP's are universally enthusiastic about this approach, noting the proposed mechanism will meet a long-expressed need. From their perspective the implementation grants do not provide sufficient and specific capacity development required for true system transformation because they are focused on developing capacity for specific programs. On the other hand, grant agents and the

joint FRC GPC meeting questioned why capacity development would not be conducted through implementation grants. The latter groups had many questions around transaction costs, fragmentation and overlap. The clarification that this grant replaces the current ESPDG and is not a new implementation grant was found helpful. All partners agree that simplification of the smaller grants is desirable, and the multiyear, demand-driven nature of the system capacity grant is supported.

Operating Model: Implementation Grants

Unsurprisingly, most of the discussion was centered on requirements, especially for domestic financing. There is broad support in principle for greater contextualization and flexibility, but numerous questions around what that might mean in practice. There is considerable partner enthusiasm to engage in the further design work prior to December. Hardwiring gender into implementation grants is fully supported though there are very mixed views around whether a thematic top up is necessary or desirable. DCPs and donors both raised the need to avoid "projectising" the implementation grants and any forms of top-ups.

Operating Model: Partnership Framework

This is the aspect of the operating model that requires the most work and stress testing. DCPs are supportive, provided it reinforces country priorities and drives greater alignment: all partners should respect it and align their efforts. DCPs, along with grant agents and other partners had many questions around transaction costs and clarity of the purpose. Donors cautioned a framework should not create additional burdens for country level partners but should be aligned with existing processes. Grant agents agreed that it could be useful to drive alignment and better engage finance ministries. The greatest reticence came from the joint GPC/FRC meeting.

Financing and Funding

The overall approach to financing and funding is generally supported, provided transaction costs can be kept to a minimum. One partner commented "…GPE's approach to COVID financing should not be the exception, it should be the new normal". Most of the discussions around building resilience and education systems occurred under this topic, though it is equally applicable to the operating model components. There is general agreement that in a COVID-impacted world it is essential that resilience cannot be simply an add-on. Incorporating it into sector planning, the core funding mechanisms of implementation grant, multiplier and sector capacity grant is necessary. The DCPs were also keen on another round of COVID funding given

the time it will take to roll out the new operating and funding models. The DCPs continue to seek help in diversifying funding sources, including engaging finance ministries to increase domestic financing. Most partners seem supportive of the current approach whereby the majority of GPE funds flow to low income countries, with a needs-based allocation formula. There also seems to be support for expanding the multiplier to low income countries, something DCP partners have been requesting for some time. There are very mixed views around thematic windows. Some of the innovative financing options would appear to have country specific logic and be more relevant now to when first explored in 2016/17, although it was generally agreed that more discussion and analysis on these options would be necessary to see in the period leading to December.

Monitoring, Evaluation and Learning

There is strong support for the direction of travel from all constituencies, built around country-level evidence and learning, and based on ISE and other evaluations' recommendations, the EPR principles, and experience with the current GPE M&E strategy. There is broad support for embedding the country-level MEL in the operating model and linking it to system capacity grant, implementation grant and, potentially, strategic capabilities and partnerships. Two key questions relate to how the approach could work in low capacity environments and what strategic partnerships could look like for strengthening capacity for MEL. Regarding the results framework, reducing the number of indicators comes up regularly, though different partners have their own indicator preferences for inclusion. This will need to be managed carefully to avoid the risk of adopting another unwieldy and disjointed results framework. DCPs are deeply concerned by the multitude of project level indicators and approaches to measurement that they are required to track and report on by the development partners: for example, a ministry may have to measure learning five different ways for five different donors. The DCPs have asked that the GPE approach, when finalized, should be adopted by all partners to reduce transaction costs and help with alignment. The SIC had a fruitful discussion and looks forward to engaging further. The committee cautioned that accountability should not be lost in the new framework. As with financing and funding and the operating model, feedback noted that transaction costs should be kept in mind.

ANNEX II: AIDE MEMOIRE FROM DEVELOPING COUNTRY PARTNER (DCP) VIRTUAL CONSULTATION ON GPE STRATEGIC PLAN 2025
JULY 8-9, 2020

Background

Following the virtual meeting of GPE's Board of Directors in June 2020 focused on the new Strategic Plan (GPE 2025), the GPE Secretariat held a virtual consultation session with a group of developing country partner representatives from Haiti, Cote d'Ivoire, Kenya, OECS, and Zimbabwe to deliberate on recommendations and proposed options on GPE's new operational model, financing and funding model, and monitoring and evaluation framework to identify areas of consensus.

This aide memoire lays out the key recommendations and areas of consensus that emerged among the DCP consultative group. This aide memoire will be shared with all DCP constituency groups as well as with GPE's Board members as vital input to help shape the framework of the forthcoming GPE Strategic Plan 2025.

Key Recommendations

- *Use the **Effective Partnership Rollout principles to assess whether any proposed changes to the operating model will meet country needs** and embed these principles in decision-making processes at all levels*
- *Adopt an operational model with **a multidimensional, context-specific approach to driving domestic financing***
- *Adopt a **simplified operational model with the flexibility to better adapt to country contexts** and country-led processes that drives **greater alignment with country priorities and systems** to address transaction cost implications*
- *Introduce a demand-driven funding mechanism that **builds national capacity to develop and implement sector policies,** supported by strong data and evidence*
- *Ensure GPE's **approach to requirements is adapted to context and incentivizes progress** in requirement areas*
- *Capitalize on **GPE's value added in the financing and funding framework** and support national governments' **role in brokering and mobilizing domestic and external financing***
- *Expand access to grants that **support the building of system resilience throughout planning and implementation**, including **additional funding for COVID-19 response and recovery***
- *GPE processes should **strengthen country-level dialogue and incentivize alignment with other development partners** to make processes more efficient for partners on the ground*

- ***Better define the Partnership Engagement Framework approach*** *so that it meets country needs and does not impose additional transaction costs*
- *Apply a* ***comprehensive approach to addressing inequality****, recognizing the gender dimensions of all marginalization and exclusion*
- *Deepen the focus on* ***strengthening capacity for using evidence****, and* ***emphasize learning*** *as an integral part of monitoring and evaluation and building a learning community*
- *Continue to focus on* ***complementarity with Education Cannot Wait in emergency contexts***
- *Consider providing direct funding in some country contexts without the need to rely on Grant Agents*

Areas of Consensus

Operationalizing a systems transformation approach

As GPE is in the midst of formulating the new operating model, the DCP consultative group is calling on the rest of the partners to be reminded of the key lessons from the previous operating model and to work towards making the next operating model less complex with the flexibility to better adapt to country contexts and country-led processes. Based on the proposed architecture of the new operating model, we are pleased to see its thorough design that responds to national priorities and areas critical to the achievement of GPE 2025. We welcome the proposed system capacity grant aimed at strengthening national education systems' abilities to develop and implement sector policies. We are convinced that proposed shifts in applying contextualized requirements to foster country policy dialogue and to incentivize progress can move the countries closer to an effective system transformation with the appropriate conditions in place, including the needed capacity and strategic partnerships. In principle, we support the development of adaptive partnership engagement frameworks based on inclusive, country-level dialogue which will have a direct impact on partners' engagement at the national and global levels and on the process of decentralizing decision-making, as long as they support and synchronize with existing country processes and do not increase transaction costs.

Mobilizing coordinated action and financing to enable transformative change

We reaffirm GPE's high comparative advantage for mobilizing resources to support national governments' priorities in strengthening national education systems and its ability to deliver quality learning. We recognize the financing and funding model as one of the pillars of the new Strategic Plan along with the operational model and the Monitoring, Evaluation, and Learning framework (MEL). We invite partners during the forthcoming consultations to look at the concrete ways that demonstrate GPE's strategic influence in diversifying the source of funding subject to a country's context. We are open to proposed innovative financing mechanisms beyond the Multiplier window, and therefore, invite partners to deliberate further on the new tools that appear to bolster stronger financing opportunities such as incentivizing greater non-traditional financing, leveraging GPE's convening power, blended financing, and others. Any new mechanism must undergo stress testing and piloting stages before it is fully integrated into the

model. Given the need to strengthen the resilience of the education sector in partner countries, we support expanding access to grants that support the building of system resilience throughout planning and implementation, including additional funding to support governments" response and recovery in the face of extreme events like the current COVID-19 pandemic, natural disasters, protracted humanitarian crises, etc. We are supportive of, and highly encourage, further consultations on strategic partnerships to support the delivery of GPE 2025, thematic funding, as well as funds for the Education Out Loud (EOL) and Knowledge and Innovation Exchange (KIX) windows.

Supporting country capacity and strengthening monitoring, evaluation, and learning from evidence

We concur and support the viewpoint that it is vitally important to support country capacity and strengthen monitoring, evaluation, and learning by generating trusted data for evidence-based learning, decision-making, and improved performance. A focus on strengthening country-level use of evidence is fundamental to the entire endeavor, and the proposal put forward binds all aspects and all stakeholders together in this regard by embedding M&E and learning more firmly in the operational model. In order to elevate learning and to cultivate a culture of evidence-based learning across the Partnership, we encourage taking a more demand-based and context-specific approach to evidence, use of fewer corporate indicators, and an approach that allows generating actionable data throughout the operational processes. The building of strategic partnerships for MEL is essential in making substantial progress in strengthening country capacity for country-led diagnostic, evaluation, and evidence-based learning. In this period of learning and teaching crisis, every effort must be made to factor in evidence from teachers and students who are the primary beneficiaries of the partnership, and which should be included as an integral part of the monitoring and evaluation approaches that are eventually implemented.